GUD Holdings Limited
A.B.N. 99 004 400 891

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Australia.

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Sunshine, Vic 3020
Australia.

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Internet: www.gud.com.au

21 September 2022

Manager, Company Announcements
ASX Limited
Level 4
20 Bridge Street
SYDNEY NSW 2000

Dear Sir/Madam

In accordance with the Listing Rules, please find attached:

1. Notice of Annual General Meeting and Explanatory Statement
2. Proxy Form
3. Virtual Online Meeting Guide
4. 2022 Annual Report to Shareholders – including Directors' Report, Financial Statements, Directors' Declaration, Audit Report and other information required under the Listing Rules.

The Package including the Annual Report will be forwarded to shareholders today.

Approved for release by the Company Secretary.

Yours faithfully

Malcolm G Tyler
Company Secretary

Direct: +61 3 9243 3380
Email: malcolmt@gud.com.au

Attached

GUD Holdings Limited

ACN 004 400 891

NOTICE OF ANNUAL GENERAL MEETING

On behalf of your Board of Directors, I am pleased to invite you to the 2022 Annual General Meeting (**AGM**) of GUD Holdings Limited (**GUD** or **Company**), to be held on Thursday 27 October 2022 at 10:00am (AEDT) at Club Pavilion, Level 2, RACV Club, 501 Bourke Street, Melbourne 3000 and online at https://meetnow.global/MMFZVXS.

We are pleased to be able to meet in person once again with our shareholders. However, due to the ongoing uncertainties associated with the COVID-19 pandemic, GUD intends to hold the 2022 AGM as a hybrid meeting. This means that subject to any COVID-19 or other health restrictions applying at the time, you will have the option of attending the AGM in person or online.

Whether you intend to attend the meeting in person or online, we encourage you to submit a directed proxy vote as early as possible so that your vote will be counted, if for any reason you cannot vote on the day. If you wish to appoint a proxy, please lodge your proxy online at www.investorvote.com.au by 10:00am (AEDT) on Tuesday, 25 October 2022.

Shareholders attending the AGM in person or online will be able to view and listen to the meeting, ask questions in real time during the AGM in person (if attending physically), or verbally and in writing (if attending online) and vote on the resolutions to be considered at the AGM by live voting during the meeting. As always, we invite shareholders to submit questions in advance of the meeting. Questions may be submitted by completing an online shareholder question form on GUD's website at www.gud.com.au/AGM2022.

The Notice of Meeting (which includes the following Agenda, information for shareholders and Explanatory Notes) details the formal business to be dealt with at the AGM. The Notice of Meeting is available on the Company's website at www.gud.com.au/AGM2022.

Briefly, the formal business of the meeting will be to:

1. receive and consider the formal reports for the Financial Year ended 30 June 2022;
2. re-elect Mr Graeme Billings as a Non-Executive Director of the Company;
3. adopt the 2022 Remuneration Report;
4. approve the grant of long-term incentives (**Rights**) to Mr Graeme Whickman, the Managing Director and Chief Executive Officer;
5. approve the award of STI deferred equity to Mr Graeme Whickman, the Managing Director and Chief Executive Officer; and
6. approve financial assistance for banking facilities and the Auto Pacific Group acquisition.

The Directors recommend that shareholders vote in favour of all resolutions.

Further information on how to participate in the meeting is provided in the Notice of Meeting, and in the AGM Online Guide, which can be accessed on the Company's website at www.gud.com.au/AGM2022.

How to submit your vote in advance of the meeting

Proxy votes must be received by 10.00am (AEDT) on Tuesday, 25 October 2022 to be valid for the meeting.

Instructions on how to appoint a proxy are on the online voting website, www.investorvote.com.au and on page 5 of the Notice of Meeting under 'Proxy lodgement'.

Other Company documents and how to update your communication preference

Please review the GUD website at www.gud.com.au/AGM2022 for the following documents:

- a link from the Share Information page to our share registry to register your email address in order to receive all shareholder information electronically and to obtain standard shareholder forms, including a direct dividend advice, a change of address advice and a request to consolidate holdings;
- the GUD Annual Report 2022 (including the GUD Corporate Governance Statement) and Notice of Meeting 2022;
- the GUD Sustainability Review 2022; and
- copies of news releases and financial presentations.

GUD is closely monitoring the developments relating to COVID-19 and current health advice. Shareholders are encouraged to check GUD's website at http://www.gud.com.au/AGM2022 and the ASX announcements where updates in relation to the AGM will be provided if it becomes necessary or appropriate to make alternative arrangements for the holding or conduct of the meeting.

We look forward to engaging with shareholders at the AGM, and I hope that you will participate in the meeting.

Yours sincerely

Graeme Billings

Chairman

20 September 2022

Notice is given that the 2022 Annual General Meeting ("AGM" or "Meeting") of shareholders of GUD Holdings Limited ("GUD" or "Company") will be held on Thursday, 27 October 2022 at 10:00am (AEDT) at Club Pavilion, Level 2, RACV Club, 501 Bourke Street, Melbourne 3000 and online.

Shareholders can attend in the AGM in person or online via the online portal at https://meetnow.global/MMFZVXS.
Further information on how to attend the Meeting online is set out in this Notice of Meeting and in the Online Meeting Guide.
In person registration, and the online platform, will open from 9.30am.

AGENDA

1. Financial Statements and Reports

To receive and consider the Financial Report of the Company and its controlled entities and the Reports of the Directors and Auditor for the year ended 30 June 2022.

2. Re-election of Director

To consider and, if thought fit, to pass the following ordinary resolution:

Re-election of Mr Graeme Billings

"That Mr Graeme Billings, who retires by rotation in accordance with Rule 34(c) of the Company's Constitution, and, being eligible, offers himself for re-election, be re-elected."

See the accompanying Explanatory Notes for information about the re-election of Directors.

3. Remuneration Report

To consider and, if thought fit, to pass the following as a non-binding ordinary resolution:

"That the Remuneration Report for the year ended 30 June 2022 be adopted."

A voting exclusion statement in relation to this resolution is set out below, in the "Information for Shareholders" section.

(Note: The vote on this resolution is advisory only and does not bind the Directors or the Company.)

4. Approval of LTI grant to Managing Director

To consider and, if thought fit, to pass the following as an ordinary resolution:

"That approval is given for the grant of Rights to the Company's Managing Director, Mr Graeme Whickman, under the Company's Long Term Incentive Equity Plan and on the terms summarised in the Explanatory Notes to this Notice of Annual General Meeting."

A voting exclusion statement in relation to this resolution is set out below, in the "Information for Shareholders" section.

5. Approval of award of STI Deferred Equity to Managing Director

To consider and, if thought fit, to pass the following as an ordinary resolution:

"That approval is given for the for the grant of shares to the Company's Managing Director, Mr Graeme Whickman, under the Company's Short Term Incentive Equity Plan, as the deferred component of his annual short-term incentive award for the year ended 30 June 2022, for performance achieved on the terms summarised in the Explanatory Notes to this Notice of Meeting."

A voting exclusion statement in relation to this resolution is set out below, in the "Information for Shareholders" section.

6. Financial Assistance – Banking facilities and AutoPacific Group acquisition

To consider and, if thought fit, pass the following as a **special resolution**:

"That, for the purposes of section 260B(2) of the Corporations Act 2001 (Cth), approval is given for the financial assistance to be provided by AutoPacific Group TopCo Pty Ltd, and subsidiaries, from time to time in connection with the Acquisition as described in the Explanatory Notes to this Notice of Meeting."

Please note that voting on all substantive resolutions will be conducted by way of a poll.

Please refer to the Explanatory Notes and information for shareholders, which form part of this Notice of Meeting, for information regarding each item of business and attending the AGM.

By order of the Board

Malcolm G Tyler

Company Secretary

20 September 2022

Information for shareholders

Attending the Meeting in person

Shareholders are invited to attend the Meeting in person. If you are planning to attend the Meeting in person, please bring your proxy form (either the hard copy or online version) so that your personalised barcode can be scanned on registration. Registration opens at 9.30am.

Attending the Meeting online

If you are planning to participate in the Meeting online, you will be able to do so using your computer, tablet or smartphone. Shareholders wishing to participate online must use the Computershare Meeting Platform to attend and participate in the meeting.

To participate in the meeting, you can log in by entering the following URL https://meetnow.global/MMFZVXS on your computer, tablet or smartphone.

Online registration will open 30 minutes before the Meeting.

To make the registration process quicker, please have your SRN/HIN and registered postcode or country code ready. Proxyholders will need to contact Computershare prior to the Meeting to obtain their login details.

To participate in the Meeting online log in to above URL and follow the instructions below:

1. Click on 'Join Meeting Now'.

2. Enter your SRN/HIN.

3. Enter your postcode registered to your holding if you are an Australian securityholder. If you are an overseas securityholder select the country of your registered holding from the drop down list.

4. Accept the Terms and Conditions and 'Click Continue'.

Proxyholders will need to contact Computershare on +61 3 9415 4024 one hour prior to the Meeting to obtain their login details.

You can view the Meeting live, ask questions verbally or via a live text facility and cast votes at the appropriate times while the meeting is in progress. Further information on how to participate in the Meeting is provided in the Notice of Meeting and in the AGM Online Guide, which can be accessed on the Company's website at: www.gud.com.au/AGM2022.

Voting

For the purposes of voting at the Meeting, the Directors have determined that persons holding shares in GUD Holdings Limited registered as at 7.00pm (AEDT) on Tuesday, 25 October 2022 will be treated as shareholders of the Company.

Voting on all items of business will be conducted on a poll. You may vote at the AGM in one of the following ways:

- live and in person at the Meeting;
- live and online during the Meeting using the online platform;
- in advance of the Meeting, by appointing a proxy and directing your proxy how to vote; or
- by appointing a proxy, attorney or shareholder representative to vote at the Meeting on your behalf.

The Chairman of the Meeting will open the poll at the beginning of the Meeting and the poll will remain open until the Chairman of the Meeting announces that the poll is closed.

Appointment of proxies and corporate representatives

A shareholder entitled to attend and vote is entitled to appoint up to two proxies. A proxy need not be a shareholder and may be either an individual or a body corporate.

If a shareholder is a corporation, it can vote at the Meeting by appointing an individual person to act as its corporate representative or by appointing a proxy to vote on its behalf. A shareholder that is a body corporate, or a proxy who is a body corporate, will need to ensure that it appoints an individual as its corporate representative to exercise its powers at the Meeting and provides satisfactory evidence of the appointment of its corporate representative prior to commencement of the Meeting.

Where a shareholder wishes to appoint two proxies, they can do so online at www.investorvote.com.au or by copying your hard copy proxy form and submitting both together. A shareholder appointing two proxies may specify the proportion or number of votes each proxy is appointed to exercise. If a shareholder appoints two proxies but fails to specify the proportion or number of votes that each may exercise, each proxy appointed may exercise half the shareholder's votes. Fractions of votes are to be disregarded. If your proxy chooses to vote, they must vote in accordance with your directions.

