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

FORM 10-Q

(Mark One)

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

For the quarterly period ended November 30, 2019

☐ **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	**95-1797918**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
9715 Businesspark Avenue, San Diego, California	**92131**
(Address of principal executive offices)	(Zip code)

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

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 whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See 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. ☐

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

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

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

Yes ☐ No ☑

The number of outstanding shares of the registrant's common stock, par value $0.001 per share, as of January 3, 2020 was 13,706,715.

WD-40 COMPANY
QUARTERLY REPORT ON FORM 10-Q
For the Quarter Ended November 30, 2019

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PART 1 - FINANCIAL INFORMATION

Item 1. Financial Statements

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

	November 30, 2019	August 31, 2019
Assets		
Current assets:		
Cash and cash equivalents	$ 28,680	$ 27,233
Trade accounts receivable, less allowance for doubtful accounts of $320 and $300 at November 30, 2019 and August 31, 2019, respectively	70,058	72,864
Inventories	43,703	40,682
Other current assets	6,783	7,216
Total current assets	149,224	147,995
Property and equipment, net	50,103	45,076
Goodwill	95,573	95,347
Other intangible assets, net	10,124	10,652
Operating lease right-of-use assets	8,734	-
Deferred tax assets, net	428	403
Other assets	3,305	3,189
Total assets	$ 317,491	$ 302,662
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable	$ 18,457	$ 18,727
Accrued liabilities	20,041	18,513
Accrued payroll and related expenses	13,361	15,301
Short-term borrowings	29,088	21,205
Income taxes payable	73	844
Total current liabilities	81,020	74,590
Long-term borrowings	61,152	60,221
Deferred tax liabilities, net	11,784	11,688
Long-term operating lease liabilities	7,084	-
Other long-term liabilities	10,459	10,688
Total liabilities	171,499	157,187
Commitments and Contingencies (Note 13)		
Shareholders' equity:		
Common stock — authorized 36,000,000 shares, $0.001 par value; 19,796,319 and 19,773,977 shares issued at November 30, 2019 and August 31, 2019, respectively; and 13,714,203 and 13,718,661 shares outstanding at November 30, 2019 and August 31, 2019, respectively	20	20
Additional paid-in capital	154,706	155,132
Retained earnings	377,848	374,060
Accumulated other comprehensive loss	(30,370)	(32,482)
Common stock held in treasury, at cost — 6,082,116 and 6,055,316 shares at November 30, 2019 and August 31, 2019, respectively	(356,212)	(351,255)
Total shareholders' equity	145,992	145,475
Total liabilities and shareholders' equity	$ 317,491	$ 302,662

See accompanying notes to condensed consolidated financial statements.

WD-40 COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited and in thousands, except per share amounts)

	Three Months Ended November 30,	
	2019	2018
Net sales	$ 98,556	$ 101,282
Cost of products sold	45,013	45,451
Gross profit	53,543	55,831
Operating expenses:		
Selling, general and administrative	32,599	32,731
Advertising and sales promotion	5,590	5,966
Amortization of definite-lived intangible assets	650	733
Total operating expenses	38,839	39,430
Income from operations	14,704	16,401
Other income (expense):		
Interest income	25	51
Interest expense	(442)	(710)
Other income (expense), net	5	376
Income before income taxes	14,292	16,118
Provision for income taxes	2,098	2,839
Net income	$ 12,194	$ 13,279
Earnings per common share:		
Basic	$ 0.88	$ 0.95
Diluted	$ 0.88	$ 0.95
Shares used in per share calculations:		
Basic	13,714	13,846
Diluted	13,746	13,882

See accompanying notes to condensed consolidated financial statements.

WD-40 COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited and in thousands)

	Three Months Ended November 30,	
	2019	**2018**
Net income	$ 12,194	$ 13,279
Other comprehensive (loss) income:		
Foreign currency translation adjustment	2,112	(1,631)
Total comprehensive income	$ 14,306	$ 11,648

See accompanying notes to condensed consolidated financial statements.

WD-40 COMPANY

CONDENSED CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY

(Unaudited and in thousands, except share and per share amounts)

	Common Stock		Additional Paid-in	Retained	Accumulated Other Comprehensive	Treasury Stock		Total Shareholders'
	Shares	Amount	Capital	Earnings	Income (Loss)	Shares	Amount	Equity
Balance at August 31, 2019	19,773,977	$ 20	$ 155,132	$ 374,060	$ (32,482)	6,055,316	$ (351,255)	$ 145,475
Issuance of common stock under share-based compensation plan, net of shares withheld for taxes	22,342		(2,640)					(2,640)
Stock-based compensation			2,214					2,214
Cash dividends ($0.61 per share)				(8,406)				(8,406)
Acquisition of treasury stock						26,800	(4,957)	(4,957)
Foreign currency translation adjustment					2,112			2,112
Net income				12,194				12,194
Balance at November 30, 2019	19,796,319	$ 20	$ 154,706	$ 377,848	$ (30,370)	6,082,116	$ (356,212)	$ 145,992
Balance at August 31, 2018	19,729,774	$ 20	$ 153,469	$ 351,266	$ (27,636)	5,879,361	$ (321,630)	$ 155,489
Issuance of common stock under share-based compensation plan, net of shares withheld for taxes	24,062		(2,425)					(2,425)
Stock-based compensation			1,965					1,965
Cash dividends ($0.54 per share)				(7,522)				(7,522)
Acquisition of treasury stock						41,184	(6,863)	(6,863)
Foreign currency translation adjustment					(1,631)			(1,631)
Cumulative effect of change in accounting principle				(324)				(324)
Net income				13,279				13,279
Balance at November 30, 2018	19,753,836	$ 20	$ 153,009	$ 356,699	$ (29,267)	5,920,545	$ (328,493)	$ 151,968

See accompanying notes to condensed consolidated financial statements.

WD-40 COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited and in thousands)

	Three Months Ended November 30,	
	2019	**2018**
Operating activities:		
Net income	$ 12,194	$ 13,279
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	1,957	1,925
Net gains on sales and disposals of property and equipment	(64)	(3)
Deferred income taxes	57	569
Stock-based compensation	2,214	1,965
Unrealized foreign currency exchange gains	394	210
Provision for bad debts	6	10
Changes in assets and liabilities:		
Trade accounts receivable	3,630	(2,302)
Inventories	(2,358)	(2,851)
Other assets	462	8,037
Operating lease assets and liabilities, net	195	-
Accounts payable and accrued liabilities	(332)	(8,089)
Accrued payroll and related expenses	(2,234)	(3,310)
Other long-term liabilities and income taxes payable	(915)	(431)
Net cash provided by operating activities	15,206	9,009
Investing activities:		
Purchases of property and equipment	(5,965)	(1,292)
Proceeds from sales of property and equipment	195	58
Net cash used in investing activities	(5,770)	(1,234)
Financing activities:		
Treasury stock purchases	(4,957)	(6,863)
Dividends paid	(8,406)	(7,522)
Repayments of long-term senior notes	(400)	(400)
Net proceeds (repayments) of revolving credit facility	7,883	(6,938)
Shares withheld to cover taxes upon conversions of equity awards	(2,640)	(2,425)
Net cash used in financing activities	(8,520)	(24,148)
Effect of exchange rate changes on cash and cash equivalents	531	(919)
Net increase (decrease) in cash and cash equivalents	1,447	(17,292)
Cash and cash equivalents at beginning of period	27,233	48,866
Cash and cash equivalents at end of period	$ 28,680	$ 31,574

See accompanying notes to condensed consolidated financial statements.

WD-40 COMPANY

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

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 mass retail and home center stores, warehouse club stores, grocery stores, hardware stores, automotive parts outlets, sports retailers, independent bike dealers, online retailers and industrial distributors and suppliers.

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

Basis of Consolidation

The condensed consolidated financial statements included herein have been prepared by the Company, without audit, according to the rules and regulations of the Securities and Exchange Commission ("SEC"). Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") have been condensed or omitted pursuant to such rules and regulations. The August 31, 2019 year-end condensed consolidated balance sheet data was derived from audited financial statements, but does not include all disclosures required by U.S. GAAP.

In the opinion of management, the unaudited financial information for the interim periods shown reflects all adjustments necessary for a fair statement thereof and such adjustments are of a normal recurring nature. These condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto 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.

The condensed 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. Operating results for interim periods are not necessarily indicative of operating results for an entire fiscal year.

Foreign Currency Forward Contracts

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, specifically the Euro. 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 currently in other income (expense) 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 November 30, 2019, the Company had a notional amount of $9.6 million outstanding in foreign currency forward contracts, which will mature on February 28, 2020. Unrealized net gains and losses related to foreign currency forward contracts were not significant at November 30, 2019 and November 30, 2018. Realized net gains and losses related to foreign currency forward contracts were not significant for both the three months ended November 30, 2019 and November 30, 2018. Both unrealized and realized net gains and losses are recorded in other income on the Company's consolidated statements of operations.

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 November 30, 2019, 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 which are also classified as Level 2 within the fair value hierarchy and are recorded at carrying value. The Company estimates that the fair value of its senior notes, based on Level 2 inputs, was approximately $19.2 million as of November 30, 2019, 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 $18.4 million. During the three months ended November 30, 2019, the Company did not record any significant nonrecurring fair value measurements for assets or liabilities in periods subsequent to their initial recognition.

Recently Adopted Accounting Standards

In February 2016, the FASB issued 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 requires 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 that are 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 consolidate 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's total assets increased by $9.0 million and total liabilities increased by $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.

Recently Issued Accounting Standards

Recent accounting pronouncements pending adoption are either not applicable or are not expected to have a material impact on the Company's consolidated balance sheets, statement of operations or cash flows.

