Appendix 4D
Interim Financial Report

GUD Holdings Limited
(ABN 99 004 400 891)

31 December 2021
(Previous corresponding period: 31 December 2020)

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Results for Announcement to the Market

For the six months ended 31 December 2021

Results from operations		% Change ^ / from $'000		$'000
Revenue	Up	32%	to	332,026
Profit / (loss) from operations after tax	Down	-23%	to	24,175
Statutory operating profit from operations before interest and tax	Down	-12%	to	44,498
Add back: Significant items, before tax			-	14,462
Underlying profit from operations before interest and tax*	Up	13%	to	58,960
Statutory net profit from operations for the period attributable to members	Down	-23%	to	24,175
Add back: Significant items, after tax			-	11,058
Underlying profit from operations after tax attributable to members*	Up	8%	to	35,233
Operating cash flows	Down	-35%	to	25,737

	6 months ended 31 December	
Earnings per Share (EPS) from continuing operations - Cents per share	2021	2020
Basic EPS	20.8	34.5
Diluted EPS	20.7	34.2
Underlying basic EPS*	30.4	36.0
Underlying diluted EPS*	30.1	35.7

Dividends	Amount per security	Percentage franked
Interim dividend	17 cents	100%
Date the dividend is payable		4 March 2022
Record date for determining entitlements to the dividend		21 February 2022
Trading ex-dividend		18 February 2022
Interim Dividend		Percentage franked
In respect of the 2022 financial year as at 31 December 2021	17 cents	100%
In respect of the 2021 financial year as at 31 December 2020	25 cents	100%
Final Dividend		
In respect of the 2021 financial year as at 30 June 2021	32 cents	100%
In respect of the 2020 financial year as at 30 June 2020	12 cents	100%

Net debt	-168,969

Net Tangible Assets (NTA)	As at 31 December	
	2021	2020
NTA	363,773	40,007
NTA per share	2.67	0.43

* Underlying profit after tax, underlying profit before interest and tax, underlying basic eps and underlying diluted eps are non-IFRS measures that have not been subject to audit or review. "Underlying" results represent reported results adjusted for significant items.

^ Change compared to 31 December 2020 results

This announcement is based on financial statements which have been subject to an independent review. Refer to the media release for a brief explanation of the figures reported above.

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8 February 2022

GUD Holdings Limited (the "Group", GUD, ASX: GUD)
Results for Half Year ended 31 December 2021

Rebounding Automotive margins, solid organic growth and acquisitions contribute to a record Group operating result

Highlights

Group financials

- Revenue increased 32% on the previous corresponding period (pcp) underpinned by acquisitions and organic[1] growth of 5.7%
- Underlying[2] EBIT (excluding JobKeeper) increased 19% on pcp and margins expanded by 1.8 percentage points (pps) versus H2 FY21
- Underlying EBIT was driven by strong sales growth coupled with margin management actions (pricing, cost control and some FX gain) partially offset by higher supply chain costs, domestic inflation, and additional expenses in support of the longer-term growth strategy
- Underlying NPAT (excluding JobKeeper) increased 14.7% on the pcp and underlying EPS decreased 15.6%, reflecting the expanded capital base following the acquisition of APG and the associated equity raising in December 2021
- Reported NPAT of $24.2 million decreased 22.7% on the pcp reflecting non-operating items of $14.5 million driven by acquisition related costs of $3.9 million and an inventory reassessment within Davey as part of the Improvement Plan, resulting in a $10.5 million write down
- Interim dividend of 17.0 cents per share represents circa 100% of reported NPAT and 68% of underlying NPAT
- Cash conversion[3] of circa 63%, well below mid-term targets, reflects flagged, strategic investment in inventory. Excluding APG acquisition-related costs (c.$3.9 million), cash conversion was circa 70%
- GUD provides the following FY22F guidance: underlying FY22F EBITA of $155 million - $160 million[4], including contributions from both Vision X and APG, absent any further significant mobility restrictions or unforeseen economic or other circumstances

Record year for Automotive

- Automotive revenue up 38.3% driven by acquisitions and 4.6% organic[1] growth, a pleasing outcome given the strong growth in the pcp and reflects the resilience of the GUD Automotive business
- Record underlying EBIT of $61.1 million, up 23.1% on pcp excluding JobKeeper
- Completed the acquisition of Vision X on 30 November 2021, a strong complement to BWI as well as providing an entry into the US and European automotive lighting markets
- Announced the transformative acquisition of AutoPacific Group ("APG") executing on a critical strategic step in building an integrated leader in 4WD accessories and trailering

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[1] 'Organic' excludes acquisitions (Vision X, ACS and G4CVA)
[2] 'Underlying' results exclude significant items outlined in note 5 in Appendix 4D
[3] Cash conversion equals gross operating cash flow divided by underlying EBITDA
[4] Note the APG component of the guidance is included on a pre AASB 16 basis, as the impact of lease accounting under AASB 16 is currently under determination for this business. Guidance range excludes amortisation of acquired intangibles (APG and Vision X) but includes amortisation for the existing businesses

Global note: Underlying EBITDA, underlying EBIT, and EBIT are non-IFRS measures that have not been subject to audit or review

Davey achieves strong revenue growth across several markets, but COVID impacts continue to weigh on margins

- Davey continues to grow with sales up 9.5% on the pcp driven by several markets and segments
- Elevated freight and production costs continue to impact export and domestic margins
- Key personnel, operational and financial changes progressed in support of the Davey Improvement Plan

Solid financial position

- Successfully completed a $404.6 million equity raising via a fully underwritten institutional placement and entitlement offer to part fund the acquisition of APG
- Increased debt funding with existing lenders at attractive terms with well diversified tenor
- Net cash position of $169 million moves to a proforma net debt of circa $500 million post the APG acquisition (completed 4 January 2022)
- Focus remains on achieving Net Debt/underlying EBITDA (lease adjusted) below 2 times by 31 December 2022
- Balance sheet flexibility remains to fund seasonal Net Working Capital, dividend payments, and potential bolt on acquisitions

Financial Overview

$M	H1 FY22	H1 FY21	% Change
Revenue	332.0	251.5	32.0%
Reported NPAT	24.2	31.3	(22.7%)
Underlying[1] EBIT ex Jobkeeper[2]	59.0	49.5	19.0%
Underlying[1] NPAT ex Jobkeeper[2]	35.2	30.7	14.7%
Cash Conversion[3]	63.3%	90.6%	(30.1%)
Cents	**H1 FY22**	**H1 FY21**	**% Change**
EPS (Basic)	20.8	34.5	(39.5%)
Underlying2 EPS (Basic)	30.4	36.0	(15.6%)
DPS (Interim)	17.0	25.0	(32.0%)

Note: small differences due to rounding. 1. 'Underlying' excludes significant items outlined in note 5 in Appendix 4D. 2. JobKeeper payments of $2.8m received in H1 FY21 vs. zero in H1 FY22 and H2 FY21. 3. Cash conversion equals gross operating cash flow divided by underlying EBITDA as outlined on slide 23 of the investor presentation

Group Trading Performance

Revenue for the half year increased 32% to $332 million, largely driven by acquisitions. Organic revenue increased 5.7% on the pcp, a pleasing result given the degree of mandated lockdowns in the first quarter (Q1), in addition to cycling strong post-COVID-19 recovery sales in the pcp.

Reported EBIT decreased 12.7% to $44.5 million and included $3.9 million of acquisition costs (Vision X and APG) as well as $10.5 million of non-cash items related to the reshaping and reassessment of the Davey business as part of the profit improvement plan.

Underlying EBIT of $59 million increased 19% on the pcp, excluding JobKeeper payments of $2.8 million received in the pcp. Underlying NPAT of $35.2 million increased 14.7%, excluding JobKeeper.

Cash conversion of 63.3% was well below mid-term targets and reflects the strategic commitment to increase inventories. These higher levels were put in place to address supply chain disruptions, including lengthened shipping times and unreliability of shipping schedules, necessitating higher 'in transit' and general safety stock. Payments to suppliers included $3.9 million of transaction costs relating to the APG acquisition and associated capital raising. Excluding these transaction costs, cash conversion was circa 70%. Cash conversion is expected to improve in the second half despite elevated inventory levels as the seasonal spike for Chinese New Year unwinds.

A fully franked interim dividend of 17.0 cents per share (cps) was announced, down from 25 cps in the pcp. The reduction reflects the expanded capital base of the Group following the December 2021 equity raising to fund the acquisition of APG.