Subject to the voting restrictions set out below, if you do not direct your proxy to vote by marking the relevant box on the proxy form, your proxy may vote as they choose on that item of business.

If your proxy does not attend the Meeting or does not vote as directed, the Chairman will become your proxy by default and must vote in accordance with any directions given (subject to applicable voting restrictions).

Generally, the key management personnel (**KMP**) of the Company (which includes each of the Directors) and their closely related parties will not be able to vote your proxy on Items 3, 4 and 5 unless you have directed them how to vote or you have appointed the Chairman of the Meeting as your proxy. Additionally, Mr Whickman and his associates will not be able to vote your proxy in favour of Items 4 or 5 unless you direct them how to vote. If you intend to appoint any of those persons as your proxy, you should ensure that you direct that person how to vote on Items 3, 4, and 5. The circumstances in which KMP will be excluded from voting on Items 3, 4 and 5 are set out below under the heading 'Voting Exclusions'.

The term "closely related party" is defined in the Corporations Act 2001 (Cth) (**Corporations Act**) and includes a KMP's spouse, dependant and certain other close family members, as well as any companies controlled by the KMP.

The term "associate" is defined in the ASX Listing Rules and, in relation to the Managing Director, includes a spouse, child, and certain other close family members, as well as any companies controlled by the Managing Director.

If you intend to appoint a member of the KMP as your proxy, please ensure that you direct them how to vote on Items 3, 4 and 5. If you intend to appoint the Chairman of the Meeting as your proxy, you can direct him how to vote on Items 3, 4 and 5 by marking the relevant boxes on the proxy form. However, if the Chairman of the Meeting is your proxy (or becomes your proxy by default) and you do not mark any of the boxes opposite Items 3, 4 and 5, by completing and submitting the proxy form you will be deemed to have expressly authorised the Chairman of the Meeting to vote as he decides.

The Chairman of the Meeting intends to vote all available proxies in accordance with the Board recommendations set out in the Explanatory Notes accompanying this Notice of Meeting.

To be valid, the proxy form, and any authority under which the form is signed, must be received by the Company or the Company's Share Registry by 10.00am (AEDT) on Tuesday, 25 October 2022.

You can submit your proxy form online at www.investorvote.com.au or by downloading the proxy form online at www.gud.com.au/AGM2022 and submitting it in accordance with the instructions on the proxy form and outlined below.

Voting by attorney

A shareholder entitled to attend and vote may appoint an attorney to act on his or her behalf at the Meeting. An attorney may, but need not, be a shareholder of the Company.

An attorney may not vote at the Meeting unless the instrument appointing the attorney, and the authority under which the instrument is signed or a certified copy of the authority, are received by the Company in the same manner, and by the same time, as outlined above for proxy forms (unless it has previously been given to the Company).

Proxy lodgement

By 10.00am (AEDT) on Tuesday, 25 October 2022

Online

www.investorvote.com.au

By facsimile
1800 783 447 within Australia or
+61 3 9473 2555 outside Australia

By mail

Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

For Intermediary Online subscribers only:

(custodians) www.intermediaryonline.com

For enquiries call:

(within Australia) 1300 850 505

(outside Australia) +61 3 9415 4000

Questions from shareholders

GUD welcomes your feedback. All shareholders will have a reasonable opportunity to ask questions and make comments on the items of business during the Meeting, including an opportunity to ask questions of the Company's Auditor, KPMG. Shareholders participating in the Meeting online will have the opportunity to ask questions in writing and verbally. If you attend the Meeting online and wish to ask a question verbally, the platform will provide you with a phone number to dial on the day. Please note this phone line is accessible for questions and comments only. You will not be able to cast your votes via phone. The AGM Online Guide provides further details on asking questions.

You may also submit written questions ahead of the AGM relating to the business of the Meeting, including questions for the Company's Auditor, KPMG. Questions for the Company's Auditor must relate to the content of the Auditor's report or the conduct of the audit of the Financial Report.

Written questions must be received by the Company no later than 5:00pm (AEDT) on Thursday, 20 October 2022.

Shareholders can submit written questions by completing an online shareholder question form which is available online at www.investorvote.com.au or by completing an online shareholder question form on GUD's website at www.gud.com.au/AGM2021.

Alternatively, you can send any written questions to:

GUD Holdings Limited AGM
PO Box 62
SUNSHINE VIC 3020
Email: investors@gud.com.au

The Chairman of the Meeting will endeavour to address as many of the more frequently raised relevant questions as possible during the course of the Meeting. However, there may not be sufficient time available at the Meeting to address all of the questions raised. Please note that individual responses will not be sent to shareholders.

Technical difficulties

Technical difficulties may arise during the course of the Meeting. The Chairman of the Meeting has discretion as to whether and how the Meeting should proceed in the event that a technical difficulty arises. In exercising this discretion, the Chairman of the Meeting will have regard to the number of shareholders impacted and the extent to which participation in the business of the Meeting is affected. Where considered appropriate, the Chairman of the Meeting may continue to hold the Meeting and transact business, including conducting a poll and voting in accordance with valid proxy instructions. For this reason, shareholders, particularly those who plan on attending online, are encouraged to vote in advance of the meeting by lodging a directed proxy by 10.00am on Tuesday, 25 October 2022.

Voting Exclusions

Item 3 **– Remuneration Report**

The Company will disregard any votes cast on Item 3:

- by or on behalf of a member of the KMP named in the Remuneration Report for the year ended 30 June 2022 or that KMP's closely related party (regardless of the capacity in which the vote is cast); and
- as a proxy by a member of the KMP of the Company at the date of the Meeting or their closely related parties,

unless the vote is cast as proxy for a person entitled to vote on Item 3:

- in accordance with a direction as to how to vote on the proxy form or received online (as applicable); or
- by the Chairman of the Meeting where they have been expressly authorised to exercise the proxy as they think fit (even though the resolution is connected directly or indirectly with the remuneration of KMP).

Item 4 **– Approval of LTI grant to Managing Director**

The Company will disregard any votes cast on Item 4:

- in favour of the resolution by or on behalf of the Managing Director or any of his associates (regardless of the capacity in which the vote is cast); and
- as a proxy by a member of the KMP of the Company at the date of the Meeting or their closely related parties,

unless the vote is cast as proxy for a person entitled to vote on Item 4:

- as proxy or attorney for a person entitled to vote on Item 4 in accordance with a direction given to the proxy or attorney to vote on Item 4 in that way; or
- as proxy for a person entitled to vote on Item 4 by the Chairman of the Meeting, in accordance with an express authorisation to exercise the proxy as the Chairman of the Meeting decides; or
- by a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the item; and
  - the holder votes on the item in accordance with directions given by the beneficiary to the holder to vote in that way.

Item 5 **– Approval of award of STI Deferred Equity to Managing Director**

The Company will disregard any votes cast on Item 5:

- in favour of the resolution by or on behalf of the Managing Director or any of his associates (regardless of the capacity in which the vote is cast); and
- as a proxy by a member of the KMP of the Company at the date of the Meeting or their closely related parties,

unless the vote is cast as proxy for a person entitled to vote on Item 5:

- as proxy or attorney for a person entitled to vote on Item 5 in accordance with a direction given to the proxy or attorney to vote on Item 5 in that way; or
- as proxy for a person entitled to vote on Item 5 by the Chairman of the Meeting, in accordance with an express authorisation to exercise the proxy as the Chairman of the Meeting decides; or
- by a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
    - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the item; and
    - the holder votes on the item in accordance with directions given by the beneficiary to the holder to vote in that way.

Reviewing the Annual Report

A copy of the 2022 GUD Annual Report is available online at the Company's website www.gud.com.au.

Share Registry

Computershare Investor Services Pty Limited

GPO Box 242

MELBOURNE VIC 3001 Australia

Yarra Falls, 452 Johnston Street

ABBOTSFORD VIC 3067 Australia

Enquiries within Australia – 1300 850 505

Enquiries outside Australia - +61 3 9415 4000

Website – www.investorcentre.com

EXPLANATORY NOTES

These Explanatory Notes form part of the Notice of Annual General Meeting and provide shareholders with information to understand the items of business and to assess the merits of the proposed resolutions at the forthcoming Annual General Meeting.

Item 1 – Financial Statements and Reports

The annual financial report of the Company and its controlled entities for the year ended 30 June 2022 and the Directors' Report and Auditor's Report are set out in the GUD Holdings Limited Annual Report 2022.

Neither the Corporations Act nor the Company's Constitution requires a vote of shareholders to approve these Reports.

This item is intended to provide an opportunity for shareholders to raise questions and make comments on the management of the Company, the Reports and on the performance of the Company generally. In addition, a reasonable opportunity will be given to shareholders at the Meeting to ask the Company's Auditor questions relevant to the conduct of the audit, the preparation and content of the Auditor's Report, the accounting policies adopted by the Company in relation to the preparation of the financial statements and the independence of the auditor in relation to the conduct of the audit.

Shareholders can access a copy of the 2022 Annual Report on the Company's website (www.gud.com.au).

Item 2 – Re-election of Mr Graeme Billings

Mr Graeme Billings ***B Com FCA MAICD***

Appointed Non-Executive Director on 20 December 2011 and Chairman on 4 September 2020.

Mr Billings retired from PricewaterhouseCoopers in 2011 after 34 years, where he was head of the Melbourne Assurance practice as well as heading the firm's Australian and Global Industrial Products business.

Mr Billings is currently a Non-Executive Director of Korvest Limited (appointed May 2013) and became Chairman of that company in September 2014, a Non-Executive Director and Chairman of Austco Healthcare Ltd (appointed 21 October 2015), and a Non-Executive Director of Clover Corporation Limited (appointed 20 May 2013) where he is Chair of the Audit Committee. He was formerly a Non-Executive Director of DomaCom Limited (retired 15 June 2021).

The Board has undertaken a review of Mr Billing's performance and the contribution he has made to the Board and to Board Committees. The Board has also considered the skills and expertise Mr Billings brings to the Board.

The Board considers Mr Billings to be independent. Prior to submitting himself for re-election, Mr Billings confirmed that he would continue to have sufficient time to properly fulfil his duties as a Director and Chair of GUD.

The Board supports Mr Billings' re-election as his insights, knowledge and experience are valuable to the Board.

Board Recommendation

The Board (excluding Mr Billings because of his interest) unanimously recommends that shareholders vote in favour of the resolution to re-elect Mr Billings as a Director.

Item 3 – Remuneration Report

The Corporations Act requires a non-binding resolution to be put to shareholders for the adoption of the Remuneration Report. The Remuneration Report is set out in the Directors' Report on pages 40 to 55 of the GUD Holdings Limited Annual Report for the year ended 30 June 2022 lodged with the ASX on 15 August 2022 and available on the Company's website (www.gud.com.au).

In accordance with the Corporations Act, the shareholder vote on this resolution is advisory only and does not bind the Directors or the Company. However, the Board will take the discussion on this resolution and the outcome of the vote into consideration when reviewing the remuneration practices and policies of the Company.