Note 3. Inventories

Inventories consist primarily of raw materials and components, finished goods, and product held at third-party contract manufacturers. Inventories are stated at the lower of cost or market and cost is determined based on a first-in, first-out method or, for a portion of raw materials inventory, the average cost method. Inventories consisted of the following (in thousands):

	November 30, 2019	August 31, 2019
Product held at third-party contract manufacturers	$ 3,564	$ 3,175
Raw materials and components	5,772	4,367
Work-in-process	452	257
Finished goods	33,915	32,883
Total	$ 43,703	$ 40,682

Note 4. Property and Equipment

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

	November 30, 2019	August 31, 2019
Machinery, equipment and vehicles	$ 19,668	$ 19,356
Buildings and improvements	27,902	17,391
Computer and office equipment	5,528	5,328
Software	10,365	10,189
Furniture and fixtures	2,596	2,039
Capital in progress	9,801	16,747
Land	4,335	3,444
Subtotal	80,195	74,494
Less: accumulated depreciation and amortization	(30,092)	(29,418)
Total	$ 50,103	$ 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, 2019	$ 85,420	$ 8,717	$ 1,210	$ 95,347
Translation adjustments	24	202	-	226
Balance as of November 30, 2019	$ 85,444	$ 8,919	$ 1,210	$ 95,573

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 February 28, 2019, the date of its most recent annual goodwill impairment test. 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 condensed consolidated balance sheets. The following table summarizes the definite-lived intangible assets and the related accumulated amortization (in thousands):

	November 30, 2019	August 31, 2019
Gross carrying amount	$ 36,020	$ 35,531
Accumulated amortization	(25,896)	(24,879)
Net carrying amount	$ 10,124	$ 10,652

There has been no impairment charge for the three months ended November 30, 2019 and there were no indicators of impairment identified as a result of the Company's review of events and circumstances related to its existing definite-lived intangible assets.

Changes in the carrying amounts of definite-lived intangible assets by segment for the three months ended November 30, 2019 are summarized below (in thousands):

	Americas	EMEA	Asia-Pacific	Total
Balance as of August 31, 2019	$ 8,401	$ 2,251	$ -	$ 10,652
Amortization expense	(561)	(89)	-	(650)
Translation adjustments	-	122	-	122
Balance as of November 30, 2019	$ 7,840	$ 2,284	$ -	$ 10,124

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
Remainder of fiscal year 2020	$ 1,442	$ 123
Fiscal year 2021	1,264	165
Fiscal year 2022	1,264	165
Fiscal year 2023	1,018	-
Fiscal year 2024	1,012	-
Thereafter	3,671	-
Total	$ 9,671	$ 453

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 November 30, 2019, finance leases were not significant and all leases recorded on the Company's consolidated balances 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 November 30, 2019.

Upon adoption of ASC 842 on September 1, 2019, the Company's total assets increased by $9.0 million and total liabilities increased $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 three months ended November 30, 2019.

The Company recorded $0.5 million in lease expense included in selling, general and administrative expenses, and an insignificant amount of lease expense classified within cost of products sold for the three months ended November 30, 2019. During the three months ended November 30, 2019, the Company paid cash of $0.5 million related to lease liabilities. Variable lease expense under the Company's lease agreements were not significant for the three months ended November 30, 2019. As of November 30, 2019, the weighted-average remaining lease term was 7.39 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 November 30, 2019 that will create additional significant rights and obligations for the Company.

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

	November 30, 2019
Assets:	
Operating lease right-of-use assets	$ 8,734
Liabilities:	
Current operating lease liabilities[(1)]	1,714
Long-term operating lease liabilities	7,084
Total operating lease liabilities	$ 8,798

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

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:

(Dollars in thousands)	Operating Leases
Remainder of fiscal year 2020	$ 1,516
Fiscal year 2021	1,705
Fiscal year 2022	1,291
Fiscal year 2023	1,137
Fiscal year 2024	1,104
Thereafter	3,235
Total undiscounted future cash flows	$ 9,988
Less: Interest	(1,190)
Present value of lease liabilities	$ 8,798

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

(Dollars 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	$ 6,540

Note 7. Accrued and Other Liabilities

Accrued liabilities consisted of the following (in thousands):

	November 30, 2019	August 31, 2019
Accrued advertising and sales promotion expenses	$ 10,248	$ 10,438
Accrued professional services fees	1,505	1,744
Accrued sales taxes and other taxes	1,401	1,418
Current operating lease liabilities	1,714	-
Other [(1)]	5,173	4,913
Total	$ 20,041	$ 18,513

(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 was completed in the first quarter of fiscal year 2020 and it currently 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):

	November 30, 2019	August 31, 2019
Accrued incentive compensation	$ 2,683	$ 7,259
Accrued payroll	3,481	3,454
Accrued profit sharing	3,311	2,503
Accrued payroll taxes	3,163	1,566
Other	723	519
Total	$ 13,361	$ 15,301

Note 8. Debt

As of November 30, 2019, 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 once on February 23, 2018. 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 three months ended November 30, 2019, the Company repaid $0.4 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. To date, the Company has issued no 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.

Credit Agreement

On June 17, 2011, the Company entered into an unsecured Credit Agreement (the "Credit Agreement") with Bank of America, N.A. ("Bank of America"). Since June 17, 2011, this unsecured credit agreement has been amended seven times, most recently on January 22, 2019, (the "Seventh Amendment") which extended the maturity date of the revolving credit facility from May 13, 2020 to January 22, 2024 and amended the Credit Agreement to add the Company's U.K. subsidiary as a designated borrower and permit borrowings in both Euros and Pound Sterling. The Seventh Amendment also reduced the revolving commitment from $175.0 million to $125.0 million until March 22, 2019 and to $100.0 million thereafter, as well as established a sublimit for the revolving commitment for borrowing by the Company's U.K. operating subsidiary in the amount of $50.0 million.

Per the terms of the amended 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 Credit Agreement 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 amended 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 $13.3 million in net borrowings outstanding under the autoborrow agreement as of November 30, 2019.

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. Outstanding draws on the line of credit which the Company intends to repay in less than twelve months are classified as short-term. Outstanding draws for which management has 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 three months ended November 30, 2019, the Company repaid $5.0 million in short-term borrowings outstanding under the line of credit. The Company maintains a balance of outstanding draws in U.S. Dollars in the Americas segment, as well as in Euros and Pounds 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 November 30, 2019, the Company had a balance of $58.6 million of outstanding draws on the line of credit. Based on the Company's ability and intent assessment, $43.6 million of this $58.6 million was classified as long-term and the remaining $15.0 million as short-term as of November 30, 2019.

Short-term and long-term borrowings consisted of the following (in thousands):

	November 30, 2019	August 31, 2019
Short-term borrowings:		
Revolving credit facility, short-term	$ 15,000	$ 20,000
Revolving credit facility, autoborrow feature	13,288	405
Series A Notes, current portion of long-term debt	800	800
Total short-term borrowings	29,088	21,205
Long-term borrowings:		
Revolving credit facility	43,552	42,221
Series A Notes	17,600	18,000
Total long-term borrowings	61,152	60,221
Total	$ 90,240	$ 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, 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 to the other lender's 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 November 30, 2019 the Company was in compliance with all debt covenants under both the Note Agreement and the Credit Agreement.

Note 9. Share Repurchase Plan

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 will remain in effect through August 31, 2020, the Company is authorized to acquire up to $75.0 million of its outstanding shares. The timing and amount of repurchases are based on terms and conditions as may be 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, 2018 through November 30, 2019, the Company repurchased 202,755 shares at a total cost of $34.6 million under this $75.0 million plan. During the three months ended November 30, 2019, the Company repurchased 26,800 shares at an average price of $184.92 per share, for a total cost of $5.0 million under this $75.0 million plan.

Note 10. Earnings per Common Share

The table below reconciles net income to net income available to common shareholders (in thousands):

	Three Months Ended November 30,	
	2019	2018
Net income	$ 12,194	$ 13,279
Less: Net income allocated to participating securities	(67)	(87)
Net income available to common shareholders	$ 12,127	$ 13,192

The table below summarizes the weighted-average number of common shares outstanding included in the calculation of basic and diluted EPS (in thousands):

	Three Months Ended November 30,	
	2019	2018
Weighted-average common shares outstanding, basic	13,714	13,846
Weighted-average dilutive securities	32	36
Weighted-average common shares outstanding, diluted	13,746	13,882

For the three months ended November 30, 2019 and 2018, weighted-average stock-based equity awards outstanding that are non-participating securities in the amount of 5,729 and 4,328, respectively, were excluded from the calculation of diluted EPS under the treasury stock method as they were anti-dilutive.

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 (cooperative marketing programs and volume-based discounts), 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 most likely outcome 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 — The Company offers various on-going trade promotion programs with customers that require management to estimate and accrue for the expected costs of such programs. 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. Costs related to rebates, cooperative advertising and other promotional activities are recorded as a reduction to sales upon delivery of the Company's products to its customers. As of November 30, 2019, the Company had a $7.7 million balance in rebate liabilities, which are included in accrued liabilities on the Company's condensed consolidated balance sheets, and recorded approximately $5.0 million in rebates as a reduction to sales during the first quarter of fiscal year 2020.

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 condensed consolidated balance sheets, were not significant at November 30, 2019. Coupons recorded as a reduction to sales during the first quarter of fiscal year 2020 were also not significant.

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. As of November 30, 2019, the Company did not have a significant balance in the allowance for cash discounts. The Company recorded approximately $1.0 million in cash discounts as a reduction to sales during the first quarter of fiscal year 2020.

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 required to present its provision for sales returns on a gross basis as a liability. The Company's refund liability for sales returns, which is included in accrued liabilities and represents the amount expected to be owed to the customers for product returns, was not significant at November 30, 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 November 30, 2019.

Disaggregation of Revenue

The Company's revenue is presented on a disaggregated basis in Note 15 – 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 consists 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 $1.6 million as of November 30, 2019. Contract liabilities were not significant as of August 31, 2019. Contract liabilities are recorded in accrued liabilities on the Company's condensed consolidated balance sheets. The Company did not have any contract assets as of November 30, 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.

The condensed consolidated financial statements include sales to Tractor Supply of $0.6 million for the three months ended November 30, 2019. Sales to Tractor Supply were not significant for the three months ended November 30, 2018. Accounts receivable from Tractor Supply were not significant at both November 30, 2019 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 five 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 November 30, 2019, 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 November 30, 2019, 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.

For further information on the risks the Company faces from existing and future claims, suits, investigations and proceedings, see the Company's risk factors disclosed in Part I—Item 1A, "Risk Factors," in its Annual Report on Form 10-K for the fiscal year ended August 31, 2019, which was filed with the SEC on October 22, 2019.