The acquisition completed on 4 January 2022, and therefore did not contribute to the earnings in the half. The dividend represents circa 100% of reported NPAT and 68% of underlying NPAT.

Commenting on GUD's performance, the Managing Director Graeme Whickman said "It was pleasing to see such solid organic growth in Automotive sales and Underlying EBIT considering Q1 was the most locked down period since the pandemic commenced. In addition, Automotive was coming off an extraordinarily strong pcp due to a COVID-19 sales recovery phase experienced in that half. It was also exciting to announce and complete the Vision X acquisition and announce the APG acquisition. Both are critical steps in achieving the Group's Portfolio Vision and will be important contributors to GUD's long-term success. Finally, the new leadership in the Water business has made considerable progress in reshaping and repositioning the business for the future. Although this comes at a cost, it will position Davey to be more efficient and effective whilst also improving customer service levels and response times once the changes are fully implemented in the second half (H2). It was encouraging to see the strengthened demand in Davey's Australian business and European and US markets evident in the first half.

COVID-19 continues to throw up challenges with both supply chains and more recently with higher absenteeism as the Omicron strain moves through the wider community. We have minimised lost sales through higher inventory levels, and while Omicron may see short term fulfillment challenges in Q3, we expect this to result in deferred, but ultimately not lost, Automotive sales.

Overall, from a Group perspective, we are proud of the achievements and business performance in the half, and GUD's greater future scale, diversity and resilience as the recent acquisitions are fully integrated."

Segment Summary

	Revenue			Underlying EBIT			Underlying EBIT - ex JobKeeper		
$M	H1 FY22	H1 FY21	% Change	H1 FY22	H1 FY21	% Change	H1 FY22	H1 FY21	% Change
Automotive	272.1	196.7	38.3%	61.1	52.4	16.5%	61.1	49.6	23.1%
Davey	60.0	54.8	9.5%	1.9	2.1	(12.6%)	1.9	2.1	(12.6%)
Unallocated	-	-	-	(4.0)	(2.2)	78.9%	(4.0)	(2.2)	78.9%
Total	332.0	251.5	32%	59.0	52.3	13%	59.0	49.5	19%

Note small differences due to rounding. Refer to Note 5 in Appendix 4D for further information.

Automotive Products – Record underlying EBIT of $61.0 million, a 16.5% increase on pcp

The Automotive businesses reported very strong revenue growth of 38.3%, predominantly driven by the acquired businesses: G4CVA, ACS and Vision X. Organic growth of 4.6% was particularly pleasing given these existing businesses were cycling a strong COVID-19 sales recovery of 13% in the pcp.

Underlying EBIT of $61.1 million increased 23.1%, excluding JobKeeper payments of $2.8 million received in the pcp.

Most of the existing Automotive businesses achieved impressive growth over the pcp despite the record lockdown duration in Q1. However, wear and service demand were impacted by both service garage lockdowns and lower service activity. Consequently, Ryco was essentially flat and Wesfil was slightly down on the pcp. Wesfil's performance reflects its large exposure to NSW where lockdowns were more impactful than in the pcp. Griffiths Equipment in New Zealand were also flat as demand was less robust than the pcp that benefited from a COVID-19 sales recovery. As in previous lockdowns, a rebound in demand is anticipated as the current Omicron impacts reduce and mobility normalises.

The investment in inventory by the Automotive businesses helped sustain growth despite a challenging supply chain environment.

BWI continued to benefit from strong demand from caravan, truck and trailer and other Original Equipment customers. Disc Brakes Australia once again experienced strong growth in both domestic and export markets demonstrating the underlying strength of the brand and products.

Turning to the more recently acquired businesses, the Automotive Clutch Services (ACS) business performed slightly ahead of expectations. The G4CVA Group achieved 6% revenue growth on H2 FY21, however it has been more challenged by COVID-19 disruptions. Staff shortages and materials supply have impacted output in these manufacturing-based businesses. Large order back-logs give confidence that sales have been deferred and not lost. G4CVA will fall under the APG leadership team in the second half bringing an additional depth of manufacturing expertise.

Mr Whickman commented "The Automotive businesses continued to demonstrate resilience throughout the half and our willingness to increase inventory is serving the business, and importantly our customers, well. Protracted shipping lead times worsened in the half, and freight costs remain at the elevated levels outlined at the full year 2021 (FY21) result. We do not expect either situation to fundamentally improve in the second half."

"Overall, I am both pleased with the way the Automotive businesses have performed in the half, particularly the expansion in margins relative to the second half of FY21, and excited with the momentum building through the acquired businesses"

Water - Underlying EBIT of $1.9 million, down $270K on the pcp

Davey reported strong revenue growth of 9.5% driven by commercial pumps in Australia as well as home pressure systems in Australia and the US. The pool business also observed robust growth in Europe where sales were lifted by the new Lifeguard range, as well as pool pump sales in the US. Export sales continues to outstrip the pcp albeit at lower margins given Davey sells through distributors in export markets.

Davey's traditionally strong Pacific and Indian Ocean export nations remained impacted by weak tourism due to the pandemic and the Middle East export markets also remained soft due to the impact of COVID-19 on those economies.

Underlying EBIT was $270K lower than the pcp, a decrease of 12.6%, due to significant COVID impacts on manufacturing and some costs relating to the profit improvement program. Supply chain disruptions continued to impact factory efficiency, and the export markets could not absorb the elevated freight costs. Securing the requisite staff to meet the production demand has been challenging and shift penalties also impacted margins.

Under the leadership of new CEO, Valentina Tripp, the Water business is executing on a clear, profit improvement plan. As part of this plan, an inventory review was completed in the half resulting in a $10.5 million non-cash write down:

- Improved end-to-end product cost transparency has led to a reassessment of overhead recovery reflected in inventory values, resulting in a one-off impact of $3.3 million
- The slow moving and obsolete inventory levels were revised to reflect future product and sales planning, resulting in a one-off impact of $3.9 million
- Recoverability of inventory balances was also reassessed resulting in carrying values being marked down to the lower of cost or net realisable value, resulting in a one-off impact of $3.3 million

The Davey inventory and balance sheet now aligned with the profit improvement plan.

As part of the Improvement Plan, the Davey operating model is being simplified and processes are being streamlined to improve customer service. Research and development activity is being refocused to align with emerging trends including energy efficiency, noise levels and smart connectivity. Sales and production operational planning is also being reshaped to optimise customer service and production efficiency. Better utilisation of interstate warehousing and higher levels of finished goods are also expected to reduce client lead times and improve service levels.

Mr. Whickman commented, "Davey's domestic business has demonstrated resilience in the half but frustratingly the pandemic has continued to have a significant impact on margins most notably due to the availability, cost of manufacturing staff and other cost inflation. I am confident that Davey's CEO Valentina Tripp and her refreshed team have defined an improvement plan that will position Davey well for future success albeit at a significant non cash impact on inventory values. The change program will run through the rest of the 2022 financial year to position Davey for a recovery in FY23."

Solid Financial Position

The net cash position of $169 million includes the $391.5 million equity raising (net of costs), the dividend reinvestment plan that contributed $7 million, higher inventories, and the completion payment of $47.6 million for the Vision X acquisition. This net cash position moves to a proforma net debt of circa $500 million post the APG acquisition (completed 4 January 2022).

Debt facilities increased by $431.4 million compared to the pcp to support acquisition activity. The Group's borrowing lines now range from 2 to 12 years maturity and provide a broad debt funding base.

Managerial focus remains on achieving Net Debt/EBITDA below 2 times by 31 December 2022, as outlined at the time of the APG acquisition. Balance sheet flexibility remains to fund seasonal Net Working Capital, dividend payments, and potential bolt on acquisitions.

Trading Update and Outlook

COVID-related disruptions experienced in H1 have intensified via the Omicron variant. This has had a dampening effect on demand that has been more evident in general service and wear parts. While timing is uncertain, this is viewed predominantly as a deferral of demand that is expected to rebound once mobility begins to normalise.

Supply of new vehicles in January is impacting some of GUD's business units (new vehicle sales down 5% on the pcp in January) but strong segmentation resulted in Pick-Up volumes increasing circa 4% on the pcp.

Demand for Davey's traditional ANZ products remains solid with European pool demand continuing to be strong.

The COVID Omicron variant has further pressured operations and supply chains. These disruptions remain well managed albeit higher levels of absenteeism in some cases is affecting GUD's ability to produce and distribute goods (reflected in higher backorder status) and our customers' ability to receive and sell. Despite the intensified supply chain pressures, freight and supplier costs have, to date, tracked in line with expectations but are not expected to moderate in H2. While inventory will continue to be managed in response to global supply chains, some moderation of inventory levels is expected post the Q3 Chinese New Year peak inventory position.