Shareholders will be given a reasonable opportunity at the Meeting to ask questions about, and make comments on, the Remuneration Report and the Company's remuneration arrangements.

The Board believes that the Company's remuneration arrangements, as set out in the 2022 Remuneration Report, are fair, reasonable and appropriate and support the strategic direction of the Company.

The voting exclusion statement for this resolution is set out on page 6 of this Notice of Annual General Meeting. Please refer to the Information for Shareholders in relation to important information relating to voting on this item.

Board Recommendation

The Board unanimously recommends that shareholders vote in favour of this resolution.

Item 4 - Approval of LTI grant to Managing Director

In accordance with ASX Listing Rule 10.14, which provides that a listed company must not permit a director to acquire equity securities under an employee incentive scheme unless it obtains the approval of its shareholders, shareholder approval is sought for the proposed grant of 92,336 Rights to the Managing Director, Mr Graeme Whickman, under the Company's Long Term Incentive Equity Plan (**LTI Plan**) and on the terms set out below.

Details of proposed grant

The proposed grant of Rights to the Managing Director is his LTI opportunity for FY23. The proposed grant is intended to align Mr Whickman's interests with the interests of shareholders and encourage the achievement of the Company's performance goals and growth of the Company's business. The Rights will be subject to a performance period from 1 July 2022 to 30 June 2025 and will vest if the performance condition and other vesting conditions are satisfied.

The key terms of the proposed grant are set out below. A summary of the operation of the Plan is set out in the Remuneration Report on pages 45 and 46 of the Annual Report.

Subject to shareholder approval, Mr Whickman will be granted a maximum number of Rights (rounded to the nearest whole number), calculated by applying the formula:

> # = TFR x 80% / VWAP, where
>
> TFR is the Total Fixed Remuneration of the Managing Director to be received in FY23, namely $1,088,138.
>
> VWAP is the volume weighted average price of the Company's shares traded on ASX over the ASX market trading days in June 2022 (being the month immediately prior to the commencement of the three year performance period), in this case $9.4276.

The Rights to be granted are zero exercise price options (referred to as 'Rights'). A Right is a right to receive a fully paid ordinary share in the Company at the end of the performance period, subject to, satisfaction of the vesting conditions and exercise of the vested Right. If the applicable vesting conditions attaching to the Rights are satisfied, Mr Whickman will be allocated one fully paid ordinary share in the Company for each vested and exercised Right. The Board retains a discretion to make a cash payment in lieu of an allocation of shares. Rights do not carry any voting rights prior to vesting and exercise. Any Rights which do not vest at the end of the applicable performance period will lapse.

As the Rights form part of the Managing Director's remuneration package, they will be granted at no cost to him. No exercise price will be payable by the Managing Director upon exercise of any vested Rights.

The Company uses Rights because they create share price alignment between Mr Whickman and ordinary shareholders but do not provide him with the full benefits of share ownership (such as dividend and voting rights) unless and until the Rights vest.

Performance conditions

The Rights will be granted in three tranches, each tranche subject to a performance condition.

<u>Tranche 1 - Total Shareholder Return (40% of opportunity)</u>

The first tranche, with a weighting of 40% of the total number of Rights to be granted, is subject to a relative total shareholder return (**TSR**) performance condition which compares the TSR performance of the Company with the TSR performance of each of the entities in a comparator group. The performance condition will be measured over a three year period commencing on 1 July 2022 and ending on 30 June 2025. Vesting will be determined following 30 June 2025.

TSR measures the growth in the price of shares (modified to account for capital adjustments where appropriate) together with the value of dividends during the performance period, assuming that all those dividends are re-invested into new shares. For any of the Rights in the first tranche to vest and become exercisable, the Company's TSR must be equal to or greater than the median TSR performance of the comparator group.

The comparator group is those stocks comprised in the ASX 300 Consumer Discretionary Index, of which the Company forms part. Relative TSR was chosen on the basis that it is the most effective way to measure and reward the extent to which shareholder returns are generated relative to the performance of companies that compete with the Company for capital and employees. The Company retains the discretion to modify the comparator group in certain circumstances.

In addition, the Company's absolute TSR must equal or exceed zero over the performance period for any Rights to vest and become exercisable. That means that if the Company's absolute TSR over the relevant performance period is negative, no Rights will vest, even if the percentile ranking achieved by the Company over the relevant performance period is equal to or greater than the 50% of other entities in the comparator group.

The proportion of the Rights that vest and become exercisable, if any, will be determined by reference to the percentile ranking achieved by the Company over the relevant performance period compared to the other entities in the comparator group as follows:

Relative TSR performance ranking	% of Rights in the tranche vest
TSR below 50th percentile	Nil
TSR at 50th percentile	45%
TSR between 50th and 75th percentile	Straight line vesting from 45% to 100%
TSR at 75th percentile or above	100%

Tranche 2 - Earnings Per Share (40% of opportunity)

The second tranche, with a weighting of 40% of the total number of Rights to be granted, is subject to an Earnings Per Share growth performance condition.

Earnings Per Share (**EPS**) growth is measured as the cumulative annual growth rate in the Company's EPS over the three years from 1 July 2022 through 30 June 2025.

The proportion of the Rights that vest and become exercisable, if any, will be determined by reference to the following:

EPS growth	% of Rights in the tranche vest
EPS growth below target of 4%	Nil
EPS growth at target of 4%	45%
EPS growth between target and maximum	Straight line vesting from 45% to 100%
EPS growth at maximum of 8% or above	100%

Earnings Per Share is disclosed in the financial statements as Underlying Basic Earnings Per Share. Underlying Basic EPS is reported to the ASX when the financial statements are released in the 'Results for Announcement to the Market'. As a base point, Underlying Basic Earnings Per Share for FY22 is 64.6 cents per share.

Tranche 3 – Environmental Sustainability (20% of opportunity)

The Company has recognised the growing importance of sustainability over recent years, at first including in FY22 additional performance metrics in the STI plan.

This third tranche of the FY23 LTI grant has a weighting of 20% of the total number of Rights to be granted. The performance measure for the Environmental Sustainability tranche is based on the percentage of the automotive business revenue derived from non-internal combustion engine (**non-ICE**) vehicle products in FY25. This aligns with our Plan GUD2025 which included in its portfolio vision an objective to achieve 75%+ automotive revenue from non-ICE vehicle products by 2025. In addition, the EPS growth target (refer tranche 2 above) must be met before any achievement under this tranche will be recognised and rewarded.

The proportion of the Rights that vest and become exercisable, if any, will be determined by reference to the following:

% of revenue for the Automotive Group generated from non-ICE products in FY25	% of Rights in the tranche vest
Below target of 79%	Nil
At target of 79%	45%
Between target and maximum	Straight line vesting from 45% to 100%
At maximum of 81% or above	100%

Board discretions

The Board may exercise its discretion to waive or amend any performance condition if it determines that the original performance condition is no longer appropriate or applicable, provided that the interests of Mr Whickman are not, in the opinion of the Board, materially prejudiced or advantaged relative to the position reasonably anticipated at the time of the grant.

Exercise of vested Rights

Mr Whickman will be able to exercise any Rights that vest for a period of 12 years from the date of vesting (**Expiry Date**), subject to complying with the Company's "Dealing in Shares" Policy. If the Rights are not exercised by the end of the Expiry Date, any vested but unexercised Rights will automatically be exercised on that date.

Dividend equivalent award

On exercise of vested Rights, Mr Whickman may also receive additional shares, or a cash payment in lieu of an allocation of additional shares, as a dividend equivalent award in relation to those exercised Rights. The dividend equivalent award is a notional amount calculated based on the value of dividends paid by the Company during the period between the date the Rights vest and the Rights exercise date, as if the shares allocated on exercise had been held during that period (**Notional Dividend Amount**).

The number of additional shares to be allocated will be determined by dividing the Notional Dividend Amount by the volume weighted average closing price of shares over the 5 trading day period prior to the date of exercise, rounded down to the nearest whole number.

Trading restrictions

Any dealing in respect of a Right (unvested or vested but unexercised) is prohibited, unless the Board determines otherwise or the dealing is required by law.

Any shares allocated following vesting and exercise of the Rights will not be subject to any trading restrictions other than those imposed by the Company's Dealing in Shares Policy.

Cessation of employment

If Mr Whickman ceases employment with the Company prior to vesting of the Rights, then any continued entitlement he may have to the Rights will depend on the circumstances of the cessation.

Where Mr Whickman's employment is terminated for cause (for example, due to serious or wilful misconduct, negligence or breach of his employment contract, or where he is convicted of an offence punishable by imprisonment or commits an act which brings the Company into disrepute) or where he voluntarily resigns his employment with the Company, all unvested Rights will lapse, unless the Board determines otherwise.

In all other circumstances including death, disability, genuine retirement, redundancy or termination by the Company for convenience, Mr Whickman will retain a pro rata number (based on how much of the performance period has elapsed at the time of ceasing employment) of unvested Rights which will remain subject to the original performance condition and terms of offer and the balance will lapse, unless the Board determines otherwise.

If Mr Whickman ceases employment with the Company and he has vested but unexercised Rights or the Rights vest in accordance with the treatment outlined above then, unless the Board determines otherwise:

- in the case of termination for cause or voluntary resignation, the vested but unexercised Rights will lapse; and
- in all other circumstances of cessation, the vested but unexercised Rights will continue to be exercisable until the end of the Expiry Date (or any earlier date determined by the Board and notified) and will be automatically exercised at the end of that last date (if not exercised earlier).

Change of control event

In the event of a takeover bid or other transaction, event or state of affairs that in the Board's opinion is likely to result in a change in control of the Company, the Board has a discretion to determine that vesting of some or all of the Rights should be accelerated. If an actual change of control occurs before the Board has exercised this discretion, a pro rata portion of the Rights equal to the portion of the performance period that has elapsed and tested against the performance condition up to the actual date of the change of control shall immediately vest. The Board retains a discretion to determine whether the remaining unvested Rights will vest or lapse. Any vested Rights will be automatically exercised, unless the Board determines otherwise.

Clawback

Under the Plan, the Board may exercise its discretion to lapse unvested and vested but unexercised Rights and/or forfeit shares allocated on exercise of Rights to ensure that no unfair benefit is derived by Mr Whickman, for example, in the case of fraud, dishonesty or where Mr Whickman is in breach of obligations to the Company.

Adjustments to Rights

The Board may make any adjustments it considers appropriate to the terms of a Right in order to minimise or eliminate any material advantage or disadvantage to Mr Whickman resulting from a corporate action by, or capital reconstruction in relation to, the Company, including but not limited to any return of capital, bonus issue or rights issue, in each case subject to the ASX Listing Rules.

Other information relating to the LTI grant, as required by the ASX Listing Rules, is provided after the Explanatory Notes on Item 5.