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 November 30, 2019.

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 November 30, 2019.

Note 14. Income Taxes

The Company uses an estimated annual effective tax rate, which is based on expected annual income, statutory tax rates and tax planning opportunities available in the various jurisdictions in which the Company operates, to determine its quarterly provision for income taxes. Certain significant or unusual items are separately recognized in the quarter in which they occur and can be a source of variability in the effective tax rates from quarter to quarter.

The provision for income taxes was 14.7% and 17.6% of income before income taxes for the three months ended November 30, 2019 and 2018, respectively. The decrease in the effective income tax rate from period to period was primarily due to an increase in excess tax benefits from settlements of stock-based equity awards that are recognized in the provision for income taxes, as well as a nonrecurring benefit from the release of liabilities associated with unrecognized tax benefits that resulted from the expiration of statutes.

The Company is subject to taxation in the U.S. and in various state and foreign jurisdictions. Due to expired statutes, 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. 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. Estimated 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 were not significant. Audit outcomes and the timing of settlements are subject to significant uncertainty.

Note 15. 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.

Summary information about reportable segments is as follows (in thousands):

For the Three Months Ended	Americas	EMEA	Asia-Pacific	Unallocated Corporate [1]	Total
November 30, 2019:					
Net sales	$ 46,736	$ 39,245	$ 12,575	$ -	$ 98,556
Income from operations	$ 10,580	$ 8,592	$ 3,202	$ (7,670)	$ 14,704
Depreciation and amortization expense	$ 1,172	$ 634	$ 74	$ 77	$ 1,957
Interest income	$ 4	$ 1	$ 20	$ -	$ 25
Interest expense	$ 342	$ 99	$ 1	$ -	$ 442
November 30, 2018:					
Net sales	$ 47,791	$ 38,745	$ 14,746	$ -	$ 101,282
Income from operations	$ 11,302	$ 8,375	$ 3,741	$ (7,017)	$ 16,401
Depreciation and amortization expense	$ 1,131	$ 672	$ 70	$ 52	$ 1,925
Interest income	$ 6	$ 18	$ 27	$ -	$ 51
Interest expense	$ 708	$ -	$ 2	$ -	$ 710

(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 condensed 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):

	Three Months Ended November 30,	
	2019	2018
Maintenance products	$ 89,670	$ 92,468
Homecare and cleaning products	8,886	8,814
Total	$ 98,556	$ 101,282

Note 16. Subsequent Events

On December 10, 2019, the Company's Board of Directors approved a 10% increase in the regular quarterly cash dividend, increasing it from $0.61 per share to $0.67 per share. The $0.67 per share dividend declared on December 10, 2019 is payable on January 31, 2020 to shareholders of record on January 17, 2020.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

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.

The following information is provided as a supplement to, and should be read in conjunction with, the unaudited condensed consolidated financial statements and notes thereto included in Part I—Item 1 of this Quarterly Report and the audited consolidated financial statements and notes thereto and Management's Discussion and Analysis of Financial Condition and Results of Operations included in our Annual Report on Form 10-K for the fiscal year ended August 31, 2019, which was filed with the Securities and Exchange Commission ("SEC") on October 22, 2019.

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.

Forward-Looking Statements

The Private Securities Litigation Reform Act of 1995 provides a "safe harbor" for certain forward-looking statements. This report contains 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; 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 Part I—Item 1A, "Risk Factors," in the Company's Annual Report on Form 10-K for the fiscal year ended August 31, 2019, and in the Company's Quarterly Reports on Form 10-Q, which may be updated from time to time.

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 mass retail and home center stores, warehouse club stores, grocery stores, hardware stores, automotive parts outlets, sport retailers, independent bike dealers, online retailers and industrial distributors and suppliers.

Highlights

The following summarizes the financial and operational highlights for our business during the three months ended November 30, 2019:

- *Consolidated net sales decreased $2.7 million for the three months ended November 30, 2019 compared to the corresponding period of the prior fiscal year. Changes in foreign currency exchange rates had an unfavorable impact of $2.2 million on consolidated net sales for the three months ended November 30, 2019 compared to the corresponding period of the prior fiscal year. Thus, on a constant currency basis, net sales would have decreased by $0.5 million from period to period. This unfavorable impact from changes in foreign currency exchange rates mainly came from our EMEA segment, which accounted for 40% of our consolidated sales for the three months ended November 30, 2019.*

- *Consolidated net sales for the WD-40 Specialist product line were $8.4 million for the three months ended November 30, 2019 which is relatively constant compared to the corresponding period of the prior fiscal year. Although the WD-40 Specialist product line is expected to provide the Company with long-term growth opportunities, we will see some volatility in sales levels from period to period due to the timing of promotional programs, the building of distribution, and various other factors that come with building a new product line.*

- *Gross profit as a percentage of net sales decreased to 54.3% for the three months ended November 30, 2019 compared to 55.1% for the corresponding period of the prior fiscal year.*

- *Consolidated net income decreased $1.1 million, or 8%, for the three months ended November 30, 2019 compared to the corresponding period of the prior fiscal year. Changes in foreign currency exchange rates had an unfavorable impact of $0.5 million on consolidated net income for the three months ended November 30, 2019 compared to the corresponding period of the prior fiscal year. Thus, on a constant currency basis, net income would have decreased $0.6 million.*

- *Diluted earnings per common share for the three months ended November 30, 2019 were $0.88 versus $0.95 in the prior fiscal year period.*

- *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 November 30, 2019, the Company repurchased 26,800 shares at an average price of $184.92 per share, for a total cost of $5.0 million.*

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.

Results of Operations

Three Months Ended November 30, 2019 Compared to Three Months Ended November 30, 2018

Operating Items

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

	Three Months Ended November 30,			
			Change from Prior Year	
	2019	2018	Dollars	Percent
Net sales:				
Maintenance products	$ 89,670	$ 92,468	$ (2,798)	(3)%
Homecare and cleaning products	8,886	8,814	72	1%
Total net sales	98,556	101,282	(2,726)	(3)%
Cost of products sold	45,013	45,451	(438)	(1)%
Gross profit	53,543	55,831	(2,288)	(4)%
Operating expenses	38,839	39,430	(591)	(1)%
Income from operations	$ 14,704	$ 16,401	$ (1,697)	(10)%
Net income	$ 12,194	$ 13,279	$ (1,085)	(8)%
Earnings per common share - diluted	$ 0.88	$ 0.95	$ (0.07)	(7)%
Shares used in per share calculations - diluted	13,746	13,882	(136)	(1)%

Net Sales by Segment

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

	Three Months Ended November 30,			
			Change from Prior Year	
	2019	2018	Dollars	Percent
Americas	$ 46,736	$ 47,791	$ (1,055)	(2)%
EMEA	39,245	38,745	500	1%
Asia-Pacific	12,575	14,746	(2,171)	(15)%
Total	$ 98,556	$ 101,282	$ (2,726)	(3)%

Americas

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

	Three Months Ended November 30,			
			Change from Prior Year	
	2019	2018	Dollars	Percent
Maintenance products	$ 41,690	$ 42,418	$ (728)	(2)%
Homecare and cleaning products	5,046	5,373	(327)	(6)%
Total	$ 46,736	$ 47,791	$ (1,055)	(2)%
% of consolidated net sales	**47%**	**47%**		

Sales in the Americas segment, which includes the U.S., Canada and Latin America, decreased to $46.7 million, down $1.1 million, or 2%, for the three months ended November 30, 2019 compared to the corresponding period of the prior fiscal year. Changes in foreign currency exchange rates did not have a significant impact on sales for the three months ended November 30, 2019 compared to the corresponding period of the prior fiscal year.

Sales of maintenance products in the Americas segment decreased $0.7 million, or 2%, for the three months ended November 30, 2019 compared to the corresponding period of the prior fiscal year. This sales decrease was mainly driven by lower sales of WD-40 Specialist in the U.S., which was down $0.9 million, or 19% from period to period primarily due to a holiday gift pack promotion that was executed in the first quarter of fiscal year 2019 but was not repeated in the first quarter of fiscal year 2020. Sales of maintenance products in Canada and Latin America remained relatively constant from period to period.

Sales of homecare and cleaning products in the Americas decreased $0.3 million, or 6%, for the three months ended November 30, 2019 compared to the corresponding period of the prior fiscal year. This sales decrease was driven primarily by a decrease in sales of the Spot Shot and Lava brand products in the U.S., which were down 17% and 8%, respectively, from period to period. While each of our homecare and cleaning products continue to generate positive cash flows, we have continued to experience decreased or flat sales for many of these products primarily due to lost distribution, reduced product offerings, competition, category declines and the volatility of orders from promotional programs with certain of our customers, particularly those in the warehouse club and mass retail channels.

For the Americas segment, 80% of sales came from the U.S., and 20% of sales came from Canada and Latin America combined for the three months ended November 30, 2019 compared to the distribution for the three months ended November 30, 2018 when 81% of sales came from the U.S., and 19% of sales came from Canada and Latin America.

EMEA

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

	Three Months Ended November 30,			
			Change from Prior Year	
	2019	2018	Dollars	Percent
Maintenance products	$ 36,900	$ 36,945	$ (45)	-
Homecare and cleaning products	2,345	1,800	545	30%
Total	$ 39,245	$ 38,745	$ 500	1%
% of consolidated net sales	**40%**	**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 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, increased to $39.2 million, up $0.5 million, or 1%, for the three months ended November 30, 2019 compared to the corresponding period of 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 three months ended November 30, 2019 translated at the exchange rates in effect for the corresponding period of the prior fiscal year would have been $41.1 million in the EMEA segment. Thus, on a constant currency basis, sales would have increased by $2.4 million, or 6%, from period to period.