GUD provides the following FY22F and CY22F EBITA guidance, absent any further significant mobility restrictions or unforeseen economic or other circumstances:

- GUD remains on track to deliver the guidance reiterated in December 2021: FY22F underlying EBITA of $112 to $116 million, before the incremental contribution from Vision X and APG
- GUD continues to expect APG to deliver CY22F EBITA of $80-84 million[5], in line with the guidance provided at the time of the acquisition. with an expected skew to H2 CY22 (i.e. H1 FY23) to align with new vehicle releases and seasonal demand
- Vision X is performing in line with expectations outlined at the time of the acquisition
- Consequently, the Group expects underlying FY22F EBITA in the range of $155 million - $160 million[5]

Graeme Whickman said, "The first half has again demonstrated the solid structural support for the Automotive aftermarket sector. We expect our strong market positions, coupled with growth in the car parc, to support sustained organic growth in Automotive.

Integration planning for both Vision X and APG is well progressed, and steps have been taken to enhance resources in those areas. In addition, resources have also been added at the Group level to better serve the increased scale. GUD's desire and capacity to pursue Automotive aftermarket acquisitions has not diminished in the near term. The pipeline of opportunities is still attractive although we remain focused on reducing gearing levels in the mid-term.

Short term challenges remain. The recent spread of Omicron has seen capacity to produce and deliver against sales orders diminished in January, but we remain confident this will be a deferral of demand rather than a loss in sales. If that scenario proves to be correct, we remain on track to deliver on FY22F EBITA guidance of $155 to $160 million[5].

Finally, mobility restrictions permitting, GUD will be holding an Investor Day on 8 April 2022, including a site visit to APG, which provides an opportunity to give a further update on the Group."

This document has been authorised for release by the G.U.D. Holdings Limited Board of Directors.

For further information:

Graeme Whickman
Managing Director
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[5] The APG component of the guidance is included on a pre AASB 16 basis, as the impact of lease accounting under AASB 16 is currently under determination for this business. Guidance range excludes amortisation of acquired intangibles (APG and Vision X) but includes amortisation for the existing businesses

Directors' Report

The Directors of GUD Holdings Limited (the Company) present their report together with the consolidated financial statements for the six months ended 31 December 2021 and the audit report thereon.

Directors

The names of the Directors of the Company at any time during or since the end of the interim period are:

Non-Executive Directors

G. A. Billings

D. D. Robinson

A. L. Templeman-Jones (Resigned on 31 August 2021)

J. A. Douglas

C. L. Campbell

Prof J.C. Pollaers OAM

Executive Director

G. Whickman (Managing Director)

Review of Operations

A review of the Group's operations during the six months ended 31 December 2021 and the results of these operations are set out in the attached results announcement.

Rounding Off

The Company is of the kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* and, in accordance with that Instrument, amounts in this Report and the accompanying financial statements have been rounded off to the nearest one thousand dollars unless otherwise stated.

This Directors' Statutory Report is signed on behalf of the Directors in accordance with a resolution of Directors made pursuant to section 298(2) of the *Corporations Act 2001*.

Significant Changes

Acquisition of Vision X Group

On 30 November 2021, the Company completed the acquisition of Vision X Group (Vision X). The acquisition of this business will compliment GUD's automotive business and provide strategic diversification across products and customer channels, along with increased exposure to fast-growing pick-up truck and SUV vehicle segments. Refer note 12 Business Combination for further information.

Successful completion of the Institutional and Retail offer and placement

On 17 December, GUD announced that it had successfully raised $405 million of equity, comprising a fully underwritten Entitlement Offer and a fully underwritten Institutional Placement. The funds raised were earmarked to partially fund the acquisition of AutoPacific Group. Refer to Significant Events after reporting date below for further commentary on this acquisition.

GUD First Half Results

The consolidated net profit for the six months ended 31 December 2021 attributable to the shareholders of GUD Holdings Limited after providing for income tax was $24.175 million (2020: $31.280 million).

Segmental Results

Segmental results for the six months ended 31 December 2021 are set out in note 5 to the financial statements.

Dividends

On 8 February 2022, the Board of Directors declared a fully franked interim dividend in respect of the 2022 financial year of 17 cents per share. The record date for the dividend is 21 February 2022 and the dividend will be paid on 4 March 2022. The Dividend Reinvestment Plan will be available for this dividend.

Significant Events after reporting date

On 30 November 2021, the Company entered into a binding share sale and purchase agreement to acquire AutoPacific Group (APG) for the total consideration of approximately $744.6 million. GUD completed the acquisition of APG on 4 January 2022. Refer to note 15 for further information. The completion also resulted in the Company issuing a further 6,487,889 million shares to vendors as part of the consideration.

GUD's Chairman, Mr Graeme Billings stated that "the combination of GUD's existing businesses and APG, firmly establishes GUD as a leader in 4WD Accessories and Trailering in Australia and New Zealand."

Auditor Independence

The auditor's independence declaration made under section 307C of the *Corporations Act 2001* is set out on page 11 of the accompanying Condensed Consolidated Interim Financial Statements and forms part of this Report.

G A Billings
Chairman of Directors

G Whickman
Managing Director

Melbourne, 8 February 2022

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of GUD Holdings Limited

I declare that, to the best of my knowledge and belief, in relation to the review of GUD Holdings Limited for the half-year ended 31 December 2021 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and

ii. no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

KPMG

Maritza Araneda

Partner

Melbourne

8 February 2022

Condensed Consolidated Interim Financial Statements

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Condensed Consolidated Income Statement

For the six months ended 31 December	Note	2021 $'000	2020 $'000
Revenue	2	**332,026**	251,473
Cost of goods sold		**(183,736)**	(137,377)
Gross Profit		**148,290**	114,096
Other income		**592**	313
Government grants		**-**	2,759
Marketing and selling		**(31,990)**	(26,394)
Product development and sourcing		**(8,555)**	(7,247)
Logistics expenses and outward freight		**(17,507)**	(12,922)
Administration		**(31,317)**	(18,026)
Other expenses		**(15,015)**	(2,092)
Results from operating activities		**44,498**	50,487
Net finance cost		**(5,917)**	(6,819)
Profit before tax		**38,581**	43,668
Income tax expense		**(14,406)**	(12,388)
Profit/(loss) from operations, net of income tax		**24,175**	31,280
Profit/(loss) attributable to owners of the Company		**24,175**	31,280
Earnings per share from continuing operations:			
Basic earnings per share (cents per share)	4	**20.8**	34.5
Diluted earnings per share (cents per share)	4	**20.7**	34.2

The notes on pages 18 to 37 are an integral part of these condensed consolidated financial statements.

Condensed Consolidated Statement of Other Comprehensive Income

For the six months ended 31 December	Note	2021 $'000	2020 $'000
Profit for the period		**24,175**	31,280
Other comprehensive income			
Items that may be reclassified subsequently to profit and loss			
Exchange differences on translating results of foreign operations		**541**	(202)
Net fair value adjustments recognised in the hedging reserve		**935**	(4,719)
Net change in fair value of cash flow hedges transferred to inventory		**(1,744)**	1,968
Income tax expense/(benefit) on items that may be reclassified subsequently to profit or loss		**243**	825
Other comprehensive income / (loss) for the year, net of income tax		**(25)**	(2,128)
Total comprehensive income attributable to owners of the Company		**24,150**	29,152
Total comprehensive income		**24,150**	29,152

All the above items may subsequently be recognised in the Condensed Consolidated Income Statement.

The notes on pages 18 to 37 are an integral part of these condensed consolidated financial statements.