The voting exclusion statement for this resolution is set out on page 6 of this Notice of Annual General Meeting. Please refer to the Information for shareholders in relation to important information relating to voting on this item.

Board Recommendation

The Board (excluding Mr Whickman because of his interest) unanimously recommends that shareholders vote in favour of this resolution.

Item 5 - Approval of award of Restricted Shares to Managing Director under FY22 STI Plan

In accordance with ASX Listing Rule 10.14, which provides that a listed company must not permit a director to acquire equity securities under an employee incentive scheme unless it obtains the approval of its shareholders, shareholder approval is sought for the proposed award of 18,047 Restricted Shares to the Managing Director, Mr Graeme Whickman, under the Company's Short Term Incentive Equity Plan (**STI Plan**) and on the terms set out below.

Details of proposed award

The proposed award of Restricted Shares to the Managing Director is an outcome of his STI achievement for FY22. The proposed award is intended to align Mr Whickman's interests with the interests of shareholders and encourage the achievement of the Company's performance goals and growth of the Company's business.

For FY22, the Managing Director was entitled to receive an STI award of up to 90% of his total fixed remuneration as his maximum STI opportunity, being $942,609 with:

- 60% ($628,406) comprising a cash bonus, subject to financial metrics; and
- 30% ($314,203) comprising a deferred equity component to be awarded in the form of Restricted Shares, subject to non-financial metrics and shareholder approval.

At the end of FY22, the Board assessed the achievement of the STI performance conditions and determined the Managing Director's STI deferred equity award to be $170,141 (representing 54% of his target opportunity, equivalent to 16.2% of his total fixed remuneration).

FY22 STI award – Restricted Shares grant

Subject to shareholder approval, Mr Whickman will be awarded 18,047 Restricted Shares (rounded to the nearest whole number), calculated by applying the formula:

= TFR x 16.2% / VWAP, where

TFR is the Total Fixed Remuneration of the Managing Director received in FY22, namely $1,047,344.

VWAP is the volume weighted average price of the Company's shares on ASX over the ASX market trading days in June 2022 (being the month immediately prior to the end of the one year performance period), in this case $9.4276.

The percentage of 16.2% represents the outcome of the Managing Directors' FY22 non-financial metrics STI and is derived by performance achieved by the Group in two of the three key non-financial metrics established by the Board in early FY22.

Once allocated to Mr Whickman, the Restricted Shares will be subject to:

- a holding lock until 1 July 2023;
- forfeiture if Mr Whickman ceases to be employed by the Company at any time before 1 July 2023;
- a continuing Board discretion to clawback or cancel the award.

As the Restricted Shares form part of Mr Whickman's remuneration, they will be granted at no cost and there will be no amount payable on vesting. The Company may issue new shares or acquire shares on market to satisfy awards under the STI Plan. The Board retains a discretion to make a cash equivalent payment in lieu of an allocation of shares.

The key terms of the proposed award are set out below. A summary of the operation of the STI Plan is set out in the Remuneration Report on page 44 of the Annual Report.

Performance conditions

The deferred equity component of Mr Whickman's FY22 STI award was subject to achievement of a gateway financial metric and three non-financial performance conditions related to environmental, social and governance (**ESG**) metrics.

The qualifying requirements for Mr Whickman to be eligible to be awarded his deferred equity component (to be delivered in the form of Restricted Shares) were:

- the CVA targets for the Group must be achieved – this was achieved, see section 5 of the Remuneration Report;
- the threshold targets for the non-financial metrics must be achieved – threshold was achieved on two of three metrics; and
- Mr Whickman must remain employed by the Company as of 1 July 2023.

Gateway metrics: CVA measures a true level of performance of the business by comparing trading profit performance (being reported profit adjusted for non-recurring items) with the return required on the net assets used by the businesses, generally a measure of weighted average cost of capital. For FY22, the CVA target was achieved. Accordingly, the gateway condition was satisfied.

Non-financial conditions: Three non-financial metrics were introduced into the STI Plan for FY22, targeting three areas key to our ESG objectives. The three metrics were:

- a key measure of employee engagement;
- a key safety metric (loss time frequency rate); and
- a key ethical sourcing objective.

Each is separately weighted and independently assessed.

The achievement of threshold performance for any one metric will result in Mr Whickman being eligible for an award of Restricted Shares in value equivalent to 5% of the Managing Director's total fixed remuneration with the potential to increase to 10% on achievement of the stretch target, which is achieved on top-quartile performance against the relevant benchmark. Accordingly, the maximum potential award for the Managing Director equates to 30% of his TFR.

Threshold performance was achieved on two of three metrics. Accordingly, 16.2% of TFR, being 54% of the maximum potential award of the deferred equity component of Mr Whickman's FY22 STI opportunity, is eligible to be awarded in Restricted Shares.

The Remuneration, People and Culture Committee determines STI outcomes after the conclusion of the financial year in accordance with the plan rules.

Board discretions

Restricted Shares are to be registered in the name of Mr Whickman. However, a holding lock is placed on those shares until the later of 1 July 2023 or when the GUD share price is equal to or higher than the equity raise price in December 2021 (i.e., $10.40). The Board retains the discretion to forfeit or withhold the award in circumstances of malus or otherwise warranting clawback (see below), at any time up until the release of the holding lock.

Dividend and voting rights

The Restricted Shares rank equally with existing fully paid ordinary shares and hence the holder will be entitled to receive dividends and notices of and vote at all meetings of the members of the Company.

Trading restrictions

The Restricted Shares are subject to a holding lock over those shares, which may not be traded or otherwise dealt with, until the later of 1 July 2023 or when the GUD share price is equal to or higher than the equity raise price in December 2021 (i.e., $10.40). Once the Shares cease to be subject to the holding lock, Mr Whickman will be free to deal with his Shares, subject to the Company's Dealing in Shares Policy.

Cessation of employment

The Board may disqualify and determine to forfeit some or all of the Restricted Shares if Mr Whickman does not remain employed by GUD as at 1 July 2023.

Change of control event

In the event of a takeover bid or other transaction, event or state of affairs that in the Board's opinion is likely to result in a change in control of the Company, the Board has a discretion to determine that the Restricted Shares should be released from the holding lock. If an actual change of control occurs before the Board has exercised this discretion, The Restricted Shares shall immediately be released from the holding lock.

Clawback

Under the Plan, the Board may exercise its discretion to forfeit Restricted Shares allocated to ensure that no unfair benefit is derived by Mr Whickman, for example, in the case of fraud, dishonesty or where Mr Whickman is in breach of obligations to the Company.

Other information relating to the STI grant, as required by the ASX Listing Rules, is provided below.

The voting exclusion statement for this resolution is set out on page 6 of this Notice of Annual General Meeting. Please refer to the Information for Shareholders in relation to important information relating to voting on this item.

Board Recommendation

The Board (excluding Mr Whickman because of his interest) unanimously recommends that shareholders vote in favour of this resolution.

Items 4 and 5 – Additional information provided in accordance with the ASX Listing Rules.

- Mr Whickman's total remuneration package for FY23 comprises:

Fixed Remuneration (including superannuation) (**TFR**)	$1,088,138
Short term incentive maximum opportunity	90% of TFR, being $979,324
Long term incentive maximum opportunity	60% of TFR, being $652,883

- Mr Whickman is the only Director entitled to participate in and receive Rights under the LTI Plan and Restricted Shares under the STI Plan.
- There is no loan scheme in relation to the grant of Rights, Restricted Shares or allocation of shares on vesting and exercise of Rights or as the dividend equivalent award.
- Mr Whickman falls within the category of persons in ASX Listing 10.14.1 because he is a director of the Company.
- Mr Whickman was granted 58,686 Rights in FY20. The TSR percentile rank for the three-year period ended 30 June 2022 was at the 59.7th percentile, that is above the median company of the comparator group. Accordingly, under the LTI Plan rules, 69.4% (40,728) of those Rights vested and the balance (17,958) lapsed. The Rights were issued at no cost to Mr Whickman and no amount was payable on vesting or exercise of the Rights.
- Mr Whickman was granted 53,198 Rights in FY21 and 51,653 Rights in FY22 under the LTI Plan in respect of prior year grants. The Rights were issued at no cost to Mr Whickman and no amount is payable on vesting or exercise of the Rights. Earlier LTI grants have vested or lapsed.
- The Restricted Shares the subject of item 5 are the first grant of Restricted Shares under the STI Plan to the Managing Director. The Restricted Shares are to be allocated at no cost to Mr Whickman and no amount is payable on release from the holding lock.
- If the resolutions in items 4 and 5 are approved by shareholders, the Rights and Restricted Shares will be granted shortly following this Annual General Meeting (and, in any event, no later than 12 months after the Meeting or any adjournment of the Meeting).
- If the resolutions in items 4 and 5 are not approved, it is intended that awards will be provided in cash at an equivalent value to the Rights and Restricted Shares and that will be subject to similar performance conditions, performance period and other conditions as described in these Explanatory Notes.
- Details of any securities (including Rights and shares) issued under the STI Plan or LTI Plan will be published in the Company's Annual Report relating to the period in which they were issued, along with a statement that approval for the issue was obtained under ASX Listing Rule 10.14. Any additional persons covered by ASX Listing Rule 10.14 who become entitled to participate in an issue of securities under the LTI Plan or STI Plan after this resolution is approved and who are not named in this Notice of Meeting will not participate until approval is obtained under that rule.
- The voting exclusion statement for this resolution is set out on page 6 of this Notice of Annual General Meeting. Please refer to the Information for Shareholders in relation to important information relating to voting on this item.

Item 6 - Financial Assistance – Banking facilities and AutoPacific Group acquisition

AutoPacific Group Acquisition

The Company has purchased the entire issued share capital of AutoPacific Group TopCo Pty Ltd (**Target**) (**Acquisition**).

On completion of the Acquisition, the Company became the Listed Australian Holding Company of the Target and its subsidiaries (**Target Group**).

Banking facilities

The main finance facilities are:

1. available core debt facilities with Westpac, National Australia Bank and Citibank totalling approximately $382 million and maturing across the 2023, 2024, 2025 and 2026 financial years;
2. fixed term loans with Pricoa of approximately:
    a. AUD$217 million maturing across the 2028 to 2034 financial years; and
    b. USD $6.9 and $31.7 million maturing in November 2030 and 2031 respectively;
3. short term facilities with Westpac and National Australia Bank totalling $31 million;
4. an overdraft facility with Westpac of $4.9 million; and
5. a Common Terms Deed dated 29 October 2013 between GUD Holdings Limited and each other party listed in Schedule 1 of that deed (as **Transaction Parties**) and the Initial Financiers listed in Schedule 2 of that deed, as amended, or amended and restated from time to time (**Common Terms Deed**).

The Common Terms Deed includes events of default, undertakings, representations and warranties from the borrower and in relation to material subsidiaries of the Company consistent with a facility of this nature or as required by the financiers. The undertakings include:

- a negative pledge;
- undertakings not to acquire or dispose of assets; and
- undertakings not to incur financial obligations,

in each case subject to agreed exceptions.