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). Although sales in the direct markets remained constant from period to period, sales of 1001 Carpet Fresh in the U.K. increased $0.5 million, or 30%, as a result of the favorable impacts of digital marketing associated with this brand. This increase was completely offset by the overall sales decrease in other European direct markets, primarily due to the unfavorable impacts of changes in foreign currency exchange rates and the timing of customer orders from period to period. Sales from direct markets accounted for 63% of the EMEA segment's sales for the three months ended November 30, 2019 compared to 64% of the EMEA segment's sales for the corresponding period of 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 increased $0.5 million, or 3%, for the three months ended November 30, 2019 compared to the corresponding period of the prior fiscal year, primarily due to higher sales of the WD-40 Multi-Use Product in the Middle East, which were up 15%, as a result of the timing of customer orders from period to period. The distributor markets accounted for 37% of the EMEA segment's total sales for the three months ended November 30, 2019, compared to 36% for the corresponding period of the prior fiscal year.

Asia-Pacific

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

	Three Months Ended November 30,			
			Change from Prior Year	
	2019	2018	Dollars	Percent
Maintenance products	$ 11,081	$ 13,105	$ (2,024)	(15)%
Homecare and cleaning products	1,494	1,641	(147)	(9)%
Total	$ 12,575	$ 14,746	$ (2,171)	(15)%
% of consolidated net sales	**13%**	**15%**		

Sales in the Asia-Pacific segment, which includes Australia, China and other countries in the Asia region, decreased to $12.6 million, down $2.2 million, or 15%, for the three months ended November 30, 2019 compared to the corresponding period of 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 three months ended November 30, 2019 translated at the exchange rates in effect for the corresponding period of the prior fiscal year would have been $12.9 million in the Asia-Pacific segment. Thus, on a constant currency basis, sales would have decreased by $1.9 million, or 13%, from period to period.

Sales in Asia, which represented 68% of the total sales in the Asia-Pacific segment, decreased $2.4 million, or 22%, for the three months ended November 30, 2019 compared to the corresponding period of the prior fiscal year. Sales in the Asia distributor markets decreased $1.7 million, or 21%, primarily attributable to the timing of customer orders from period to period, particularly in South Korea, Indonesia and Malaysia. Sales in China decreased $0.7 million, or 23%, for the three months ended November 30, 2018 compared to the corresponding period of the prior fiscal year, primarily due to the timing of customer orders, particularly in the Southern region of China. In addition, sales were negatively impacted from period to period due to activities in the first quarter of fiscal year 2020 associated with the 70th Anniversary National Day in China which resulted in slowed market conditions.

Sales in Australia increased $0.2 million, or 5%, for the three months ended November 30, 2019 compared to the corresponding period of 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 $0.4 million, or 11%, due to a higher level of promotional activities as well as continued growth of our business from period to period.

Gross Profit

Gross profit decreased to $53.5 million for the three months ended November 30, 2019 compared to $55.8 million for the corresponding period of the prior fiscal year. As a percentage of net sales, gross profit decreased to 54.3% for the three months ended November 30, 2019 compared to 55.1% for the corresponding period of the prior fiscal year.

Gross margin was negatively impacted by the unfavorable impacts of changes to the sales mix from period to period of 0.7 percentage points. These changes in sales mix were primarily in the EMEA segment and were due to higher sales in the first quarter of fiscal year 2020 to the lower margin distributor markets as well as to lower margin customers, particularly those in the France and DACH markets. Gross margin was also negatively impacted by 0.7 percentage points from period to period due to higher warehousing and in-bound freight costs, primarily in the EMEA segment. In addition, advertising, promotional and other discounts that we give to our customers increased from period to period negatively impacting gross margin by 0.4 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. Gross margin was also negatively impacted by 0.2 percentage points from period to period due to unfavorable changes in the costs of aerosol cans, primarily in the Americas segment.

These favorable impacts to gross margin were partially offset by sales price increases in the EMEA segment over the last twelve months positively impacting gross margin by 0.8 percentage points from period to period. In addition, gross margin was positively affected by 0.3 percentage points from period to period due to favorable changes in the costs of petroleum-based specialty chemicals in the Americas and EMEA segments. Gross margin was also positively impacted by 0.1 percentage points due to changes in foreign currency exchange rates from period to period in the EMEA segment.

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 $3.0 million and $4.1 million for the three months ended November 30, 2019 and 2018, respectively.

Selling, General and Administrative Expenses

Selling, general and administrative ("SG&A") expenses for the three months ended November 30, 2019 decreased $0.1 million to $32.6 million from $32.7 million for the corresponding period of the prior fiscal year. As a percentage of net sales, SG&A expenses increased to 33.1% for the three months ended November 30, 2019 compared to 32.3% for the corresponding period of the prior fiscal year. Employee-related costs, which include salaries, incentive compensation, profit sharing, stock-based compensation and other fringe benefits, increased by $1.5 million. This increase was primarily due to increased headcount and annual compensation increases, which take effect in the first quarter of the fiscal year, as well as higher stock-based compensation expense from period to period. These increases were more than offset by the combination of changes in foreign currency exchange rates, which had a favorable impact of $0.5 million, and decreases in other miscellaneous expenses 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 were $1.7 million and $1.8 million for the three months ended November 30, 2019 and 2018, 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 third-party contract manufacturers. 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 three months ended November 30, 2019 decreased $0.4 million, or 6%, to $5.6 million from $6.0 million for the corresponding period of the prior fiscal year. As a percentage of net sales, these expenses decreased to 5.7% for the three months ended November 30, 2019 from 5.9% for the corresponding period of the prior fiscal year. Changes in foreign currency exchange rates had a favorable impact on such expenses of $0.2 million from period to period. Thus, on a constant currency basis, advertising and sales promotion expenses for the first quarter of fiscal year 2020 would have decreased by $0.2 million, primarily due to a lower level of promotional programs and marketing support in the Americas segment. Investment in global advertising and sales promotion expenses for fiscal year 2020 is expected to be between 5.5% and 6.0% of net sales.

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 for the three months ended November 30, 2019 were $5.0 million compared to $4.3 million for the corresponding period of the prior fiscal year. Therefore, our total investment in advertising and sales promotion activities totaled $10.6 million and $10.3 million for the three months ended November 30, 2019 and 2018, respectively.

Amortization of Definite-lived Intangible Assets Expense

Amortization of our definite-lived intangible assets remained constant at $0.7 million for both the three months ended November 30, 2019 and 2018.

Income from Operations by Segment

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

	Three Months Ended November 30,			
			Change from Prior Year	
	2019	2018	Dollars	Percent
Americas	$ 10,580	$ 11,302	$ (722)	(6)%
EMEA	8,592	8,375	217	3%
Asia-Pacific	3,202	3,741	(539)	(14)%
Unallocated corporate	(7,670)	(7,017)	(653)	(9)%
Total	$ 14,704	$ 16,401	$ (1,697)	(10)%

(1) Unallocated corporate expenses are general corporate overhead expenses not directly attributable to any one of the operating 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 condensed consolidated statements of operations.

Americas

Income from operations for the Americas decreased to $10.6 million, down $0.7 million, or 6%, for the three months ended November 30, 2019 compared to the corresponding period of the prior fiscal year, primarily due to a $1.1 million decrease in sales and a lower gross margin, which were partially offset by lower operating expenses. As a percentage of net sales, gross profit for the Americas segment decreased from 54.2% to 53.1% period over period primarily due to higher discounts that we gave to our customers, increases in the price of aerosol cans, and unfavorable changes in sales mix. These unfavorable impacts were slightly offset by the decreased costs of petroleum-based specialty chemicals from period to period. The lower sales were accompanied by a $0.3 million decrease in total operating expenses period over period, primarily due to a lower level of advertising and sales promotion expenses and lower accruals for earned incentive compensation. These decreases in operating expenses were partially offset by increased employee-related expenses. Operating income as a percentage of net sales decreased from 23.6% to 22.6% period over period.

EMEA

Income from operations for the EMEA segment increased to $8.6 million, up $0.2 million, or 3%, for the three months ended November 30, 2019 compared to the corresponding period of the prior fiscal year, primarily due to a $0.5 million increase in sales, which was offset by a lower gross margin. As a percentage of net sales, gross profit for the EMEA segment decreased from 56.7% to 55.9% period over period primarily due to increased warehousing, distribution and freight costs as well as unfavorable changes in sales mix, primarily due to a higher proportion of sales to the lower margin distributor markets as well as to lower margin customers from period to period. These unfavorable impacts were partially offset by sales price increases, decreased costs of petroleum-based specialty chemicals, and favorable changes in foreign currency exchange rates from period to period. Operating income as a percentage of net sales increased from 21.6% to 21.9% period over period.

Asia-Pacific

Income from operations for the Asia-Pacific segment decreased to $3.2 million, down $0.5 million, or 14%, for the three months ended November 30, 2019 compared to the corresponding period of the prior fiscal year, primarily due to a $2.2 million decrease in sales and a slightly lower gross margin, which were partially offset by lower operating expenses. As a percentage of net sales, gross profit for the Asia-Pacific segment decreased from 54.2% to 54.0% period over period primarily due to increases in warehousing, distribution and freight costs and a higher level of advertising, promotional and other discounts that we gave to our customers from period to period. These unfavorable impacts were significantly offset by lower manufacturing costs. The lower sales were accompanied by a $0.6 million decrease in total operating expenses period over period, primarily due to decreased outbound freight costs and miscellaneous expenses during the period. Operating income as a percentage of net sales increased from 25.4% to 25.5% period over period.

Non-Operating Items

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

	Three Months Ended November 30,		
	2019	2018	Change
Interest income	$ 25	$ 51	$ (26)
Interest expense	$ 442	$ 710	$ (268)
Other income (expense), net	$ 5	$ 376	$ (371)
Provision for income taxes	$ 2,098	$ 2,839	$ (741)

Interest Income

Interest income was insignificant for both the three months ended November 30, 2019 and 2018.

Interest Expense

Interest expense decreased $0.3 million for the three months ended November 30, 2019 compared to the corresponding period of the prior fiscal year primarily due to lower interest rates related to draws on our credit facilities that are denominated in Euros and Pounds Sterling at our U.K. subsidiary.

Other Income (Expense), Net

Other income decreased by $0.4 million for the three months ended November 30, 2019 compared to the corresponding period of the prior fiscal year primarily due to foreign currency exchange gains of $0.4 million in the corresponding period of the prior fiscal year as a result of fluctuations in the foreign currency exchange rates for both the U.S Dollar and the Euro against the Pound Sterling.