Condensed Consolidated Balance Sheet

As at	Note	31 Dec 2021 $'000	30 Jun 2021* $'000
Current assets			
Cash and cash equivalents		**734,939**	42,594
Trade and other receivables		**152,966**	146,355
Inventories*		**203,846**	153,353
Derivative assets	9	**1,218**	2,071
Other financial assets	9	**3,405**	4,268
Current tax receivable		**838**	605
Other assets		**14,214**	6,717
Total current assets		**1,111,426**	355,963
Non-current assets			
Goodwill*	6	**271,684**	206,002
Other intangible assets*	7	**146,926**	147,461
Property, plant and equipment		**26,692**	22,321
Derivative assets	9	**77**	-
Right of use assets		**88,030**	83,365
Other financial assets	9	**6,429**	4,212
Investments		**2,480**	1,734
Total non-current assets		**542,318**	465,095
Total assets		**1,653,744**	821,058
Current liabilities			
Trade and other payables		**113,176**	97,863
Employee benefits		**16,766**	15,715
Other provisions		**3,946**	1,119
Lease liabilities		**15,153**	14,311
Derivative liabilities	9	**12**	27
Other financial liabilities	9	**20,799**	-
Current tax payable		**1,388**	3,802
Total current liabilities		**171,240**	132,837
Non-current liabilities			
Employee benefits		**2,585**	2,367
Borrowings	8	**565,970**	189,158
Lease liabilities		**80,250**	74,280
Derivative liabilities	9	**103**	135
Other financial liabilities	9	**20,097**	-
Deferred tax liabilities*		**28,337**	30,721
Other non-current liabilities		**2,779**	2,776
Total non-current liabilities		**700,121**	299,437
Total liabilities		**871,361**	432,274
Net assets		**782,383**	388,784
Equity			
Share Capital		**594,005**	195,556
Reserves		**16,299**	15,186
Retained earnings		**172,079**	178,042
Total equity		**782,383**	388,784

* As per the requirements of AASB 3 Business Combinations the fair value adjustments have been reflected in the balance sheet as at 30 June 2021. Refer to note 12.

The notes on pages 18 to 37 are an integral part of these condensed consolidated financial statements.

Condensed Consolidated Statement of Changes in Equity

For the six months ended 31 December 2021

$('000)	Notes	Share Capital	Hedging reserve	Equity compensation reserve	Fair value reserve	Translation reserve	Retained earnings	Total equity
		Attributable to the owners of the Company						
Balance at 1 July 2021		195,556	1,167	13,198	- 598	1,419	178,042	388,784
Total comprehensive income for the period								-
Profit for the period		-	-	-	-	-	24,175	24,175
Other comprehensive income		-	(566)	-	-	541	-	(25)
Total comprehensive income for the period		-	(566)	-	-	541	24,175	24,150
Transactions with the owners of the Company								
Contributions and distributions								
Issue of ordinary shares	10	404,647	-	-	-	-	-	404,647
Equity raise costs	10	- 13,161	-	-	-	-	-	(13,161)
Dividend reinvestment plan (net of issue costs)	11	6,963	-	-	-	-	-	6,963
Dividends paid	11	-	-	-	-	-	(30,138)	(30,138)
Equity settled share based payment		-	-	1,138	-	-	-	1,138
Balance at 31 December 2021		594,005	601	14,336	(598)	1,960	172,079	782,383

For the six months ended 31 December 2020

'$('000)	Notes	Share Capital	Hedging reserve	Equity compensation reserve	Fair value reserve	Translation reserve	Retained earnings	Total equity
		Attributable to the owners of the Company						
Balance at 1 July 2020		112,880	(902)	11,291	(598)	1,210	150,904	274,785
Total comprehensive income for the period								-
Profit for the period		-	-	-	-	-	31,280	31,280
Other comprehensive income		-	(1,926)	-	-	(202)	-	(2,128)
Total comprehensive income for the period		-	(1,926)	-	-	(202)	31,280	29,152
Transactions with the owners of the Company								
Contributions and distributions								
Issue of ordinary shares		75,703	-	-	-	-	-	75,703
Equity raise costs		(1,285)	-	-	-	-	-	(1,285)
Dividend reinvestment plan (net of issue costs)		2,540	-	-	-	-	-	2,540
Dividends paid		-	-	-	-	-	(10,404)	(10,404)
Equity settled share based payment		-	-	946	-	-	-	946
Balance at 31 December 2020		189,838	(2,828)	12,237	(598)	1,008	171,780	371,437

The amounts recognised directly in equity are net of tax.

The notes on pages 18 to 37 are an integral part of these condensed consolidated financial statements.

Condensed Consolidated Cash Flow Statement

For the six months ended 31 December	Note	2021 $'000	2020 $'000
Cash flows from operating activities			
Receipts from customers		**372,599**	261,544
Payments to suppliers and employees		**(328,750)**	(210,085)
Income taxes paid		**(18,112)**	(14,723)
Receipt of Government grants		**-**	2,759
Net cash provided by operating activities		**25,737**	39,495
Cash flows from investing activities			
Acquisition of controlled entity, net of cash acquired		**(47,626)**	(65,739)
Payment of IMG contingent consideration		**-**	(3,250)
Investment in Liftango		**(746)**	
Proceeds from sale of property, plant and equipment		**50**	-
Payments for property, plant and equipment		**(5,749)**	(2,206)
Payments for intangible assets		**(12)**	-
Net cash used in investing activities		**(54,083)**	(71,195)
Cash flows from financing activities			
Proceeds from borrowings		**383,959**	46,000
Repayment of borrowings		**(18,541)**	(65,917)
Payments for lease liability		**(6,637)**	(5,710)
Advance on other loans		**(1,497)**	(659)
Proceeds from other loans		**-**	256
Interest paid		**(4,328)**	(3,399)
Dividends paid	11	**(23,175)**	(7,864)
Proceeds from the issue of ordinary shares		**404,647**	75,703
Transaction costs related to equity raise		**(13,161)**	(1,836)
Net cash used in financing activities		**721,267**	36,574
Net increase/(decrease) in cash held		**692,921**	4,874
Cash at the beginning of the year		**42,594**	29,987
Effects of exchange rate changes on the balance of cash held in foreign currencies		**(576)**	1
Cash and cash equivalents at 31 December		**734,939**	34,862

The notes on pages 18 to 37 are an integral part of these condensed consolidated financial statements.

1. Basis of preparation

This section sets out the Group's accounting policies that relate to the financial statements.

Reporting Entity

GUD Holdings Limited (the 'Company') is a for profit company domiciled in Australia. The condensed consolidated financial statements of the Company as at and for the six months ended 31 December 2021 comprises the Company and its subsidiaries (together referred to as the 'Group').

The Group is primarily involved in manufacturing, importation, distribution and sale of automotive products, pumps, pool, spa and water pressure systems, with operations in Australia, New Zealand, France, Spain, USA, Korea and China (Note 5).

The consolidated annual financial statements of the Group as at and for the year ended 30 June 2021 are available on request from the Company's registered office at 29 Taras Avenue, Altona North, Victoria, 3025 or at www.gud.com.au.

Basis of Preparation

The condensed consolidated interim financial statements are general purpose financial statements which have been prepared in accordance with the *Corporations Act 2001*, AASB 134 and with IAS 34 *Interim Financial Reporting*. The interim financial statements do not include all the information required for a complete set of annual financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last consolidated annual financial statements as at and for the year ended 30 June 2021.

The condensed consolidated financial statements were authorised for issue by the Directors on 8 February 2022.

Rounding off

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and in accordance with that Instrument, amounts in the financial statements have been rounded off to the nearest thousand dollars, unless otherwise stated.

Basis of measurement

The condensed consolidated interim financial statements have been prepared on the historical cost basis, except for the following items which have been measured at fair value:

- Derivatives (note 9)
- Other financial instruments (note 9)
- Investment in subsidiaries (Note 12)

Functional and presentation currency

The condensed consolidated interim financial statements are presented in Australian dollars which is the Company's functional currency.

Use of estimates and judgements

In preparing these condensed consolidated interim financial statements, management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates, and in the current year the estimates and judgements incorporate the impact of uncertainties associated with COVID 19 (where relevant).

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated annual financial statements as at and for the year ended 30 June 2021. With regard to the acquisition of Vision X Group (note 12); fair value of the consideration transferred and fair value of the assets acquired and liabilities assumed, were measured on a provisional basis.

1. Basis of preparation (continued)

Use of estimates and judgements (continued)

a. Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. This includes the Group finance team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the Chief Financial Officer.

The Group finance team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the Group finance team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of the Standards, including the level in the fair value hierarchy in which the valuations should be classified.

Significant valuation issues are reported to the Group's Audit Committee.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable Inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 6 – Goodwill;
- Note 9 – Financial instruments;
- Note 12 – Business combination; and
- Note 13 – Performance rights

New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 30 June 2021. A number of new standards are effective from 1 July 2021 but they do not have a material effect on the Group's financial statements.

Results for the Half Year

2. Revenue from contracts with customers

a. Disaggregation of revenue

The Group's operations and main revenue streams are those described in the last annual financial statements. The Group's revenue is derived from contracts with customers.

In the following table, revenue is disaggregated by types of goods or services, geographical markets and timing of revenue recognition. The table also includes a reconciliation of the disaggregated revenue with the Group's reportable segments see note 5.