Under the Common Terms Deed the obligations of the borrowers are guaranteed by various subsidiaries of the Company under a guarantee and indemnity provision (**Guarantee**) in favour of the financiers.

Under the terms of the Common Terms Deed, each member of the Target Group is required to provide a guarantee and indemnity in favour of the Company's financiers.

The Target's accession will not become effective until the procedure outlined below is completed.

Financial assistance prohibition

The entry by the Target and its performance of its rights and obligations under the Guarantee may constitute the giving of financial assistance in connection with the acquisition of shares in the Target, within the meaning of Part 2J.3 of the Corporations Act 2001 (Cth) (**Corporations Act**).

Section 260A(1) of the Corporations Act expressly provides that financial assistance may be given if the assistance is approved by shareholders under section 260B of the Corporations Act.

Under section 260B(1) of the Corporations Act, for a company to financially assist a person to acquire shares in itself or a holding company of the company, the financial assistance must be approved by its shareholders by:

- a special resolution passed at a general meeting of the company, with no votes being cast in favour of the resolution by the person acquiring the shares (or units of shares) or by their associates; or
- a resolution agreed to, at a general meeting, by all ordinary shareholders.

If, immediately after the acquisition, the company will be a subsidiary of another:

- domestic corporation that is listed in Australia (**Listed Australian Holding Company**); or
- domestic corporation that is not listed in Australia and is not itself a subsidiary of another domestic corporation (**Ultimate Australian Holding Company**),

then, the financial assistance must also be approved by a special resolution passed under section 260B(2) (in the case of a Listed Australian Holding Company) or section 260B(3) (in the case of an Ultimate Australian Holding Company) of the Corporations Act at a general meeting of that corporation.

Financial assistance

In addition to their accession to the Guarantee, the Target may, or may be required to:

- subordinate intercompany claims;
- transfer assets to, or assume other liabilities of, the borrowers or other subsidiaries or related parties of the Company;
- make available directly or indirectly their cash flows (whether through dividends, capital distributions, intercompany loans or otherwise) or other resources in order to enable the Company and the other borrower and guarantors to comply with their payment and other obligations in respect of the financing arrangements;
- consent or agree to amendments to the finance documents, including amendments that make their obligations more onerous;
- provide additional support which may include incurring additional obligations and/or providing additional guarantees, mortgages and/or charges or other security; and
- provide other financial assistance in connection with the Acquisition including, without limitation, in connection with any refinancing.

Other subsidiaries of the Target may in the future also provide or be required to provide financial assistance in connection with the Acquisition in the same form as that to be provided by the Target or in another form or governed by another jurisdiction if necessary.

Reasons for giving financial assistance

The reason for the giving of the financial assistance described above is to enable the Company to comply with certain of its obligations under the Common Terms Deed.

If such obligations are not complied with an 'Event of Default' will occur under the Common Terms Deed and any funding under the Common Terms Deed may be required to be repaid.

Effect of financial assistance

The substantial effect of the financial assistance on the Target is that it will have guaranteed all amounts payable under the Common Terms Deed. The operations of the Target will also be restricted by the representations and undertakings given in the Common Terms Deed.

Advantages of the proposed financial assistance

The advantage to the Company of the proposed financial assistance is that the accession by the Target to the Guarantee given in connection with the Common Terms Deed will become effective and so avoid an Event of Default occurring under the Common If an Event of Default occurred, the financiers may require immediate repayment of the amounts due under the Common Terms Deed.

Disadvantages of the proposed financial assistance

As the Company is already liable for the amounts due under the financing arrangements, the directors of the Company do not believe there are any disadvantages to the Company of the proposed resolution, except that the operations of the Target will be restricted by the representations and undertakings given in respect of them under the finance documents.

The disadvantages of the proposed resolution for the Target include the following:

- it will become liable for the amounts due under the Common Terms Deed;
- its operations will be restricted by the representations and undertakings given in respect of it under the finance documents;
- the borrowers may default under the Common Terms Deed;
- the financiers may make a demand under the guarantees provided by the Target requiring repayment of the amounts due under the Common Terms Deed; and
- a demand made under the Guarantee may result in the winding up of the Target and a sale of its assets upon an enforcement of a judgment against them may result in a return to the Company (and ultimately its shareholders) significantly lower than could have been achieved by the Company had those assets been sold in the ordinary course of business or had the Target continued trading.

Financial assistance resolution

The financial assistance resolution in Item 6 of the Notice of Meeting will be passed if 75% of the votes validly cast on this item are in favour of the resolution.

Shareholders may vote either for or against the Financial Assistance Resolution.

Board Recommendation

The Board unanimously recommends that shareholders vote in favour of the resolution.

GUD Holdings Limited
ABN 99 004 400 891

Need assistance?

Phone:
1300 850 505 (within Australia)
+61 3 9415 4000 (outside Australia)

Online:
www.investorcentre.com/contact

YOUR VOTE IS IMPORTANT

For your proxy appointment to be effective it must be received by **10:00am (AEDT) on Tuesday, 25 October 2022.**

Proxy Form

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

APPOINTMENT OF PROXY

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.
Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.
Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Proxy voting by the Chairman of the Meeting and members of the key management personnel (KMP)
If you appoint a member of the Company's KMP or one of their closely related parties as your proxy, they will not be able to cast your votes on Items 3, 4 or 5 unless you direct them how to vote, or the Chairman of the Meeting is your proxy. Similarly, Mr Whickman and his associates will not be able to vote your proxy in favour of items 4 or 5 unless you direct them how to vote. If you appoint the Chairman of the Meeting as your proxy, or the Chairman of the Meeting becomes your proxy by default, and you do not mark a voting box for items 3, 4 or 5 then by submitting the Proxy Form you will be expressly authorising the Chairman of the Meeting to vote in respect of the relevant item even though it is connected with the remuneration of the Company's KMP.

SIGNING INSTRUCTIONS FOR POSTAL FORMS

Individual: Where the holding is in one name, the securityholder must sign.
Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.
Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.
Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

PARTICIPATING IN THE MEETING

Corporate Representative
If a representative of a corporate securityholder or proxy is to participate in the meeting you will need to provide the appropriate "Appointment of Corporate Representative". A form may be obtained from Computershare or online at www.investorcentre.com/au and select "Printable Forms".

Lodge your Proxy Form:

Online:

Lodge your vote online at www.investorvote.com.au using your secure access information or use your mobile device to scan the personalised QR code.

Your secure access information is

Control Number:181252
SRN/HIN:

For Intermediary Online subscribers (custodians) go to www.intermediaryonline.com

By Mail:

Computershare Investor Services Pty Limited
GPO Box 242
Melbourne VIC 3001
Australia

By Fax:

1800 783 447 within Australia or
+61 3 9473 2555 outside Australia

PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

You may elect to receive meeting-related documents, or request a particular one, in electronic or physical form and may elect not to receive annual reports. To do so, contact Computershare.

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with '**X**') should advise your broker of any changes.

Proxy Form

Please mark ☒ to indicate your directions

Step 1 Appoint a Proxy to Vote on Your Behalf

I/We being a member/s of GUD Holdings Limited hereby appoint

☐ **the Chairman of the Meeting** **OR**

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of GUD Holdings Limited to be held at RACV Club, Level 2, Club Pavilion, 501 Bourke Street, Melbourne, VIC 3000 and as an online meeting on Thursday, 27 October 2022 at 10:00am (AEDT) and at any adjournment or postponement of that meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Items 3, 4 and 5 (except where I/we have indicated a different voting intention in step 2) even though Items 3, 4 and 5 are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

Important Note: If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Items 3, 4 and 5 by marking the appropriate box in step 2.

Step 2 Items of Business

PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

		For	Against	Abstain
Item 2	Re-election of Mr Graeme Billings	☐	☐	☐
Item 3	Adoption of the Remuneration Report	☐	☐	☐
Item 4	Approval of LTI grant to Managing Director	☐	☐	☐
Item 5	Approval of award of STI Deferred Equity to Managing Director	☐	☐	☐
Item 6	Financial Assistance - Banking facilities and AutoPacific Group acquisition	☐	☐	☐

The Chairman of the Meeting intends to vote all available proxies in accordance with the Board recommendations set out in the Explanatory Notes accompanying the Notice of Meeting.. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

Step 3 Signature of Securityholder(s)

This section must be completed.

Individual or Securityholder 1	Securityholder 2	Securityholder 3	
			/ /
Sole Director & Sole Company Secretary	Director	Director/Company Secretary	Date

Update your communication details *(Optional)*

By providing your email address, you consent to receive future Notice of Meeting & Proxy communications electronically

Mobile Number	Email Address

ONLINE
MEETING GUIDE

GETTING STARTED

If you choose to participate online you will be able to view a live webcast of the meeting, ask the Directors questions online and submit your votes in real time. To participate online visit **https://meetnow.global/au** on your smartphone, tablet or computer. You will need the latest versions of Chrome, Safari, Edge or Firefox. Please ensure your browser is compatible.

TO LOG IN, YOU MUST HAVE THE FOLLOWING INFORMATION:

Australian Residents

SRN or HIN and postcode of your registered address.

Overseas Residents

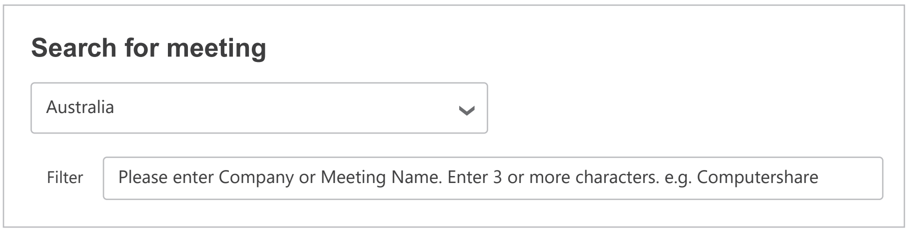
SRN or HIN and country of your registered address.

Appointed Proxies

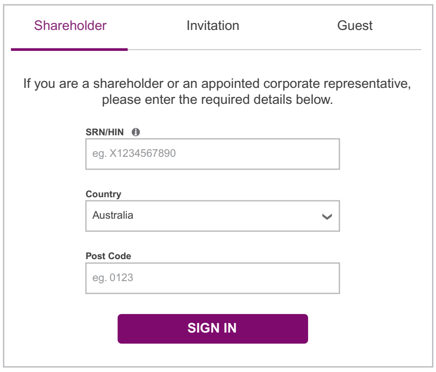
Please contact Computershare Investor Services on +61 3 9415 4024 to request your unique email invitation link prior to the meeting day.

PARTICIPATING AT THE MEETING

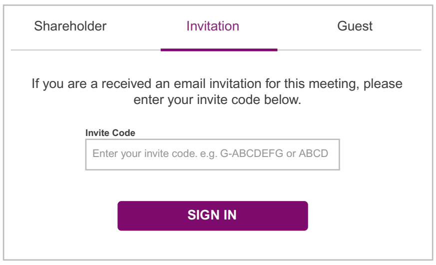
To participate in the online meeting, visit **https://meetnow.global/au**. Then enter the company name in the 'Filter' field. Select and click on the displayed meeting.