Provision for Income Taxes

The provision for income taxes was 14.7% and 17.6% of income before income taxes for the three months ended November 30, 2019 and 2018, respectively. The decrease in the effective income tax rate from period to period was primarily due to an increase in excess tax benefits from settlements of stock-based equity awards that are recognized in the provision for income taxes, as well as a nonrecurring benefit from the release of liabilities associated with unrecognized tax benefits that resulted from the expiration of statutes.

Net Income

Net income was $12.2 million, or $0.88 per common share on a fully diluted basis, for the three months ended November 30, 2019 compared to $13.3 million, or $0.95 per common share on a fully diluted basis, for the corresponding period of the prior fiscal year. Changes in foreign currency exchange rates had an unfavorable impact of $0.5 million on net income for the three months ended November 30, 2019 compared to the corresponding period of the prior fiscal year. On a constant currency basis, net income would have decreased by $0.6 million from period to period.

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 at or 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 for the periods presented:

	Three Months Ended November 30,	
	2019	2018
Gross margin - GAAP	54%	55%
Cost of doing business as a percentage of net sales - non-GAAP	38%	37%
EBITDA as a percentage of net sales - non-GAAP [(1)]	17%	18%

(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)

	Three Months Ended November 30,	
	2019	2018
Total operating expenses - GAAP	$ 38,839	$ 39,430
Amortization of definite-lived intangible assets	(650)	(733)
Depreciation (in operating departments)	(947)	(936)
Cost of doing business	$ 37,242	$ 37,761
Net sales	$ 98,556	$ 101,282
Cost of doing business as a percentage of net sales - non-GAAP	38%	37%

EBITDA (in thousands, except percentages)

	Three Months Ended November 30,	
	2019	2018
Net income - GAAP	$ 12,194	$ 13,279
Provision for income taxes	2,098	2,839
Interest income	(25)	(51)
Interest expense	442	710
Amortization of definite-lived intangible assets	650	733
Depreciation	1,307	1,192
EBITDA	$ 16,666	$ 18,702
Net sales	$ 98,556	$ 101,282
EBITDA as a percentage of net sales - non-GAAP	17%	18%

Liquidity and Capital Resources

Overview

The Company's financial condition and liquidity remain strong. Net cash provided by operations was $15.2 million for the three months ended November 30, 2019 compared to $9.0 million for the corresponding period of the prior fiscal year. We believe we continue to be well positioned to weather any uncertainty in the capital markets and global economy due to our strong balance sheet and efficient business model, along with our growing and diversified global revenues. 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 $100.0 million unsecured Credit Agreement with Bank of America, which expires on January 22, 2024. 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 Note 8 – Debt 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 Pounds 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 three months ended November 30, 2019, the Company repaid $5.0 million in short-term borrowings outstanding under the line of credit. We regularly convert many of our draws on our line of credit to new draws with new maturity dates and interest rates. As of November 30, 2019, we had a $58.6 million balance of outstanding draws on the revolving credit facility, of which $43.6 was classified as long-term and the remaining $15.0 was classified as short-term. In addition, net borrowings under the auto-borrow agreement in the United States were $12.9 million and we paid $0.4 million in principal payments on our Series A Notes during the first quarter of fiscal year 2020. There were 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 for additional information on these financial covenants. At November 30, 2019, we were in compliance with all debt covenants and believe it is unlikely we will fail to comply with any of these covenants over the next twelve months. We would need to have a significant decrease in sales and/or a significant increase in expenses in order for us to not comply with the debt covenants.

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, share repurchases, dividend payments, acquisitions and new business development activities in the United States. At November 30, 2019, we had a total of $28.7 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):

	Three Months Ended November 30,		
	2019	2018	Change
Net cash provided by operating activities	$ 15,206	$ 9,009	$ 6,197
Net cash used in investing activities	(5,770)	(1,234)	(4,536)
Net cash used in financing activities	(8,520)	(24,148)	15,628
Effect of exchange rate changes on cash and cash equivalents	531	(919)	1,450
Net increase (decrease) in cash and cash equivalents	$ 1,447	$ (17,292)	$ 18,739

Operating Activities

Net cash provided by operating activities increased $6.2 million to $15.2 million for the three months ended November 30, 2019 from $9.0 million for the corresponding period of the prior fiscal year. Cash flows from operating activities depend heavily on operating performance and changes in working capital. Our primary source of operating cash flows for the three months ended November 30, 2019 was net income of $12.2 million, which decreased $1.1 million from period to period. The changes in our working capital from period to period were primarily attributable to a decrease in the trade accounts receivable balance and the timing of payments received from customers from period to period. In the first quarter of fiscal year 2019, trade accounts receivable increased due to higher sales compared to the first quarter of fiscal year 2018, whereas trade accounts receivable decreased in the first quarter of fiscal year 2020 due to lower sales.

Investing Activities

Net cash used in investing activities increased $4.5 million to $5.8 million for the three months ended November 30, 2019 from $1.2 million for the corresponding period of the prior fiscal year, primarily due to increased capital expenditures. Capital expenditures increased by $4.7 million primarily due to the renovations and equipping of the Company's new office building in Milton Keynes, England. The renovations to this new office building were completed and employees located in the U.K. were relocated to it during the first quarter of 2020.

Financing Activities

Net cash used in financing activities decreased $15.6 million to $8.5 million for the three months ended November 30, 2019 from $24.1 million for the corresponding period of the prior fiscal year primarily due to proceeds provided by the Company's autoborrow agreement, which increased $12.9 million during the first quarter of fiscal year 2020. Also contributing to the decrease in total cash flows was a reduction in treasury stock purchases, which decreased by $1.9 million for the three months ended November 30, 2019 compared to the corresponding period of the prior fiscal year. Slightly offsetting these decreases was an increase in dividend paid of $0.9 million period over period.

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 $0.5 million for the three months ended November 30, 2019 as compared to a decrease in cash of $0.9 million for three months ended November 30, 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.

Off-Balance Sheet Arrangements

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

Commercial Commitments

We have ongoing relationships with various suppliers (contract manufacturers) who manufacture our 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 our customers or third-party distribution centers in accordance with agreed upon shipment terms. Although we have definitive minimum purchase obligations included in the contract terms with certain of our 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, we communicate supply needs to our contract manufacturers based on orders and short-term projections, ranging from two to five months. We are committed to purchase the products produced by the contract manufacturers based on the projections provided.

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.

In addition to the commitments to purchase products from contract manufacturers described above, we may also enter into commitments with other manufacturers to purchase finished goods and components to support innovation initiatives and/or supply chain initiatives. As of November 30, 2019, no such commitments were outstanding.

Share Repurchase Plan

The information required by this item is incorporated by reference to Part I—Item 1, "Notes to Condensed Consolidated Financial Statements" Note 9 — Share Repurchase Plan, included in this report.

Dividends

On December 10, 2019, the Company's Board of Directors approved a 10% increase in the regular quarterly cash dividend, increasing it from $0.61 per share to $0.67 per share. The $0.67 per share dividend declared on December 10, 2019 is payable on January 31, 2020 to shareholders of record on January 17, 2020. Our ability to pay dividends could be affected by future business performance, liquidity, capital needs, alternative investment opportunities and loan covenants.

Critical Accounting Policies

Our discussion and analysis of our operating results and financial condition is based upon our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America.

Critical accounting policies are those that involve subjective or complex judgments, often as a result of the need to make estimates. The following areas all require the use of judgments and estimates: revenue recognition, accounting for income taxes, valuation of goodwill and impairment of definite-lived intangible assets. Estimates in each of these areas are based on historical experience and various judgments and assumptions that we believe are appropriate. Actual results may differ from these estimates.

There have been no material changes in our critical accounting policies from those disclosed in Part II—Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations," and Note 2 to our consolidated financial statements contained in our Annual Report on Form 10-K for the fiscal year ended August 31, 2019, which was filed with the SEC on October 22, 2019.

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 I—Item 1, "Notes to Condensed Consolidated Financial Statements" Note 2 — Basis of Presentation and Summary of Significant Accounting Policies, included in this report.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

The information required by this item is incorporated by reference to Part II—Item 7A, "Quantitative and Qualitative Disclosures About Market Risk," in our Annual Report on Form 10-K for the fiscal year ended August 31, 2019, which was filed with the SEC on October 22, 2019.

Item 4. 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 ("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 Exchange 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 November 30, 2019, 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.

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.

Other than the updates described above, there were no other changes in our internal control over financial reporting during the three months ended November 30, 2019 that materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II — OTHER INFORMATION

Item 1. Legal Proceedings

The information required by this item is incorporated by reference to the information set forth in Part I—Item 1, "Notes to Condensed Consolidated Financial Statements" Note 13 — Commitments and Contingencies, included in this report.

Item 1A. Risk Factors

There have been no material changes in our risk factors from those disclosed in Part I—Item 1A, "Risk Factors," in our Annual Report on Form 10-K for the fiscal year ended August 31, 2019, which was filed with the SEC on October 22, 2019.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

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 is authorized to acquire up to $75.0 million of its outstanding shares through August 31, 2020. The timing and amount of repurchases are based on terms and conditions as may be 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, 2018 through November 30, 2019, the Company repurchased 202,755 shares at a total cost of $34.6 million under this $75.0 million plan.

The following table provides information with respect to all purchases made by the Company during the three months ended November 30, 2019. All purchases listed below were made in the open market at prevailing market prices. Purchase transactions between September 1, 2019 and October 14, 2019 and between November 15, 2019 and November 30, 2019 were executed pursuant to trading plans adopted by the Company pursuant to Rule 10b5-1 under the Securities Exchange Act of 1934.