	For the six months ended 31 December 2021			For the six months ended 31 December 2020		
Segments	**Automotive**	**Davey**	**Total**	**Automotive**	**Davey**	**Total**
Type of goods or services	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Sale of goods	272,050	59,048	331,098	196,687	54,298	250,985
Water solutions project income	-	928	928	-	488	488
Total Revenue from contracts with customers	**272,050**	**59,976**	**332,026**	**196,687**	**54,786**	**251,473**
Geographical markets						
Australia	237,991	49,774	287,765	177,118	45,088	222,206
New Zealand	29,723	7,486	37,209	19,569	6,724	26,293
USA	2,379	-	2,379	-	-	-
Korea	1,957	-	1,957	-	-	-
Other	-	2,716	2,716	-	2,974	2,974
Total revenue from contracts with customers	**272,050**	**59,976**	**332,026**	**196,687**	**54,786**	**251,473**
Timing of revenue recognition						
Goods transferred at a point in time	272,050	59,048	331,098	196,687	54,298	250,985
Services transferred over time	-	928	928	-	488	488
Total Revenue from contracts with customers	**272,050**	**59,976**	**332,026**	**196,687**	**54,786**	**251,473**

The Group recognised impairment losses on receivables and contract assets arising from contracts with customers, included under Administrative expenses in the statement of profit or loss, amounting to $26,000 and $54,000 for the six months ended 31 December 2021 and 2020, respectively.

2. Revenue from contracts with customers (continued)

b. Contract balances

The following table provides information about receivables, contract assets and liabilities from contracts with customers.

	31-Dec-21	30-Jun-21
	$'000	$'000
Receivables, which are included in trade and other receivables	**340**	132

The contract assets primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date on water solution projects. The contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Group issues an invoice to the customer.

3. Expenses

This table summarises expenses by nature from continuing operations:

	Note	2021 $'000	2020 $'000
Profit before income tax has been arrived at after charging the following expenses:			
Increase in inventory obsolescence provision		**414**	365
Gain on sale of plant and equipment		**(58)**	(14)
Operating lease rental expense/short term or low value lease expense		**6,637**	5,710
Net foreign exchange (gain)/loss		**(67)**	1,123
Employee benefits:			
Wages and salaries (including on-costs)		**51,224**	35,888
Contributions to defined contribution plans		**1,234**	1,389
Movements in provisions for employee benefits		**(1,262)**	(3,827)
Equity settled share based payment expense		**1,138**	1,907
Depreciation and amortisation:			
Amortisation of customer relationships		**159**	392
Amortisation of software		**107**	159
Depreciation of plant and equipment		**3,058**	1,969
Depreciation of leased plant and equipment		**6,995**	6,694
Total depreciation and amortisation		**10,319**	9,214
Product development and sourcing costs		**8,555**	7,247
Significant items:			
Impairment of inventory – Davey[1]	5	**10,532**	-
Transaction expenses[1]	5	**3,895**	456
Restructuring costs - Relocation costs for AA Gaskets[1]	5	**-**	1,389
Redundancy costs	5	**35**	-
Total significant items		**14,462**	1,845

1. These costs are included as other expenses in the Consolidated Income Statement.

4. Earnings per share

Earnings per share ('EPS') is the amount of profit attributable to each share.

Basic EPS is calculated on the Group profit for the period attributable to equity shareholders divided by the weighted average number of shares on issue during the period.

Diluted EPS reflects any commitments the Group has to issue shares in the future, such as those issued upon vesting of performance rights, where the issuance of those shares will be dilutive compared to Basic EPS.

For the Six Months Ended 31 December	**2021**	2020
	$'000	$'000
Profit / (loss) for the period	**24,175**	31,280
	Number	Number
Weighted average number of ordinary shares used as the denominator for basic EPS	**116,072,674**	90,792,986
Effect of balance of performance rights outstanding at 31 December	**811,050**	706,285
Weighted average number of ordinary shares used as the denominator for diluted EPS	**116,883,724**	91,499,271
EPS	**Cents per share**	Cents per share
Basic EPS	**20.8**	34.5
Diluted EPS	**20.7**	34.2

5. Segment information

Segment reporting is presented in respect of the Group's business and geographical segments. The primary format of business segments is reported based on the way information is reviewed by the Group's Managing Director.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate expenses, interest and tax, corporate borrowings, and deferred tax balances.

Business segments

The following summary describes the operations in each of the Group's reportable segments:

Automotive

Automotive involves principally aftermarket parts and accessories for cars, trucks, agricultural and mining equipment including filtration, auto electrical, gaskets, brakes, fuel pumps, engine and vehicle management devices, and other automotive products.

Davey

Pumps and pressure systems for household and farm water, water transfer pumps, swimming pool products, spa bath controllers and pumps and water purification equipment.

Geographical segments

The Group operates primarily in four geographical segments; Australia, New Zealand, USA and Korea. The Group also operates in "other" countries throughout China, Europe and the UAE, refer note 2 for geographical sales disclosure.

5. Segment information (continued)

	As at and for the six months ended 31 December 2021			
	Automotive	Davey	Unallocated[3]	Total
Business segments	**$'000**	**$'000**	**$'000**	**$'000**
Total segment revenue (external)	**272,050**	**59,976**	**-**	**332,026**
EBITDA pre-significant items	**68,854**	**4,032**	**(3,607)**	**69,279**
Less: Depreciation	(7,534)	(2,157)	(362)	(10,053)
Less: Amortisation and impairment of intangibles	(266)	-	-	(266)
EBIT pre-significant items	**61,054**	**1,875**	**(3,969)**	**58,960**
Transaction costs[1]	-	-	(3,895)	(3,895)
Redundancy costs	(25)	-	(10)	(35)
Impairment of inventory - Davey[2]	-	(10,532)	-	(10,532)
Segment result (EBIT)	**61,029**	**(8,657)**	**(7,874)**	**44,498**
Interest expense	(291)	(2)	(4,045)	(4,338)
Interest on lease liability	(1,388)	(98)	(289)	(1,775)
Net foreign exchange gain/(loss)	99	121	(24)	196
Profit / (loss) before tax	**59,449**	**(8,636)**	**(12,232)**	**38,581**
Tax benefit / (expense)	(19,331)	2,589	2,336	(14,406)
Profit / (loss)	**40,118**	**(6,047)**	**(9,896)**	**24,175**
Profit / (loss) attributable to owners of the Company	**40,118**	**(6,047)**	**(9,896)**	**24,175**
	As at 31 December 2021			
Segment assets	**821,992**	**127,201**	**704,551**	**1,653,744**
Segment liabilities	**234,444**	**35,037**	**601,880**	**871,361**

During the current period the Group changed the method of assessing the performance of the individual segments. Under the revised methodology, segment performance includes a further allocation of applicable corporate costs (for example, executive management, technology, and strategy costs). Prior period comparative information has not been restated.

[1] Transaction cost in the Unallocated segment relate to the acquisition of Vision X Group ($1.43 million) refer note 12, the AutoPacific Group acquisition ($2.29) million and other transaction costs.

[2] Impairment of inventory to rationalise and align Davey's raw materials and finished goods levels to anticipated future needs and sales management focus.

[3] Unallocated items comprise mainly of corporate assets, corporate expenses, interest, tax, corporate borrowings, and deferred tax balances.

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5. Segment information (continued)

Business segments	Automotive $'000	Davey $'000	Unallocated[3] $'000	Total $'000
	As at and for the six months ended 31 December 2020			
Total segment revenue (external)	**196,687**	**54,786**	**-**	**251,473**
EBITDA pre-significant items	**56,699**	**4,355**	**(1,182)**	**59,872**
Less: Depreciation	(4,119)	(2,209)	(1,037)	(7,365)
Less: Amortisation and impairment of intangibles	(175)	-	-	(175)
EBIT pre-significant items	**52,405**	**2,146**	**(2,219)**	**52,332**
Transaction costs[1]	-	-	(456)	(456)
Restructuring costs[2]	(1,247)	(136)	(6)	(1,389)
Segment result (EBIT)	**51,158**	**2,010**	**(2,681)**	**50,487**
Interest expense	(54)	(74)	(3,271)	(3,399)
Interest on lease liability	(1,121)	(140)	(295)	(1,556)
Net foreign exchange loss	(1,533)	(331)	-	(1,864)
Profit / (loss) before tax	**48,450**	**1,465**	**(6,247)**	**43,668**
Tax benefit / (expense)	(14,657)	(450)	2,719	(12,388)
Profit / (loss)	**33,793**	**1,015**	**(3,528)**	**31,280**
Profit / (loss) attributable to owners of the Company	**33,793**	**1,015**	**(3,528)**	**31,280**
	As at 30 June 2021			
Segment assets	**691,967**	**121,118**	**7,973**	**821,058**
Segment liabilities	**182,565**	**29,295**	**170,643**	**382,503**
Segment capital expenditure	**1,942**	**264**	**-**	**2,206**

[1] Transaction cost in the unallocated segment relate to the acquisition of G4CVA ($0.374 million) refer note 12 and other transaction costs.