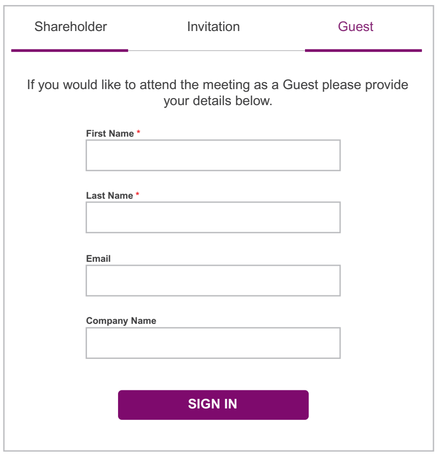
To register as a shareholder
Select 'Shareholder', enter your SRN or HIN and select your country. If Australia, also enter your post code.



or **To register as a proxyholder**
To access the meeting click on the link in the invitation e-mail sent to you. Or select 'Invitation' and enter your invite code provided in the e-mail.



or **To register as a guest**
Select 'Guest' and enter your details.



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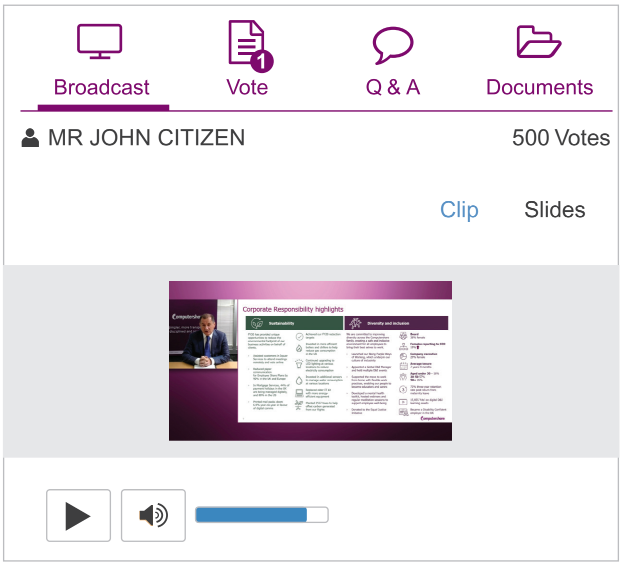
Broadcast

The webcast will appear automatically once the meeting has started. If the webcast does not start automatically press the play button and ensure the audio on your computer or device is turned on.

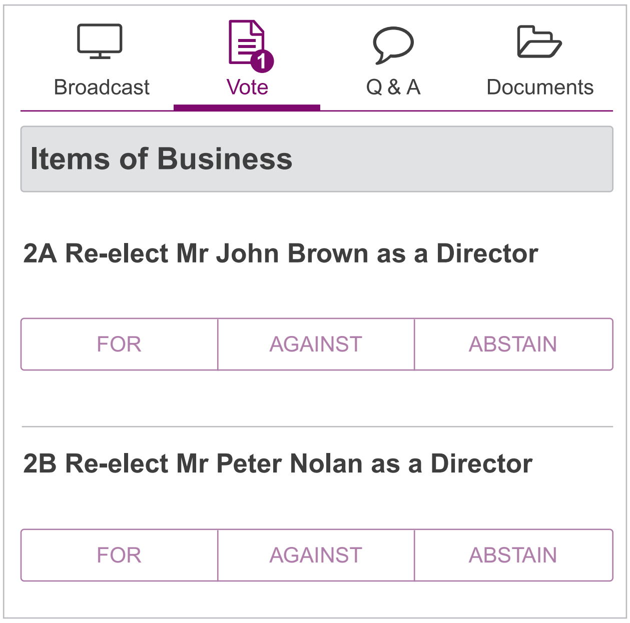


Vote

When the Chair declares the poll open, select the 'Vote' icon and the voting options will appear on your screen.

To vote, select your voting direction. A tick will appear to confirm receipt of your vote.

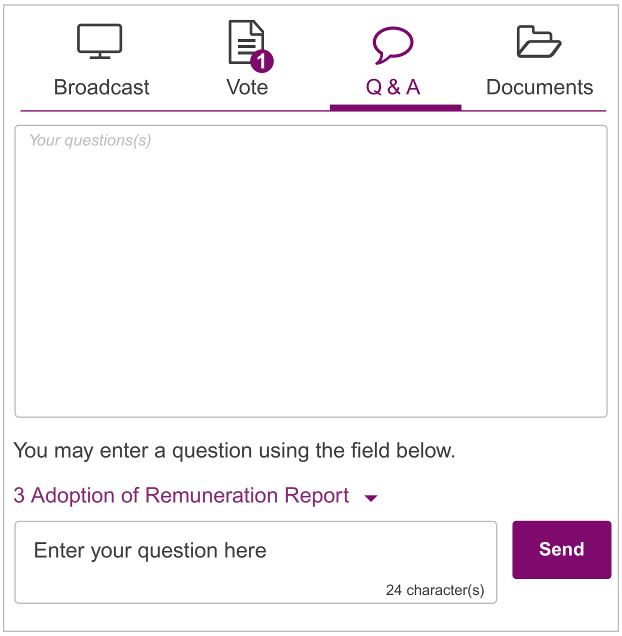
To change your vote, select 'Click here to change your vote' and press a different option to override.



Q & A

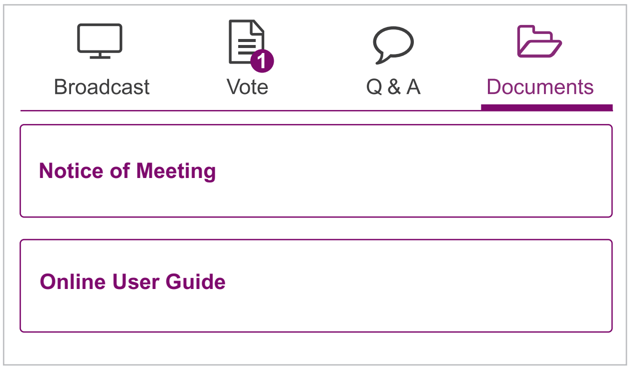
To ask a question select the 'Q & A' icon, select the topic your question relates to. Type your question into the chat box at the bottom of the screen and press 'Send'.

To ask a verbal question, follow the instructions on the virtual meeting platform.



Documents

To view meeting documents select the 'Documents' icon and choose the document you wish to view.



FOR ASSISTANCE

If you require assistance before or during the meeting please call +61 3 9415 4024.

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GUD Holdings Limited
(ABN 99 004 400 891)

Year Ended 30 June 2022

GUD Annual Report 2022

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Directors' Report

The Directors of GUD Holdings Limited (the Company) present their report on the consolidated entity, being the Company and its subsidiaries, for the year ended 30 June 2022.

Directors

The names of the Directors who held office during the financial year and details of their qualifications, experience and special responsibilities are as follows:

G A Billings * **BComm FCA MAICD**

Appointed Non-Executive Director on 20 December 2011, and Chairman on 1 October 2020.

Mr Billings retired from PricewaterhouseCoopers in 2011 after 34 years, where he was head of the Melbourne Assurance practice as well as heading the firm's Australian and Global Industrial Products business.

Mr Billings is currently a Non-Executive Director and Chairman of Austco Healthcare Ltd (appointed 21 October 2015) and a Non-Executive Director of Clover Corporation Limited (appointed 20 May 2013) where he is Chair of the Audit Committee. He is a former Non-Executive Director of DomaCom Limited (retired 15 June 2021) and a former Non-Executive Director and Chairman of Korvest Limited (retired 31 August 2021).

D D Robinson * **BSc MSc**

Appointed Non-Executive Director on 20 December 2011, and Chair of the Remuneration, People and Culture Committee.

Mr Robinson spent the past 22 years, prior to joining the Board, with global automotive parts, general industrial and consumer products manufacturer and marketing company Robert Bosch GmbH.

In that time, he has worked in the USA, Germany and Australia and had responsibility for sales, marketing, engineering, manufacturing, accounting and personnel. He was President of Robert Bosch Australia and Robert Bosch New Zealand.

J A Douglas * **BSc LLB(Hons) LLM MBA GAICD**

Appointed Non-Executive Director on 1 March 2020, and Chair of the Risk and Compliance Committee.

Ms Douglas is currently a Non-Executive Director of Judo Bank and Chair of the Remuneration Committee (appointed August 2021) and a Non-Executive Director of Essential Energy (appointed 15 March 2018) where she is Chair of the Regulatory Committee. She is also a Non-Executive Director of St Kilda Football Club and Peter MacCallum Cancer Foundation. She is a former Non-Executive Director of Hansen Technologies Ltd (retired 28 February 2022), a former Non-Executive Director of OptiComm Limited (until it was taken over by Uniti Group in late 2020), a former Non-Executive Director of Telstra SNP Monitoring (retired 2016), Family Life Inc (retired 2010), Pacific Access Superannuation Fund (retired 1999), and Kilvington Girls Grammar School (retired 1994).

Ms Douglas has significant experience as an executive in the communications and technology sectors having held a diverse range of executive roles at Telstra and Sensis from 1997 to 2016. Prior to this, Ms Douglas was a lawyer with Mallesons and Allens where she specialised in intellectual property, communications and media law.

C L Campbell * **B Ec FCA GAICD**

Appointed Non-Executive Director and Chair of Audit Committee on 16 March 2021.

Ms Campbell has over 30 years' financial executive experience in a range of industries including professional services, financial services, media, mining and industrial services. Ms Campbell commenced her career with KPMG and has held executive roles with Macquarie Group, Westpac Institutional Bank, Seven West Media, Bis Industries and Merivale.

Ms Campbell is currently a Non-Executive Director of Southern Cross Media Group Limited (ASX:SXL) and Deputy Chair of the Australian Film, Television and Radio School. She was previously a Non-Executive Director of Humm Group Limited (retired 30 June 2022) and a Non-Executive Director of IVE Group Limited (retired November 2020).

Prof J Pollaers OAM * **BElecEng (First Class Hons) BSc MBA**

Appointed Non-Executive Director on 23 June 2021.

Professor Pollaers has over thirty years' experience in FMCG and healthcare sectors, as well as considerable manufacturing experience. Mr Pollaers was CEO of Pacific Brands from 2012 until 2014. Before that he was CEO of Fosters prior to the sale to SAB Miller. His executive career commenced with Diageo where he spent almost 20 years rising to the role of President Asia-Pacific.

Mr Pollaers is currently Chancellor of Swinburne University of Technology, Chairman of Convergence.Tech and Independent Chair of the Australian Financial Complaints Authority.