Period	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs
September 1 - September 30	10,000	$ 183.95	10,000	$ 43,535,679
October 1 - October 31	8,500	$ 183.98	8,500	$ 41,971,684
November 1 - November 30	8,300	$ 187.07	8,300	$ 40,418,875
Total	26,800	$ 184.92	26,800	

Item 6. Exhibits

Exhibit No.	Description
3(a)	Certificate of Incorporation, incorporated by reference from the Registrant's Form 10-K filed October 22, 2019, 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.
10(a)	Change of Control Severance Agreement between WD-40 Company and Patricia Q. Olsem dated October 8, 2019.
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. INS	XBRL Instance Document
101. SCH	XBRL Taxonomy Extension Schema Document
101. CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101. DEF	XBRL Taxonomy Extension Definition Linkbase Document
101. LAB	XBRL Taxonomy Extension Labels Linkbase Document
101. PRE	XBRL Taxonomy Extension Presentation Linkbase Document

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

WD-40 COMPANY
Registrant

Date: January 9, 2020

By: /s/ GARRY O. RIDGE

Garry O. Ridge
Chief Executive Officer
(Principal Executive Officer)

By: /s/ JAY W. REMBOLT

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

CHANGE OF CONTROL SEVERANCE AGREEMENT

THIS AGREEMENT ("Agreement") is made on this 8th day of October, 2019 (the "Effective Date") between WD-40 COMPANY (hereinafter the "Company") and PATRICIA Q. OLSEM (hereinafter the "Executive").

RECITALS:

WHEREAS, the Company has determined that the Executive is among that group of key managers whose services and participation in management may be critical in any period of transition, such as at the time of any change in control of the Company or in the face of any proposed corporate reorganization or acquisition, friendly or hostile, affecting the Company. Accordingly, the board of directors of the Company (the "Board") has determined that it is appropriate and in the best interests of the Company and its stockholders that provisions be made to encourage the Executive's continued attention and undistracted dedication to the Executive's duties in the potentially disturbing circumstances of a possible change in control of the Company, by providing the Executive with some degree of personal financial security under such circumstances.

NOW THEREFORE, the parties agree as follows:

1. Change in Control: For purposes of this Agreement, Change in Control shall mean:

(a) the acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) (a "Person"), of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 30% or more of either (i) the then-outstanding shares of common stock of the Company (the "Outstanding Company Common Stock") or (ii) the combined voting power of the then-outstanding voting securities of the Company entitled to vote generally in the election of directors (the "Outstanding Company Voting Securities"); provided, however, that the following acquisitions shall not constitute a Change in Control: (A) any acquisition directly from the Company (excluding an acquisition by virtue of the exercise of a conversion privilege), (B) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any corporation controlled by the Company or (C) any acquisition by any corporation pursuant to a reorganization, merger or consolidation, if, following such reorganization, merger or consolidation, the conditions described in subclauses (i), (ii) and (iii) of subparagraph (c) of this sentence are satisfied; or

(b) if individuals who, as of the date hereof, constitute the Board (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to the date hereof whose election, or nomination for election by the Company's stockholders, was approved by a vote of at least two-thirds of the directors then constituting the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of either an actual or threatened election contest subject to Rule 14a-11 of Regulation 14A promulgated under the Exchange Act or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board; or

(c) approval by the stockholders of the Company of a reorganization, merger or consolidation, unless following such reorganization, merger or consolidation (i) more than 60% of, respectively, the then-outstanding shares of common stock of the corporation resulting from such reorganization, merger or consolidation and the combined voting power of the then outstanding voting securities of such corporation entitled to vote generally in the election of directors is then beneficially owned, directly or indirectly, by all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Outstanding Company Common Stock and Outstanding Company Voting Securities immediately prior to such reorganization, merger, or consolidation in substantially the same proportions as their ownership, immediately prior to such reorganization, merger or consolidation, of the Outstanding Company Common Stock and Outstanding Company Voting Securities, as the case may be (for purposes of determining whether such percentage test is satisfied, there shall be excluded from the number of shares and voting securities of the resulting corporation owned by the Company's stockholders, but not from the total number of outstanding shares and voting securities of the resulting corporation, any shares or voting securities received by any such stockholder in respect of any consideration other than shares or voting securities of the Company); (ii) no Person (excluding the Company, any employee benefit plan (or related trust) of the Company, any qualified employee benefit plan of such corporation resulting from such reorganization, merger or consolidation and any Person beneficially owning, immediately prior to such reorganization, merger or consolidation, directly or indirectly, 20% or more of the Outstanding Company Common Stock or Outstanding Company Voting Securities, as the case may be) beneficially owns, directly or indirectly, 30% or more of, respectively, the then-outstanding shares of common stock of the corporation resulting from such reorganization, merger or consolidation or the combined voting power of the then-outstanding voting securities of such corporation entitled to vote generally in the election of directors; and (iii) at least

a majority of the members of the board of directors of the corporation resulting from such reorganization, merger or consolidation were members of the Incumbent Board at the time of the execution of the initial agreement providing for such reorganization, merger or consolidation; or

(d) (i) approval by the stockholders of the Company of a complete liquidation or dissolution of the Company or (ii) the first to occur of (A) the sale or other disposition (in one transaction or a series of related transactions) of all or substantially all of the assets of the Company, or (B) the approval by the stockholders of the Company of any such sale or disposition, other than, in each case, any such sale or disposition to a corporation, with respect to which immediately thereafter, (1) more than 60% of, respectively, the then-outstanding shares of common stock of such corporation and the combined voting power of the then-outstanding voting securities of such corporation entitled to vote generally in the election of directors is then beneficially owned, directly or indirectly, by all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Outstanding Company Common Stock and Outstanding Company Voting Securities immediately prior to such sale or other disposition in substantially the same proportion as their ownership, immediately prior to such sale or other disposition, of the Outstanding Company Common Stock and Outstanding Company Voting Securities, as the case may be (for purposes of determining whether such percentage test is satisfied, there shall be excluded from the number of shares and voting securities of the transferee corporation owned by the Company's stockholders, but not from the total number of outstanding shares and voting securities of the transferee corporation, any shares or voting securities received by any such stockholder in respect of any consideration other than shares or voting securities of the Company); (2) no Person (excluding the Company, any employee benefit plan (or related trust) of the Company, any qualified employee benefit plan of such transferee corporation and any Person beneficially owning, immediately prior to such sale or other disposition, directly or indirectly, 20% or more of the Outstanding Company Common Stock or Outstanding Company Voting Securities, as the case may be) beneficially owns, directly or indirectly, 30% or more of, respectively, the then-outstanding shares of common stock of such transferee corporation and the combined voting power of the then-outstanding voting securities of such transferee corporation entitled to vote generally in the election of directors; and (3) at least a majority of the members of the board of directors of such transferee corporation were members of the Incumbent Board at the time of the execution of the initial agreement or action of the board providing for such sale or other disposition of assets of the Company.

2. Termination Following a Change in Control:

(a) The Executive shall be entitled to the compensation provided for in Paragraph 3 if all of the following conditions are satisfied:

(i) there is a Change in Control of the Company while the Executive is still an employee of the Company;

(ii) the Executive's employment with the Company is terminated within two years after the Change in Control; and

(iii) the Executive's termination of employment is not a result of (A) the Executive's death; (B) the Executive's Disability (as defined in subparagraph 2(b) below); (C) the Executive's Retirement (as defined in subparagraph 2(c) below); (D) the Executive's termination by the Company for Cause (as defined in subparagraph 2(d) below); or (E) the Executive's decision to terminate employment other than for Good Reason (as defined in subparagraph 2(e) below). Notwithstanding the foregoing, if a Change of Control occurs and if the Executive's employment with the Company is terminated prior to the date on which the Change of Control occurs, and if it is reasonably demonstrated by the Executive that such termination of employment (i) was at the request of a third party who has taken steps reasonably calculated to effect a Change of Control or (ii) otherwise arose in connection with or in anticipation of a Change of Control, then the Executive shall be entitled to the compensation provided for in Paragraph 3.

(b) If, as a result of the Executive's incapacity due to physical or mental illness, the Executive shall have been unable, with or without a reasonable accommodation, to perform the Executive's duties with the Company on a full time basis for six months and if, within 30 days after a Notice of Termination (as defined in subparagraph 2(f)) is thereafter given by the Company, the Executive shall not have returned to the full time performance of the Executive's duties, the Company may terminate the Executive's employment for "Disability".

(c) The term "Retirement" as used in this Agreement shall mean termination by the Company or the Executive of the Executive's employment under circumstances whereby the Executive is otherwise entitled to receive benefits payable under the presently existing Supplemental Retirement Benefit Plan entered into between the Company and the Executive or such other nonqualified retirement benefit plan providing substantially similar benefits.

(d) The Company may terminate the Executive's employment for Cause before or after a Change in Control. For purposes of this Agreement only, "Cause" shall mean: (i) the Executive's commission of acts subject to prosecution as a felony involving moral turpitude; (ii) the Executive's material breach of fiduciary duty as an executive officer of the Company which has resulted, or is likely to result, in material economic damage to the Company; or (iii) the Executive's willful gross misconduct or willful gross neglect of duties (other than any such neglect resulting from the Executive's incapacity due to physical or mental illness or any such neglect after the issuance of a Notice of Termination by the Executive for Good Reason, as such terms are defined in subparagraphs (e) and (f)

below and as they may apply under this Paragraph 2); provided that no act or failure to act by the Executive will constitute "Cause" under clause (ii) if the Executive believed in good faith that such act or failure to act was in the best interest of the Company.

Any termination of the Executive's employment by the Company for Cause shall be authorized by a vote of at least a majority of the independent members of the Board (as they may be determined by the Board from time to time) within 12 months of a majority of such independent members of the Board having actual knowledge of the event or circumstances providing a basis for such termination. In the case of clauses (i) and (ii) of the second sentence of this subparagraph (d), the Executive shall be given notice by the Board specifying in detail the particular act or failure to act on which the Board is relying in proposing to terminate the Executive for Cause and offering the Executive an opportunity, on a date at least 14 days after receipt of such notice, to have a hearing, with counsel, before a majority of the independent members of the Board, including each of the members of the Board who authorized the termination for Cause. The Executive shall not be terminated for Cause if, within 30 days after the date of the Executive's hearing before the Board (or if the Executive waives a hearing, within 30 days after receiving notice of the proposed termination), the Executive has corrected the particular act or failure to act specified in the notice given under clause (ii) of the second sentence of this subparagraph (d), and by so correcting such act or failure to act the Executive has reduced the economic damage the act or failure to act has allegedly caused the Company to a level which is no longer material or has eliminated the probability that such act or failure to act is likely to result in material economic damage to the Company. No termination for Cause shall take effect until the expiration of the correction period described in the preceding sentence and the determination by a majority of the independent members of the Board that the Executive has failed to correct the act or failure to act in accordance with the terms of the preceding sentence. Other than as specified herein, the decision of a majority of the independent members of the Board of Directors with respect to any determination of the grounds for termination of the Executive's employment for Cause shall be binding absent evidence of bad faith or manifest injustice.