[2] Restructuring costs in the Automotive segment relate to relocation costs for AA Gaskets.

[3] Unallocated items comprise mainly of corporate assets, corporate expenses, interest, tax, corporate borrowings, and deferred tax balances.

Intangible Assets

6. Goodwill

	Note	31 December 2021 $'000	30 June 2021* $'000
Gross carrying amount			
Balance at the beginning of the period		**206,002**	162,149
Acquisitions through business combinations	12	**65,445**	43,644
Net foreign currency difference arising on translation of financial statements of foreign operations		**237**	209
Balance at the end of the period		**271,684**	206,002

7. Other intangible assets

	Note		
Patents, licences and distribution rights at cost		**2,056**	2,056
Accumulated amortisation		**(876)**	(797)
Effect of exchange rate		**12**	-
Net patents, licences and distribution rights		**1,192**	1,259
Customer relationships		**18,189**	12,838
Additions through business combinations	12	**-**	5,351
Accumulated amortisation		**(1,730)**	(1,571)
Effect of exchange rate		**3**	-
Net customer lists		**16,462**	16,618
Computer software		**372**	372
Accumulated amortisation		**(298)**	(264)
Net computer software		**74**	108
Brand names, business names and trademarks at cost		**132,281**	130,444
Additions through business combinations	12	**-**	1,837
Accumulated amortisation and impairment		**(3,085)**	(2,805)
Effect of exchange rate		**2**	-
Net brand names, business names and trademarks		**129,198**	129,476
Total other intangible assets		**146,926**	147,461

* As per the requirements of AASB 3 Business Combinations the fair value adjustments have been reflected in the balance sheet as at 30 June 2021. Refer to note 12.

The Group holds several brand names that are considered to have an indefinite useful life. The indefinite useful life reflects the Directors' view that these brands are assets that provide ongoing market access advantages for both new and existing product sales in the markets that the businesses operate. The current understanding of the industries and markets that the businesses operate in indicates that demand for products will continue in a sustainable manner, that changes in technology are not seen as a major factor impacting the brands' future value, and the brands have proven long lives in their respective markets.

Capital Structure and Financing Costs

8. Borrowings

	31 December 2021	30 June 2021
	$'000	$'000
Current		
Unsecured bank loans	**-**	-
Secured finance lease liabilities	**-**	-
Total current borrowings	**-**	-
Non-current		
Unsecured bank loans	**565,970**	189,158
Total non-current borrowings	**565,970**	189,158

Facilities available

The facilities available at 31 December 2021 are summarised as follows:

	Facilities as at 31 December 2021		**Facilities as at 30 June 2021**	
	Amount	**Maturity**	**Amount**	**Maturity**
	$ million		**$ million**	
Bank borrowings - 4 year facility	150.0	28/01/2024	150.0	28/01/2024
Bank borrowings (USD) - 4 year facility	1.3	28/01/2024	1.3	28/01/2024
Fixed term loan - 8 year facility	50.0	23/01/2028	50.0	23/01/2028
Short term facilities	30.0	28/01/2023	25.0	28/01/2022
Overdraft	4.9	23/01/2028	4.9	23/01/2024
Bank borrowings - 3 year facility	90.0	1/01/2025		
Bank borrowings - 4 year facility	125.0	1/01/2026		
Fixed term loan - 8 year facility	63.2	31/12/2029		
Fixed term loan - 9 year facility	27.0	25/11/2030		
Fixed term loan - 10 year facility	44.0	26/11/2031		
Fixed term loan - 11 year facility	49.2	30/12/2032		
Fixed term loan - 12 year facility	28.0	30/12/2033		
Total available facilities	662.6		231.2	

Bank overdrafts

The unsecured bank overdraft facilities are subject to annual review. As part of these facilities, GUD Holdings Limited and all of its subsidiaries have entered into a Deed of Cross Guarantee. GUD Holdings Limited has a contingent liability to the extent of the bank overdraft debt incurred by its controlled entities. Interest on bank overdraft is charged at prevailing market rates. The weighted average interest rate for all overdrafts as at 31 December 2021 is 4.21% (30 June 2021: 3.30%).

8. Borrowings (continued)

Facility utilisation

As at	31 December 2021 $'000	30 June 2021 $'000
Facilities available:		
Unsecured bank overdrafts	**4,931**	4,931
Unsecured bank loans	**627,669**	201,330
Short term facilities	**30,000**	25,000
Total facilities available	**662,600**	231,261
Facilities used at balance date:		
Unsecured bank overdrafts	**-**	-
Unsecured bank loans	**565,970**	189,158
Short term facilities	**-**	-
Total facilities used at balance date	**565,970**	189,158
Facilities not utilised at balance date:		
Unsecured bank overdrafts	**4,931**	4,931
Unsecured bank loans	**61,699**	12,172
Short term facilities	**30,000**	25,000
Total facilities not utilised at balance date	**96,630**	42,103

9. Financial instruments

Fair value hierarchy below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

There have been no transfers between the fair value hierarchy levels from the prior year to current year.

9. Financial instruments (continued)

	As at 31 December 2021						
	Carrying value			Fair value			
	Current	Non-current	Total	Level 1	Level 2	Level 3	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Financial assets measured at fair value							
Investments	-	2,480	2,480	-	-	2,480	2,480
Derivatives - Foreign currency forward contracts	1,218	-	1,218	-	1,218	-	1,218
Derivatives - Interest rate swaps at fair value	-	77	77	-	77	-	77
Other financial assets	-	2,445	2,445	-	-	2,445	2,445
Total financial assets measured at fair value	**1,218**	**5,002**	**6,220**	**-**	**1,295**	**4,925**	**6,220**
Financial assets not measured at fair value							
Cash and cash equivalents [a]	734,939	-	734,939	-	-	-	-
Trade and other receivables [a]	152,966	-	152,966	-	-	-	-
Other financial assets [a]	3,405	3,984	7,389	-	-	-	-
Total financial assets not measured at fair value	**891,310**	**3,984**	**895,294**	**-**	**-**	**-**	**-**
Total financial assets	**892,528**	**8,986**	**901,514**	**-**	**1,295**	**4,925**	**6,220**
Financial liabilities measured at fair value							
Derivatives - Foreign currency forward contracts	12	-	12	-	12	-	12
Derivatives - Interest rate swaps at fair value	-	103	103	-	103	-	103
Total financial liabilities measured at fair value	**12**	**103**	**115**	**-**	**115**	**-**	**115**
Financial liabilities not measured at fair value							-
Borrowings and loans [a]	-	565,970	565,970	-	-	-	-
Other financial liability	20,799	20,097	40,896	-	-	40,896	40,896
Total financial liabilities not measured at fair value	**20,799**	**586,067**	**606,866**	**-**	**-**	**-**	-
Total financial liabilities	**20,811**	**586,170**	**606,981**	**-**	**115**	**-**	**115**

a. The Group has not disclosed the fair values for financial instruments such as cash and cash equivalents, short term trade receivables and payables, because their carrying amounts are a reasonable approximation of fair value.