Mr Pollaers was formerly Chairman of the Australian Advanced Manufacturing Council, Chair of the Aged Care Workforce Strategy Taskforce for the Federal Government, Executive Chair and Founder of Leef Independent Living Solutions, Chairman of the Australian Industry and Skills Committee and a member of the Prime Minister's Industry 4.0 Taskforce.

A L Templeman-Jones *   BComm MRM EMBA CA FAICD

Appointed Non-Executive Director on 1 August 2015, and appointed Deputy Chair on 1 October 2020. Resigned 31 August 2021.

Ms Templeman-Jones is currently Chair of Blackmores Limited (appointed 28 October 2020), a Non-Executive Director of Commonwealth Bank of Australia (appointed 5 March 2018) and a Non-Executive Director of Worley Parsons Limited (appointed 1 November 2017). Anne previously served as a Non-Executive Director of The Citadel Group Limited (retired May 2020), HT & E Limited (formerly APN News & Media Limited) (retired May 2018), Cuscal Limited (retired March 2018), Pioneer Credit Limited (retired November 2016), Notre Dame University (retired December 2016) and HBF Health Limited (retired October 2014).

Ms Templeman-Jones has considerable executive experience in institutional and commercial banking, wealth management and insurance, having previously held senior executive roles within Westpac and ANZ.

G Whickman   B Bus MAICD

Appointed Managing Director and Chief Executive Officer of the Company with effect from 1 October 2018.

Mr Whickman was previously President and Chief Executive Officer of Ford Australia and New Zealand (2015 – 2018). He had a 20-year career with Ford with senior executive roles in Asia Pacific, Europe and North America.

* All Non-Executive Directors are independent.

Corporate Executives

Chief Financial Officer
M A Fraser   B Bus EMBA GAICD FCA

Mr Fraser's early career was with Coopers & Lybrand in Australia, followed by over 25 years in senior finance and operational roles in Asia and Europe with McIntosh Hamson Hoare Govett, Jardine Matheson Ltd and the Schindler Group. He has been Chief Financial Officer since 1 January 2012.

Company Secretary
M G Tyler   LLB BComm (Hons) MBA FGIA MAICD

Mr Tyler is a fellow of Governance Institute Australia, a former partner with Freehills and general counsel with Southcorp Limited. He has held a legal practicing certificate in Victoria for over 35 years.

Directors' Attendances at Meetings

The Board held eleven scheduled meetings during the year.

Meetings are generally held monthly, with ad hoc meetings called to consider specific or urgent matters.

	Board		Audit Committee		Risk & Compliance Committee		Nominations Committee		Remuneration People & Culture Committee	
Directors	**Held**	**Attended**	**Held**	**Attended**	**Held**	**Attended**	**Held**	**Attended**	**Held**	**Attended**
G A Billings	11	11	4	4	4	4	1	1	6	6
D D Robinson	11	11	4	4	4	4	1	1	6	6
J A Douglas	11	11	4	4	4	4	1	1	6	6
C L Campbell	11	11	4	4	4	4	1	1	6	6
J C Pollaers	11	10	4	4	4	4	1	1	6	6
A L Templeman-Jones[1]	1	1	1	1					1	1
G Whickman	11	11	4	4	4	4	1	1	6	6

1 Ms. Templeman-Jones resigned 31 August 2021.

It is the Board's practice that the Non-Executive Directors meet regularly without the presence of Management.

Director's Interests and Benefits

Directors are not required to hold shares in the Company. The current shareholdings are shown in the table below.

	Shares held beneficially			
Directors	**Own name**	**Private company/trust**	**Total 30 June 2022**	**Total 30 June 2021**
G A Billings	219	19,910	20,129	15,106
D D Robinson[1]	5,469	19,332	24,801	15,608
J A Douglas	-	8,154	8,154	6,119
C L Campbell[1]	4,450	3,364	7,814	-
J C Pollaers	-	9,050	9,050	-
A L Templeman-Jones[2]	-	-	-	7,642
G Whickman	-	35,975	35,975	27,000

1. Mr Robinson and Ms Campbell are participants in the Non-Executive Director Share Plan. They currently hold 1,986 and 3,310 Share Rights under that Plan respectively, which will convert into Restricted Shares six months after grant in March 2022 and June 2022.
2. Ms Templeman-Jones resigned 31 August 2021

Corporate Governance Statement

The Corporate Governance Statement of the Directors is separately lodged with the ASX, and forms part of this Directors' Report. It may also be found on the Company's website at www.gud.com.au.

Principal Activities

The principal activities of the consolidated entity during the financial year were the manufacture and importation, distribution and sale of automotive products, pumps, pool and spa systems, and water pressure systems, with operations in Australia, New Zealand, United States of America, Thailand, South Korea, and France.

Other than as referred herein and in the Operating and Financial Review, there were no significant changes in the nature of the activities of the consolidated entity during the year.

Operating and Financial Review

The Operating and Financial Review for the consolidated entity during the financial year forms part of this Directors' Report.

Share Capital

At 30 June 2022, there were 140,894,696 (2021: 94,181,047) ordinary shares on issue.

The increase in shares on issue resulted from:

a) the issue of 676,010 shares under the Dividend Reinvestment Plan in September 2021;
b) the issue of 28,123,660 shares under a share placement in December 2021;
c) the issue of 10,788,096 shares under the Entitlement Offer in December 2021;
d) the issue of 6,487,889 shares under a share placement in January 2022; and
e) the issue of 637,994 shares under the Dividend Reinvestment Plan in March 2022.

Dividends

During and since the end of the financial year, the following dividends have been paid or declared.

- A final ordinary dividend of 32 cents per share in respect of the year ended 30 June 2021 was declared on 4 August 2021 and was paid 3 September 2021, amounting to $30,137,935. The final dividend includes dividend reinvested of $6,962,193. This dividend was fully franked.
- An interim ordinary dividend of 17 cents per share in respect to the half year ended 31 December 2021 was declared on 8 February 2022 and paid on 4 March 2022, amounting to $23,843,639. The interim dividend amount includes dividend reinvested of $7,348,003. This dividend was fully franked.
- A final ordinary dividend of 22 cents per share in respect of the year ended 30 June 2022 was determined on 15 August 2022 and is payable on 13 September 2022 to shareholders registered on 29 August 2022. This dividend will be fully franked. Shares will trade ex-dividend on 26 August 2022. The GUD Dividend Reinvestment Plan will not be available for this dividend.

Auditor Independence

There is no current or former Partner or Director of KPMG, the Company's auditors, who is or was at any time during the financial year an officer of the consolidated entity.

The auditor's independence declaration made under section 307C of the *Corporations Act 2001* is set out on page 6 of the accompanying Financial Statements and forms part of this Report.

Non-Audit Services

Details of the amounts paid or payable to the Company's auditors, KPMG, for non-audit services provided during the year are shown in Note 6 to the financial statements, which accompany this Directors' Report.

The Directors are satisfied that the provision of such non-audit services is compatible with the general standard of independence for auditors imposed by, and did not compromise the auditor independence requirements of, the *Corporations Act 2001* in view of both the amount and the nature of the services provided, and that all non-audit services were subject to the corporate governance procedures adopted by the Company and have been reviewed by the Audit Committee to ensure they do not impact the integrity and objectivity of the auditor.

Options and Rights

During the year, a total of 441,463 Performance Rights were granted to executives under the GUD Holdings 2024 Long Term Incentive Equity Plan. This included 51,653 Performance Rights granted to the Managing Director in October 2021, after receiving approval of shareholders at the 2021 Annual General Meeting.

In addition, as a result of executives departing, or scaling back their working hours with, the Group during the year, a total of 30,059 Performance Rights were determined by the Board to have lapsed. As at 30 June 2022, there were 1,121,360 Performance Rights outstanding.

Subsequent to year-end, as a result of partially meeting TSR targets in respect of the three year period to 30 June 2022, 254,344 Performance Rights granted in 2019 vested and 112,147 lapsed in relation to the GUD Holdings 2022 Long Term Incentive Equity Plan.

Details of the Performance Rights outstanding in aggregate and granted to key management personnel, in particular, are included in the Remuneration Report, which forms part of this Directors' Report.

Under the Non-Executive Director Equity Plan, non-executive directors may sacrifice some of the fees they were due to receive into Share Rights which six months later vest as Restricted Shares (subject to restrictions on dealing for a period of time nominated by the non-executive director at the time of making application). Shares to satisfy the vesting are acquired on market. As at 30 June 2022, there were 5,296 Non-Executive Director Share Rights on issue.

Under the Executive (Salary Sacrifice) Share Plan, executives may sacrifice some of their salary into Share Rights which six months later vest as Restricted Shares (subject to restrictions on dealing for a period of time nominated by the executive at the time of making application). Shares to satisfy the vesting are acquired on market. As at 30 June 2022, there were 6,818 Executive Share Rights on issue.

Except as above, no options or rights were granted during the year and no options or rights have been granted or lapsed since the end of the financial year. No options were exercised during the financial year. There are no unissued shares or interests under option as at the date of this Report.

Derivatives and Other Financial Instruments

It is the consolidated entity's policy to use derivative financial instruments to hedge cash flows subject to interest rate and foreign exchange risk according to a policy approved by the Board.

Derivative financial instruments are not held for speculative purposes. Exposures, including related derivative hedges, are reported to the Board on a monthly basis.

Financial facilities and operating cash flows are managed to ensure that the consolidated entity is not exposed to any adverse liquidity risks. Adequate standby facilities are maintained to provide strategic liquidity to meet cash flows in the ordinary course of business.

Environmental Regulation

Some of the consolidated entity's activities are subject to various environmental regulations under both Commonwealth and State legislation. The Directors are not aware of any breaches of those environmental regulations during the financial year. The consolidated entity endorses an Environmental Policy of compliance and open communication on environmental issues.

Proceedings on behalf of the Company

There were no proceedings brought on behalf of the Company, nor any persons applying for leave under section 237 of the *Corporations Act 2001* to bring proceedings on behalf of the Company.

Indemnity and Insurance

The Company has, pursuant to contractual arrangements, agreed to indemnify the current and a number of former Directors of the Company against all liabilities to another person (other than the Company or a related body corporate) that may arise from their position as a Director of the Company and its subsidiaries, except where the liability arises out of conduct involving a lack of good faith. The agreement stipulates that the Company will meet the full amount of any such liabilities, including costs and expenses.

The Company has also agreed to indemnify the current Directors of its subsidiaries, the Company Secretary and certain Senior Executives for all liabilities to another person (other than the Company or a related body corporate) that may arise from their position, except where the liability arises out of conduct involving a lack of good faith. The agreement stipulates that the Company will meet the full amount of any such liabilities, including costs and expenses.

Pursuant to this indemnification, the Company has paid a premium for an insurance policy for the benefit of Directors, Secretaries and Executives of the Company and related bodies corporate of the Company. In accordance with common practice, the insurance policy prohibits disclosure of the nature of the liability covered and the amount of the premium.

The Company has not otherwise, during or since the end of the financial year, indemnified or agreed to indemnify an officer or auditor of the Company or of any related body corporate against a liability incurred as such an officer or auditor.