(e) The Executive may terminate the Executive's employment for Good Reason at any time following a Change in Control. For purposes of this Agreement, "Good Reason" shall mean, after any Change in Control and without the Executive's express written consent, any of the following:

(i) a significant diminution in the Executive's duties and responsibilities, or the assignment to the Executive by the Company of duties inconsistent with the Executive's position, duties, responsibilities or status with the Company immediately prior to a Change in Control of the Company, or any removal of the Executive from or any failure to re-elect the Executive to any of such positions, except in connection with the termination of employment for Disability, Retirement or Cause or as a result of the Executive's death or by the Executive other than for Good Reason;

(ii) a reduction by the Company in the Executive's annual rate of base salary as in effect immediately prior to a Change of Control or the Company's failure to increase (within 12 months of the Executive's last adjustment in annual rate of base salary) the Executive's annual rate of base salary after a Change in Control of the Company in an amount which at least equals, on a percentage basis, the average percentage increase in the annual rate of base salary most recently or then currently being effected for all other executive officers of the Company;

(iii) (A) any failure by the Company to continue in effect any benefit plan or arrangement (including, without limitation, medical, dental, and other established benefit plans ("Welfare Benefit Plans"), group life insurance and retirement plans) in which the Executive is participating at the time of a Change in Control of the Company (all hereinafter referred to as "Benefit Plans") unless the Executive receives benefits through another plan or arrangement providing the Executive with benefits, when considered in the aggregate, that are no less favorable than the benefits under all Benefit Plans available to the Executive at the time of a Change in Control, or (B) the taking of any action by the Company which would adversely affect the Executive's participation in or materially reduce the Executive's benefits under the Benefit Plans or otherwise deprive the Executive of any material fringe benefit or perquisite of office enjoyed by the Executive at the time of a Change in Control of the Company considered in the aggregate with all benefits so provided to the Executive;

(iv) (A) any failure by the Company to continue in effect any incentive plan or arrangement (including, without limitation, the Company's incentive bonus and contingent bonus arrangements and credits and the right to receive performance awards and similar long and short-term incentive compensation benefits) in which the Executive is participating at the time of a Change in Control of the Company (hereinafter referred to as "Incentive Plans"), (B) the taking of any action by the Company which would adversely affect the Executive's participation in any such Incentive Plan or reduce the Executive's benefits under any such Incentive Plan, unless in the case of either subclause (A) or (B) above, there is substituted a comparable plan or program that is economically equivalent, in terms of the benefit offered to the Executive, to the Incentive Plan being altered, reduced, affected or ended, or (C) any failure by the Company with respect to any fiscal year to make an award to the Executive pursuant to each such Incentive Plan or such substituted comparable plan or program in accordance with its terms or otherwise in a manner consistent with awards or benefits provided to other executive officers of the Company;

(v) (A) any failure by the Company to continue in effect any plan or arrangement to receive securities of the Company (including, without limitation, the Company's stock option plans and other equity incentive plans as authorized by the Board for the senior executive officers) in which the Executive is participating at the time

of a Change in Control of the Company (hereinafter referred to as "Securities Plans"), or the taking of any action by the Company which would adversely affect the Executive's participation in or materially reduce the Executive's benefits under any such Securities Plan or (B) any failure by the Company in any fiscal year to grant stock options, stock appreciation rights or securities awards to the Executive pursuant to such Securities Plans or otherwise in a manner consistent with awards or grants provided to other executive officers of the Company; and provided further that the material terms and conditions of such stock options, stock appreciation rights, and securities awards granted to the Executive after the Change in Control (including, but not limited to, the exercise price, vesting schedule, period and methods of exercise, expiration date, forfeiture provisions and other restrictions) are substantially similar to the material terms and conditions of the stock options, stock appreciation rights, and securities awards granted to the Executive under the Securities Plans immediately prior to the Change in Control of the Company;

(vi) a relocation of the Company's principal executive offices to a location more than 100 miles outside of San Diego, California, or the Executive's relocation more than 100 miles from the location at which the Executive performed the Executive's duties prior to a Change in Control of the Company, except for required travel by the Executive on the Company's business to an extent substantially consistent with the Executive's business travel obligations at the time of a Change in Control of the Company;

(vii) any failure by the Company to provide the Executive with the number of annual paid vacation days to which the Executive is entitled for the year in which a Change in Control of the Company occurs;

(viii) any material breach by the Company of any provision of this Agreement;

(ix) any failure by the Company to obtain the assumption of this Agreement by any successor or assign of the Company;

(x) the Company or its successor no longer is required to have its common stock registered pursuant to Section 12(b) or 12(g) of the Securities Exchange Act of 1934, as amended; or

(xi) any purported termination of the Executive's employment by the Company pursuant to subparagraphs 2(b), 2(c) or 2(d) which is not effected pursuant to a Notice of Termination satisfying the requirements of subparagraph 2(f) below (and, if applicable, subparagraph 2(d) above), and for purposes of this Agreement, no such purported termination shall be effective.

For purposes of this subparagraph (e), an isolated, immaterial, and inadvertent action not taken in bad faith by the Company in violation of clauses (i) - (v), (vii) or (xi) of this subparagraph that is remedied by the Company promptly after receipt of notice thereof given by the Executive shall not be considered Good Reason for the Executive's termination of employment with the Company. In the event the Executive terminates the Executive's employment for Good Reason hereunder, then notwithstanding that the Executive may also be considered retired for purposes of Benefit Plans (other than the Supplemental Retirement Benefit Plan or other non-qualified plan providing similar benefits), Incentive Plans or Securities Plans, the Executive shall be deemed to have terminated employment for Good Reason for purposes of this Agreement.

(f) Any termination of the Executive's employment by the Company pursuant to subparagraphs 2(b), 2(c) or 2(d), or by the Executive pursuant to subparagraph 2(e) above, shall be communicated by a Notice of Termination to the other party hereof. For purposes of this Agreement, a "Notice of Termination" shall mean a written notice which shall indicate those specific termination provisions in this Agreement relied upon and which sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provision so indicated. For purposes of this Agreement, no such purported termination by the Company shall be effective without such Notice of Termination.

(g) "Date of Termination" shall mean (i) if the Executive's employment is terminated by the Company for Disability, 30 days after Notice of Termination is given to the Executive (provided that the Executive shall not have returned to the performance of the Executive's duties on a full time basis during such 30 day period), (ii) if the Executive's employment is terminated by the Executive for Good Reason, the date specified in the Notice of Termination, and (iii) if the Executive's employment is terminated by the Company for any other reason, the date on which a Notice of Termination is given; provided, however, that if within 30 days after any Notice of Termination is given to the Executive by the Company, the Executive notifies the Company that a dispute exists concerning the termination, the Date of Termination shall be a date no earlier than the date on which the Notice of Termination is given, but otherwise, if the termination is to be effective, as of the date so determined, whether by mutual written agreement of the parties or upon final judgment, order or decree of a court of competent jurisdiction.

3. Severance Compensation Upon Termination of Employment Following a Change in Control:

(a) If, pursuant to subparagraph 2(a), the Executive is entitled to the compensation provided for in this Paragraph 3, then, subject to the provisions of Paragraph 7 below, the Company shall pay to the Executive in a lump sum cash payment, the following:

(i) the Change in Control Severance Amount as defined in subparagraph 3(b) below within five days following, but not earlier than, the sixth month anniversary of the Date of Termination; plus

(ii) the Executive's earned but unpaid base annual salary through the period ending on the Date of Termination within the time required by law for the payment of wages upon termination of employment; plus

(iii) interest, if any, on the amounts payable pursuant to clauses (i) and (ii) above calculated from the Date of Termination until paid (including interest calculated for the six month period from the Date of Termination to the date of payment pursuant to clause (i) or from the Date of Termination to the date of payment pursuant to clause (ii) if not paid when due) at a rate equal to the prime rate as published in the Wall Street Journal on the Date of Termination plus three percentage points, compounded annually.

(b) "Change in Control Severance Amount" shall mean an amount equal to the sum of (i) two times the greater of (A) the Executive's base annual salary in effect as of the Date of Termination or (B) the average of the Executive's base annual salary paid for the five fiscal years ending prior to the Date of Termination, plus (ii) two times the greater of (A) the annual cash bonus awarded by the Board to the Executive with respect to the Company's most recent fiscal year ending prior to the Date of Termination or (B) the average of the annual cash bonus amounts awarded by the Board to the Executive with respect to the Company's most recent five fiscal years ending prior to the Date of Termination.

(c) If, pursuant to subparagraph 2(a), the Executive is entitled to the compensation provided in this Paragraph 3, then the Executive will be entitled to continued participation in all Welfare Benefit Plans (as defined in subparagraph 2(e)(iii) above) in which the Executive was participating on the Date of Termination, such continued participation to be at Company cost and otherwise on the same basis as Company employees generally, until the earlier of (i) the date, or dates, the Executive receives equivalent coverage and benefits under the plans and programs of a subsequent employer (such coverages and benefits to be determined on a coverage-by-coverage or benefit-by-benefit basis) or (ii) two years from the Date of Termination; provided (A) if the Executive is precluded from continuing participation in any Welfare Benefit Plan as provided in this sentence, the Executive shall be paid, in a lump sum cash payment, within 30 days following the date it is determined the Executive is unable to participate in any Welfare Benefit Plan, the after-tax economic equivalent of the benefits provided under the plan or program in which the Executive is unable to participate for the period specified in this sentence, and (B) the economic equivalent of any benefit foregone shall be deemed to be the lowest cost that would be incurred by the Executive in obtaining such benefit (including family or dependent coverage, if applicable) on an individual basis. The Executive shall be eligible for group health plan continuation coverage under and in accordance with the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended, when the Executive ceases to be eligible for continued participation in the Company's group health plan under this subparagraph (c).