9. Financial instruments (continued)

	As at 30 June 2021						
	Carrying value						Fair value
	Current $'000	Non-current $'000	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial assets measured at fair value							
Investment	-	1,734	1,734	-	-	1,734	1,734
Derivatives - Foreign currency forward contracts	2,071	-	2,071	-	2,071	-	2,071
Other financial assets	-	228	228	-	-	228	228
Total financial assets measured at fair value	**2,071**	**1,962**	**4,033**	**-**	**2,071**	**1,962**	**4,033**
Financial assets not measured at fair value							
Cash and cash equivalents [a]	42,594	-	42,594	-	-	-	-
Trade and other receivables [a]	146,355	-	146,355	-	-	-	-
Other financial assets [a]	4,268	4,212	8,480	-	-	-	-
Total financial assets not measured at fair value	**193,217**	**4,212**	**197,429**	**-**	**-**	**-**	**-**
Total financial assets	**195,288**	**6,174**	**201,462**	**-**	**2,071**	**1,962**	**4,033**
Financial liabilities measured at fair value							
Derivatives - Foreign currency forward contracts	-	-	-	-	-	-	-
Derivatives - Interest rate swaps at fair value	27	135	162	-	162	-	162
Other financial liabilities	-	-	-	-	-	-	-
Total financial liabilities measured at fair value	**27**	**135**	**162**		**162**		**162**
Financial liabilities not measured at fair value							
Unsecured borrowings and loans [a]	-	139,158	139,158	-	-	-	-
Fixed rate loan		50,000	50,000	-	56,661	-	56,661
Total financial liabilities not measured at fair value	**-**	**189,158**	**189,158**	-	56,661	-	56,661
Total financial liabilities	**27**	**189,293**	**189,320**	**-**	**56,823**	**-**	**56,823**

a. The Group has not disclosed the fair values for financial instruments such as cash and cash equivalents, short term trade receivables and payables, because their carrying amounts are a reasonable approximation of fair value

9. Financial instruments (continued)

Derivative financial instruments

Level 2 fair values for simple over-the-counter derivative financial instruments are based on valuations from banks. These are tested for reasonableness by discounting expected future cash flows using market interest rate for a similar instrument at the measurement date.

Contingent consideration

Any contingent consideration receivable or payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not remeasured, and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

Measurement of fair values

Valuation techniques and significant unobservable inputs

The following table show the valuation techniques used in measuring Level 2 and Level 3 fair values at 30 June 2021 and 31 December 2021 for financial instruments measured at fair value in the statement of financial position, as well as significant unobservable inputs used.

Financial instruments measured at fair value

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Contingent consideration	Discounted cash flows: The valuation model considers the present value of expected payments, discounted using a risk-adjusted discount rate.	- Expected cash flows (31 December 2021: range \$19.8 – \$20.1 million), 30 June 2021 N/A, - Risk adjusted discount rate (31 December 2021: 8%, 30 June 2021: N/A).	The estimated fair value would increase (decrease) if: - the expected cash flow were higher (lower); or - the risk-adjusted discount rate were lower (higher).

Reconciliation of Level 3 fair values

The following table shows a reconciliation from the opening balances to the closing balances for Level 3 fair values.

For the 6 months ended	**31 December 2021 \$'000**	30 June 2021 \$'000
Non-Current		
Contingent consideration payable – acquisition of 100% of Vision X Group	**20,097**	-
Closing balance	**20,097**	-

Level 3 fair value reconciliation

Changes in fair value of the level 3 financial instruments is summarised below:

	\$'000	\$'000
Opening balance	**-**	1,516
Contingent consideration payable – acquisition of 100% of IMG	**-**	(1,516)
Contingent consideration payable – acquisition of 100% of Vision X Group	**20,097**	-
Closing balance	**20,097**	-

10. Share capital

The number of shares on issue at 31 December 2021 was 133,768,813 (30 June 2021: 94,181,047).

During the six months ended 31 December 2021:

- Nil shares were bought back on market and cancelled by the Group (31 December 2020: nil shares were bought back).
- 28,123,660 shares were allotted per the December 2021 Institutional Placement at \$10.40 per share.
- 10,788,096 shares were allotted per the December 2021 Entitlement Offer at \$10.40 per share.
- 676,010 shares were allotted per the September 2021 dividend reinvestment plan.

  The completion of the APG acquisition also resulted in the Company issuing a further 6,487,889 million shares to vendors as part of the consideration.

11. Dividends

Recognised amounts

	Cents per share	Total amount $'000	Date of payment	Tax rate	Percentage franked
Final dividend in respect of the 2021 financial year[1]	32	30,138	3 September 2021	30%	100%
Interim dividend in respect of the 2021 financial year	25	23,424	28 February 2021	30%	100%
Final dividend in respect of the 2020 financial year	12	10,404	28 August 2020	30%	100%
Interim dividend in respect of the 2020 financial year	25	21,675	28 February 2020	30%	100%

Unrecognised amounts

Fully Paid Ordinary Shares	Cents per share	Total amount $'000	Date of payment	Tax rate	Percentage franked
Interim dividend in respect of the 2022 financial year	17	23,844	4 March 2022	30%	100%

1. Final dividend paid includes dividend reinvested of $6.96m.

Business Combinations

12. Investment in subsidiaries

Acquisition of Vision X Group

On 30 November 2021, the Company acquired 100% of the shares in Vision Motor Sports Inc. and Vision X Offroad LLC ("Vision X USA"), business and net assets of Vision X Asia Co. and Vision X China ("Vision X Asia"). The total estimated consideration for Vision X USA and Vision Asia (collectively "Vision X Group") is $ 90.873 million, subject to customary purchase price adjustments and capex adjustments, including contingent consideration.

The acquisition is expected to provide the Group with an expanded presence in the automotive aftermarket parts market.

If the acquisition had occurred on 1 July 2021, management estimates that together Vision X Group would have contributed $25.9 million of revenue and $7.5 million of EBITA to the Group's results for the six months ended 31 December 2021.

Contingent consideration

The Company has also agreed to pay the selling shareholders contingent consideration based on the accumulated consolidated earnings of the Vision X Group for the period from 30 November 2021 to 30 November 2024. Management estimated the present value of the contingent consideration at 30 November 2021 to be $ 20.097 million.

Consideration paid

At 30 November 2021, the total estimated consideration for the acquisition of Vision X Group was $ 90.873 million. Excluding the cash acquired, the total estimated total consideration is $88.526 million and includes an estimated contingent consideration outlined above.

At completion, the estimated consideration obligation prior to the earn-out payment which will be measured and paid in FY25 is $69.206 million with $20.802 million being deferred for twelve months. Consequently, the completion payment made on 30 November 2021 was $49.974 million or $47.626 million net of cash acquired.

Acquisition-related costs

During the period ended 31 December 2021, the Company incurred approximately $ 1.43 million of acquisition related costs including legal fees, due diligence, and other advisory fees. This amount has been included in administrative expenses.

Identifiable assets acquired, and liabilities assumed

The following table summarises the recognised amounts of assets acquired, and liabilities assumed at the date of acquisition prior to completing a purchase price allocation process which may result in an increase in deferred tax liability once the value of brands and customer relationships is confirmed.

	30 November 2021
	$'000
Cash and cash equivalents	2,347
Trade and other receivables	16,000
Other assets	1,769
Deferred tax assets	2,872
Inventories	19,788
Property, plant and equipment	1,754
Right of use asset	12,360
Intangible asset	22
Trade and other payables	(6,749)
Loan payable	(9,687)
Lease liability	(12,364)
Deferred tax liability	(2,684)
Total identifiable net assets acquired	**25,428**

12. Investment in subsidiaries (continued)

Fair values measured on a provisional basis

All assets and liabilities acquired have been determined on a provisional basis and the Company is in the process of finalising the assessment of fair value for specific assets and liabilities.

If new information obtained within one year of the date of acquisition about facts and circumstances that existed at the date of acquisition identifies adjustments to the above amounts, or any additional provisions that existed at the date of acquisition, then the accounting for the acquisition will be revised.

Goodwill

Goodwill arising from the acquisition has been recognised as follows:

	$'000
Total consideration	90,873
Less Fair value of identifiable net assets	25,428
Goodwill	**65,445**

In the second half of the financial year, a purchase price accounting process will be completed to determine that portion of the goodwill which is attributed to brand values and customer relationships. This may result in the amortization of the customer relationship asset which will commence in the second half of the year.

Acquisition of ACS

On 1 March 2021, the Company acquired 100% of the shares in Australian Clutch Services Pty Ltd ("ACS") with business operations in Australia, New Zealand and USA. The total cash consideration for ACS was $34.709 million.

Fair values of acquired assets and liabilities

The following table summarises the recognised amounts of assets acquired, and liabilities assumed at 1 March 2021 with subsequent adjustment for identified intangible assets arising from the purchase price allocation exercise.

	30 June 2021	Fair value adjustments	31 December 2021
	$'000	$'000	$'000
Cash and cash equivalents	4,645	-	4,645
Trade and other receivables	8,158	-	8,158
Inventories	14,387		14,387
Other intangible assets	2	7,188	7,190
Property, plant and equipment	848	-	848
Right of Use assets	5,441	-	5,441
Deferred tax assets	2,107	-	2,107
Trade and other payables	(5,108)	-	(5,108)
Provisions	(1,653)	-	(1,653)
Lease liability	(5,441)	-	(5,441)
Deferred tax liabilities	(1,632)	(2,156)	(3,788)
Total identifiable net assets acquired	21,754	**5,032**	**26,786**

Goodwill

Goodwill has been adjusted because of the identified intangible assets as follows:

	$'000
Total estimated consideration	34,709
Less Fair value of identifiable net assets	26,786
Goodwill	**7,923**

As per the requirements of AASB 3 Business Combinations the fair value adjustments have been reflected in the balance sheet as at 30 June 2021.