4. Company Right to Terminate Employment With or Without Cause; No Obligation of Executive to Mitigate Damages; No Effect On Other Contractual Rights:

(a) Notwithstanding anything to the contrary herein, the Executive shall serve the Company at the pleasure of the Board and the Board may terminate the Executive's employment at any time, with our without Cause subject to the Executive's right to payment of the severance compensation provided for herein, if applicable. The Executive hereby acknowledges that this agreement does not guarantee continued employment with the Company for any period of time and upon termination of the Executive's employment, the Executive shall have no claim for compensation or other benefits pursuant to this agreement except as specifically set forth herein following a Change of Control.

(b) The Executive shall not be required to mitigate damages or the amount of any payment provided for under this Agreement by seeking other employment or otherwise, nor shall the amount of any payment provided for under this Agreement be reduced by any compensation earned by the Executive as the result of employment by another employer after the Date of Termination or otherwise.

(c) The provisions of this Agreement, and any payment provided for hereunder, shall not reduce any amounts otherwise payable, or in any way diminish the Executive's existing rights, or rights which would accrue solely as a result of the passage of time, under any Benefit Plan, Incentive Plan or Securities Plan, or other contract, plan or agreement with or of the Company.

5. Options, Securities Awards, And Incentive Awards:

(a) In the event of a Change in Control of the Company, then notwithstanding the terms and conditions of any Securities Plan or other plan, agreement or arrangement, (i) if any Securities Plan will not be continued as to the securities of the Company or as to substantially equivalent publicly traded securities of the Company or any successor entity, or (ii) if the Executive's employment is terminated and the Executive is entitled to the compensation provided for in Paragraph 3, then the Company agrees to accelerate, vest, and make immediately exercisable in full all unexercisable installments of all options to acquire securities of the Company, to vest all unvested awards of securities of the Company and to waive any resale or other restrictions or rights of repurchase applicable to securities underlying such options or applicable to awards of securities of the Company in each case, which are held by the Executive on the date of such Change in Control, including without limitation any options or securities obtained by the Executive pursuant to any Securities Plan or securities obtained by the Executive pursuant to any discontinued Incentive Plan (as defined in subparagraph 2(e)) to the extent that the Executive may not otherwise be able to realize the expected benefits thereof upon continued employment by the Company or a publicly traded successor entity.

(b) If the provisions of subparagraph (a) of this Paragraph 5 are applicable with respect to any Securities Plan within six (6) months following a Change in Control, any options or securities obtained by the Executive pursuant to the discontinued Securities Plan or securities obtained by the Executive pursuant to any Incentive Plan as described in subparagraph (a) shall have a limited right of surrender allowing the Executive to surrender such options or securities within the 30 day period following the date on which the provisions of subparagraph (a) first become applicable and to receive a cash payment in exchange for the surrender of such options or securities. The amount of such payment shall be equal to the sum of (i) the product of the number of securities obtained by the Executive pursuant to such Securities Plan or Incentive Plan multiplied by the greater of (x) the fair market value of the securities of the Company on the date prior to the Change in Control or (y) the per share price paid to shareholders in connection with such Change in Control (alternatively, the "Securities Price") and (ii) the product of (a) the number of securities covered by options multiplied by (b) the positive amount, if any, equal to the Securities Price minus the exercise price. Notwithstanding the foregoing, if any such payment would result in liability under Section 16 of the Exchange Act, the right of surrender shall commence upon the earliest date it can be exercised by the Executive without liability and continue for thirty days thereafter.

6. Termination: This Agreement shall continue in effect for a period of two (2) years and shall automatically renew for successive two (2) year periods from the earlier of (a) the next scheduled termination date, unless the Board provides the Executive with a notice of non-renewal at least 6 months before the next scheduled termination date, or (b) the effective date of a Change of Control.

7. Adjustment Related to Application of Excise Tax: If the Executive is entitled to receive the compensation provided for in Paragraph 3 and any payment received or to be received by the Executive is or will be subject to the tax (the "Excise Tax") imposed by Section 4999 of the Internal Revenue Code of 1986, as amended (the "Code"), the adjustment set forth in subparagraph (a) shall be made to the payments provided for in Paragraph 3 above.

(a) If the present value of all benefits and payments to the Executive included in the determination of "parachute payments" pursuant to Section 280G(b)(2) of the Code received by or to be received by the Executive (the "Parachute Payments") is equal to or exceeds 3 times the "base amount" with respect to the Executive as determined pursuant to Section 280G(b)(3) of the Code (the "Base Amount"), then the amount payable to the Executive pursuant to Paragraph 3 above shall be reduced so that the present value of the Parachute Payments is equal to 3 times the Base Amount minus the sum of One Hundred Dollars ($100.00.)

(b) It is the intention of the parties to this Agreement that the compensation payable to the Executive pursuant to this Agreement contingent upon a Change of Control of the Company will not result in any "excess parachute payment" to the Executive as determined under Section 280G(b) of the Code or application of the Excise Tax to any such excess parachute payment. The provisions of this Paragraph 7 shall be applied so as to carry out the parties' intention with respect to such tax treatment. Each party agrees to take such action as may be necessary or appropriate to carry out the provisions of this Paragraph 7 and to cooperate with the other as to all required determinations, including the payment or return of any payment determined to be due to the Executive or to the Company, respectively. The Company shall pay all costs of accounting to assure compliance with the intent of this Paragraph 7.

8. Successors: The Company will require any successor or assign (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company, by agreement in form and substance satisfactory to the Executive, expressly, absolutely and unconditionally to assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession or assignment had taken place. Any failure of the Company to obtain such agreement prior to the effectiveness of any such succession or assignment shall be a material breach of this Agreement and shall entitle the Executive to terminate the Executive's employment for Good Reason and receive the compensation provided for in Paragraph 3 above. As used in this Agreement, "Company" shall mean the Company as hereinbefore defined and any successor or assign to its business and/or assets as aforesaid which executes and delivers the agreement provided for in this Paragraph 8 or which otherwise becomes bound by all the terms and provisions of this Agreement by operation of law.

9. Survivorship: The respective rights and obligations of the parties hereunder shall survive any termination of this Agreement to the extent necessary to the intended preservation of such rights and obligations and to the extent that any performance is required following termination of this Agreement.

10. Notices: Any notice, request, demand or other communication required or permitted hereunder shall be deemed to be properly given when personally served in writing, when deposited in the United States mail, postage prepaid, or when communicated to a public telegraph company for transmittal, addressed to the Company at its head office location or the Executive at the Executive's last known address. Either party may change its address by written notice in accordance with this paragraph.

11. Benefit of Agreement: This Agreement shall inure to the benefit of and be enforceable by the Executive's personal and legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. If the Executive should die while any amounts are still payable to the Executive hereunder, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement to the Executive's devisee, legatee or other designee or, if there be no such designee, to the Executive's estate.

12. Applicable Law: Except to the extent governed by the laws of the United States, this Agreement is to be governed by and construed under the laws of the State of California.

13. Captions and Paragraph Headings: Captions and paragraph headings used herein are for convenience only and are not a part of this Agreement and shall not be used in the interpretation of this Agreement.

14. Invalid Provisions: Should any provision of this Agreement for any reason be declared invalid, void or unenforceable by a court of competent jurisdiction, the validity and binding effect of any remaining portion shall not be affected, and the remaining portions of this Agreement shall remain in full force and effect as if this Agreement had been executed with said provision eliminated.

15. Entire Agreement: This Agreement contains the entire agreement of the parties. It supersedes any and all other agreements, either oral or in writing, between the parties hereto with respect to the matters covered herein. Each party to this Agreement acknowledges that no representations, inducements, promises, or agreements, oral or otherwise, have been made by any party, or anyone acting on behalf of any party, which are not embodied herein, and that no other agreement, statement, or promise relating to the matters covered herein and not contained in this Agreement shall be valid or binding. This Agreement may not be modified or amended by oral agreement, but only by any agreement in writing signed by the Company and the Executive.

16. Attorney's Fees: If any action, including arbitration, is brought to enforce this Agreement or to determine the relative rights and obligations of either of the parties and a ruling is obtained in favor of either party, regardless of which party institutes the action, the prevailing party will be entitled to reasonable attorney's fees.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

"COMPANY"	"EXECUTIVE"
WD-40 COMPANY	
By /s/ GARRY O. RIDGE	/s/ PATRICIA Q. OLSEM
GARRY O. RIDGE, CEO	PATRICIA Q. OLSEM
By /s/ RICHARD T. CLAMPITT	
RICHARD T. CLAMPITT, Secretary	

Exhibit 31(a)

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Garry O. Ridge, certify that:

1. I have reviewed this report on Form 10-Q of WD-40 Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations, and cash flows of the Registrant as of, and for, the periods presented in this report;
4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:
    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;
    c) Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d) Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and
5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):
    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize, and report financial information; and
    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: January 9, 2020

/s/ GARRY O. RIDGE

Garry O. Ridge
Chief Executive Officer

Exhibit 31(b)

CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Jay W. Rembolt, certify that:

1. I have reviewed this report on Form 10-Q of WD-40 Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations, and cash flows of the Registrant as of, and for, the periods presented in this report;
4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:
    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;
    c) Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d) Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and
5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):
    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize, and report financial information; and
    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: January 9, 2020

/s/ JAY W. REMBOLT

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

Exhibit 32(a)

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Garry O. Ridge, Chief Executive Officer of WD-40 Company (the "Company"), have reviewed the Quarterly Report on Form 10-Q of the Company for the quarter ended November 30, 2019 (the "Report"). For purposes of Section 1350 of Title 18, United States Code, I certify that to the best of my knowledge:

(1) the Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: January 9, 2020

/s/ GARRY O. RIDGE
Garry O. Ridge
Chief Executive Officer

Exhibit 32(b)

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Jay W. Rembolt, Chief Financial Officer of WD-40 Company (the "Company"), have reviewed the Quarterly Report on Form 10-Q of the Company for the quarter ended November 30, 2019 (the "Report"). For purposes of Section 1350 of Title 18, United States Code, I certify that to the best of my knowledge:

(1) the Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: January 9, 2020

/s/ JAY W. REMBOLT

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