12. Investment in subsidiaries (continued)

Acquisition of G4CVA

On 31 December 2020, the Company acquired 100% of the shares in ACAD Limited ("ACAD Aust") and 100% of the shares of AMA Fully Equipped NZ Holding Pty Ltd ("ACAD NZ"). The total consideration for ACAD Aust and ACAD NZ (collectively "G4CVA") was $68.269 million, subject to customary purchase price adjustments and capex adjustments.

Fair values of acquired assets and liabilities

The following table summarises the recognised amounts of assets acquired, and liabilities assumed at 31 December 2020 with subsequent adjustment of inventory to Net realisable value.

	30 June 2021	Fair value adjustments	31 December 2021
	$'000	$'000	$'000
Cash and cash equivalents	3,870	-	3,870
Trade and other receivables	8,032	-	8,032
Inventories	10,905	(620)	10,285
Other assets	2,457	-	2,457
Other intangible assets	19,559	-	19,559
Property, plant and equipment	4,364	-	4,364
Right of Use assets	13,507	-	13,507
Deferred tax assets	5,824	186	6,010
Trade and other payables	(6,478)	-	(6,478)
Provisions	(5,027)	-	(5,027)
Lease liability	(13,939)	-	(13,939)
Deferred tax liabilities	(10,037)	-	(10,037)
Total identifiable net assets acquired	33,037	**(434)**	**32,603**

Goodwill

Goodwill has been adjusted because of the identified intangible assets as follows:

	$'000
Total estimated consideration	68,269
Less Fair value of identifiable net assets	32,603
Goodwill	**35,666**

As per the requirements of AASB 3 Business Combinations the fair value adjustments have been reflected in the balance sheet as at 30 June 2021.

Other Notes

13. Performance rights

The Group maintains a Long-Term Incentive Plan under which performance rights are granted to a number of senior staff. The performance rights vest and convert into ordinary shares at the end of a 3-year period if a performance benchmark (being Total Shareholder Return relative to a peer group) is met.

Performance rights were granted to several senior staff in the six months ended 31 December 2021 under the 2024 Long Term Incentive Plan.

The fair value of these performance rights have been calculated at the grant date by an independent expert in order to arrive at the expense to be booked through the Income Statement. The grant to staff was approved by the Remuneration Committee in July. The grant to the Managing Director occurred after the endorsement by the shareholders at the Annual General Meeting. The table below shows a summary of the performance rights granted during the period.

	Managing Director	Other Staff
Grant date	29/10/2021	5/08/2021
Number of Performance Rights granted	56,517	335,160
Value per right at grant date	$4.75	$5.77
Fair value at grant date	268,409	1,933,084
Exercise price	Zero	Zero
Expected volatility	30.00%	30.00%
Performance rights life remaining at 31 December 2021	2.5 years	2.5 years
Expected dividend yield p.a.	6.20%	5.90%
Risk free interest rate p.a.	1.50%	1.16%
Share price at grant date	$11.83	$11.40

A portion of the 2022, 2023 and 2024 Long Term Incentive Plans expenses have been included in the Income Statement in the current period in accordance with accounting standard AASB 2 *Share-based Payment*.

14. Related parties

Transactions with key management personnel and their related parties

The Group's policy is that the sale and purchase of goods and services with key management personnel are made under normal customer and supplier relationships and on normal commercial terms and conditions. The sale of goods to key management personnel are on terms no more favourable than made available to other employees.

At 31 December 2021, key management personnel held directly, indirectly or beneficially 133,487 ordinary shares (30 June 2021: 101,702) in the Group. Executive Key Management Personnel hold 215,456 (2020: 190,806) performance rights under the long term incentive plan.

Loans to KMPs

The Company entered into an Equity Loan Agreement in the amount of $228,000 with the Managing Director and CEO, Mr Graeme Whickman which enabled him to acquire 25,000 shares in the Company in September 2019. In December 2021, the Company extended additional monies under the Equity Loan Agreement to enable the Managing Director to participate in the Entitlement Offer. The total amount now owed is $314,317, in respect of 33,310 shares. Mr Whickman pays interest on the loan on a quarterly basis at a rate that is set at 25 basis points above the Company's average cost of borrowed funds.

Transactions with entities in the wholly owned Group

GUD Holdings Limited is the ultimate parent entity in the wholly owned group comprising the Company and its wholly owned subsidiaries.

Entities in the wholly owned group advanced and repaid loans, paid and received dividends, provided marketing, product sourcing, accounting and administrative assistance and sold and purchased goods to other Group companies during the current and previous financial years.

The Group's policy is that these transactions are on commercial terms and conditions with the exception of loans between Australian entities and loans between New Zealand entities which are not interest bearing. Loans between entities in the wholly owned group are repayable on demand.

Other related party transactions with entities in the wholly owned Group

Wesfil Australia Pty Ltd leases its Sydney premises from an entity related to a Director of Wesfil Australia Pty Ltd. Net rental expense was $233,112 excluding GST (30 June 2021: $465,066 excluding GST). The Group's policy is that related party lease arrangements are undertaken with commercial terms and conditions.

15. Subsequent events

GUD acquires AutoPacific Group

On 30 November 2021, the Company entered into a binding share sale and purchase agreement to acquire AutoPacific Group (APG) for the total consideration of approximately $744.6 million, which in part comprised issuing 6,487,889 shares at a price of $11.56 (in total, approximately $75 million). GUD completed the acquisition of APG on 4 January 2022.

Dividends declared

On 8 February 2022, the Board of Directors declared a fully franked interim dividend in respect of the 2022 financial year of 17 cents per share. Record date is 21 February 2022, and the dividend will be paid on 4 March 2022.

Other

Other than the items discussed above, no matters or circumstances have arisen since the end of the financial period that have significantly affected or may significantly affect the operating results or state of affairs of the Group.

Directors' Declaration

In the opinion of the Directors of GUD Holdings Limited (the "Company"):

(a) the Condensed Consolidated Interim Financial Statements and notes set out on pages 18 to 37 are in accordance with the *Corporations Act 2001*, including:
   1. giving a true and fair view of the financial position of the Group as at 31 December 2021 and of its performance for the six months ended on that date;
   2. complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting*, the Corporations Regulations 2001 and IAS 34: *Interim Financial Reporting*; and

(b) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors pursuant to section 295(5) of the *Corporations Act 2001*.

On behalf of the Directors

G A Billings
Chairman of Directors

G Whickman
Managing Director

Melbourne, 8 February 2022

Independent Auditor's Review Report

To the shareholders of GUD Holdings Limited

Report on the Interim Financial Report

Conclusion

We have reviewed the accompanying ***Interim Financial Report*** of GUD Holdings Limited.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Interim Financial Report of GUD Holdings Limited does not comply with the *Corporations Act 2001*, including:

- giving a true and fair view of the ***Group's*** financial position as at 31 December 2021 and of its performance for the ***Interim Period*** ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The ***Interim Financial Report*** comprises:

- Condensed consolidated statement of financial position as at 31 December 2021
- Condensed consolidated statement of profit or loss, Condensed consolidated statement of comprehensive income, Condensed consolidated statement of changes in equity and Condensed consolidated statement of cash flows for the Interim Period ended on that date
- Notes 1 to 15 comprising a summary of significant accounting policies and other explanatory information
- The Directors' Declaration.

The ***Group*** comprises GUD Holdings Limited (the Company) and the entities it controlled at the Interim Period's end or from time to time during the Interim Period.

The ***Interim Period*** is the six months ended on 31 December 2021.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report.

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibilities of the Directors for the Interim Financial Report

The Directors of the Company are responsible for:

- the preparation of the Interim Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- such internal control as the Directors determine is necessary to enable the preparation of the Interim Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Review of the Interim Financial Report

Our responsibility is to express a conclusion on the Interim Financial Report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the Interim Financial Report does not comply with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2021 and its performance for the Interim Period ended on that date, and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of an Interim Period Financial Report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with *Australian Auditing Standards* and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

KPMG

KPMG

Maritza Araneda

Partner

Melbourne

8 February 2022