Remuneration Policy for Directors and Executives

The policy for determining the nature and amount of remuneration for Directors and Executives is described in the Remuneration Report, which forms part of this Directors' Report.

Director and Executive Benefits

Details of the benefits paid or provided to Directors and specified Executives are included in the Remuneration Report, which forms part of this Directors' Report, and in summary in Note 32 to the financial statements.

Rounding Off

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

Significant Events after Year End

On 15 August 2022, the Board of Directors resolved to pay a fully franked final dividend in respect of the 2022 financial year of 22 cents per share. Record date is 29 August 2022, and the dividend will be paid on 13 September 2022.

Other than the matter discussed above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction, or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

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*.

G A Billings	**G Whickman**
Chairman of Directors	**Managing Director**

Dated at Melbourne, 15 August 2022

KPMG

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 audit of GUD Holdings Limited for the financial year ended 30 June 2022 there have been:

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

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

KPMG

KPMG

Maritza Araneda
Partner

Melbourne

15 August 2022

Operating and Financial Review

1 Overview

FY22 was another year of operational challenge due to the ongoing Covid-19 related impacts felt across the globe and in our home markets. Although not to be understated, these challenges were met with strong operational discipline and we were able to navigate through floods, high absenteeism, Australian State lockdowns, Omicron waves, the Ukraine conflict, and the China zero-Covid-19 approach, such that many of our auto aftermarket business units achieved record performance levels and delivered a Group record financial operating performance.

This was no mean feat as supply chain instability was difficult to manage, and logistics issues faced were at unprecedented levels of inconsistency and at prohibitively higher costs than the previous year, which were already at record levels.

FY22 began in the way that FY21 finished, with much uncertainty surrounding our business. In fact, the first half saw heightened domestic lockdowns at a level not seen in the prior Covid-19-impacted periods. Management of the businesses continued with the same level of focus as in the prior year and we continued to employ our well documented Covid-19 response framework, with a view to managing the business in a responsible, deliberate and, if required, tactical and nimble manner.

A cornerstone of this approach was maintaining focus on providing comprehensive support for our suppliers, employees and customers whilst not relenting on our priority of strengthening the foundations of each business, particularly in product, people, and operational fitness.

It was pleasing that in the first half the growth experienced in the aftermarket businesses was not from the typical 'wear and tear' business such as filtration. In fact, BWI, DBA and IMG experienced growth that was driven by new products, channels and customers, which reflected the hard work in prior periods architecting and then delivering through the Playing to Win strategy framework.

The decisions made in the prior year to hold strong inventory levels continued through FY22. This allowed us to capitalise on the strong end user demand, particularly in H2. Similar to FY21, our many warehouse and logistics employees again made a significant effort to keep pace with this demand at times in difficult circumstances. This was tested in H1 with the significant lockdowns and then again at the beginning of H2 when the Omicron wave worked its way through all business units—such that in January staff absenteeism was between 20 to 30%, which was particularly problematic in the manufacturing operations.

Workshop demand in the wear and tear businesses rebounded in H2. This positive trend continued throughout the half and combined with the positive momentum across the aforementioned new products, channels and customers. This demand remained operationally challenging to support, with shipping issues, and then the Chinese lockdowns in response to Covid-19, challenging maintenance of the competitively strong DIFOT levels of our automotive business.

Of course, FY22 was also a year of great transformation, and was in fact the most exciting in recent history as we started to enact the Portfolio Vision architected in FY21 and endorsed by the Board in early FY22. Our Portfolio Vision 'GUD2025' sets out the direction and an articulation of success for the company through to 2025, and to a degree, through to 2030. This will be detailed later in the Strategy section however this vision is the lynchpin into how GUD expects to grow in a meaningful and strategically balanced manner in the coming years.

The first acquisition of FY22 was Vision X, importantly an offshore operation that opens different geographies. Vision X is a compelling business supplying harsh-environment lighting solutions to automotive, industrial, and commercial customers across the world with a US Total Addressable Market (TAM) of circa $3.2 billion. The high product complementation to the existing BWI operation was one of the attractive elements of the purchase and the first seven months have been excellent in terms of integration and financial performance.

The acquisition of Auto Pacific Group (APG) was announced at the end of first half, and when combined with GUD's existing businesses, created the second largest 4WD accessories and trailering business in ANZ, where the TAM for parts is circa $2.4 billion and growing. APG commands strong market share in towing across Original Equipment Manufacturer (OEM), Original Equipment Supplier (OES), and aftermarket channels. It has three other pillars to the business with functional accessories, trailering, and cargo management—offering exciting growth opportunities for the mid and long term. The integration has progressed ahead of schedule; however, the business results have been constrained during our first six months of ownership. At the time of the acquisition, supply chains were not impacted by the Ukraine conflict and the China zero policy and accompanying lockdowns that have severely impacted the new vehicle sales market in ANZ and across the globe. These macro events have resulted in unprecedented supply constraints of new vehicles which have been well documented globally and resulted in unmet demand and backorders at levels never seen in ANZ. We expect these supply constraints to unwind over the next 12-18 months and believe the structural unmet demand will not meaningfully dissipate, even in an inflationary, lower-growth environment.

In both acquisitions we are really pleased with the capabilities and capacity of the management teams, who are engaging very well and the cultural and mindset alignment with the GUD values and portfolio vision aspirations are clear and evident.

Over the year focus has been given to the operating model that better supports the Group's Portfolio Vision. FY22 has seen a progressive move towards a Category Structure enabling stronger collaboration and leverage between businesses and brands within categories. These changes will ensure sharp management focus and that, structurally, GUD is organised for success. Across the portfolio there are 3 operating segments with six categories: 4WD Accessories & Trailering, Lighting & Power Management, Electric Vehicles, Powertrain, Undercar, and Water.

As part of strengthening the Group's Portfolio performance, we previously outlined a focus on 5 key Business Foundations: Customer Relationships, Supplier Engagement, People Cycle Planning, Product Cycle Planning and Operational Efficiency. In FY22 the work on these foundations has remained a priority even as further global events unfolded to test our operational 'mettle'.

Through these high operational fitness expectations, measures relating to our Safety Culture remain in the top quartile for the sixth year running with a score of 93% versus the International top quartile benchmark of 89%. No serious injuries of an ongoing nature were sustained in FY22, and the overall Lost Time Injury Frequency Rate (LTIFR) was below the SafeWork Australia industry average benchmark in most of the categories within which we operate. The LTIFR of our non-manufacturing orientated businesses at 2.36 compares favourably to the Wholesale Trade-Motor Vehicle Parts benchmark of 9.2 injuries per million hours worked. The LTIFR for our fabricated metal manufacturing businesses sits at 12.11, also favourable compared to the benchmark of 23.4. The incidence of sprains and strains over the year has meant our broader manufacturing orientated businesses have seen an LTIFR of 15.16, compared to the SafeWork AU Manufacturing benchmark of 8.5. The concerted effort placed on manual handling activities over the last 12 months will be increased over FY23 as a part of our goal to reduce musculoskeletal injuries which are the leading cause of these incidence rates.

The focus on supporting both the health and wellbeing of our people in the face of the challenges of prolonged Covid-19 impacts has remained of the utmost priority over the year. The peer-to-peer support network established in the early stages of Covid-19 has been strengthened, with our recently acquired businesses now also participating in the initiative. This year, for the first time, a set of targeted questions around Wellbeing was included in our annual Employee Engagement Survey. Pleasingly, the Wellbeing Dimension scored strongly at 76% favourable, telling us that our people feel able to ask for support when needed, and know how to access the various employee support and assistance mechanisms in place in all our businesses.

Looking to the broader measures of employee engagement remained strong at 76% on an annual basis, and 77% when measured on a three-year rolling basis, both ratings are above the global average of 73%, but just short of the Group's top quartile ambition of 79%. The global benchmark is measured on a three-year rolling basis and lags one year and is therefore not yet reflective of the ongoing Covid-19 impacted environment. In the FY22 engagement survey the dimensions related to Quality, Empowerment, Teamwork and Growth & Development all saw positive year on year improvement. The latter being particularly pleasing given the significant focus placed on the development and retention of our people.

We pay tribute to our people, all of whom have worked incredibly hard over the past year given the challenging environment which all businesses and employees find themselves operating within. Our people and our values, which we have reset and clarified over the past year, are a source of strength for GUD. As businesses have been acquired over the past year, we have sought to instil our values, which are as follows: People are at the heart of all that we do. We are true to who we are – acting with integrity, in a courageous, authentic, transparent way. We give everything we do our all, creating value through our products, services, and actions.

Substantial progress has been made over the year on our Environmental, Social and Governance (ESG) strategy. The input gained through the structured materiality assessment carried out this year has resulted in a high degree of clarity as to what ESG means to, and for, our stakeholders. This information, paired with the foundational work completed around ESG over previous years, has enabled the setting of clear targets, and the definition of the key impact areas in which GUD seeks to make a real difference.

With clear linkage to our overarching Portfolio Vision, GUD's ESG Strategy will see us make a positive impact on the environment and strengthen the communities we operate in, and better anticipate and meet our customers' needs of tomorrow, today. During the year we have continued to strengthen the Safety and Thriving People impact areas. The Board has set a net Carbon Neutral target for GUD's distribution businesses by 2025 and GUD's manufacturing businesses by 2030. In respect of Ethical Sourcing, GUD has this year adopted the Sedex platform, a globally recognised platform for supplier verification, qualification and audit which will create absolute transparency in being able to identify, remediate and report on modern slavery risks.

Notably the strategic acquisitions over FY22 (APG and Vision X) have grown the non-ICE share of GUD's Automotive Revenue from 60% in FY21 to 69% in FY22. Our Automotive businesses are actively exploring early-mover opportunities in electric vehicles. Innovative Mechatronics Group (IMG) is well advanced in capturing early-stage growth and market interest in its services and capabilities in relation to Hybrid Vehicle Battery remanufacturing is strong.

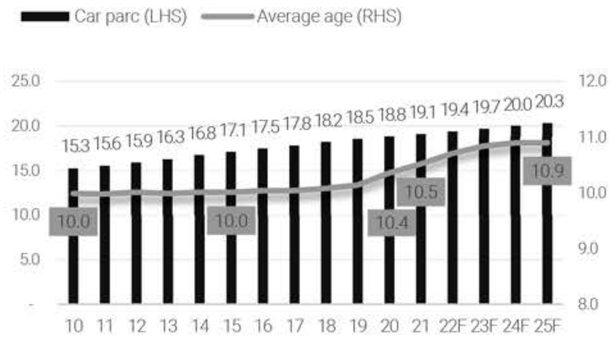
Each of the GUD businesses has conducted an emissions study for the FY22 year to establish a new Scope 1 and Scope 2 emissions baseline. As a first step, GUD is implementing the annual tracking of energy consumption and emissions including our most-recent acquisitions. This will be built upon in subsequent years.

Automotive Segment

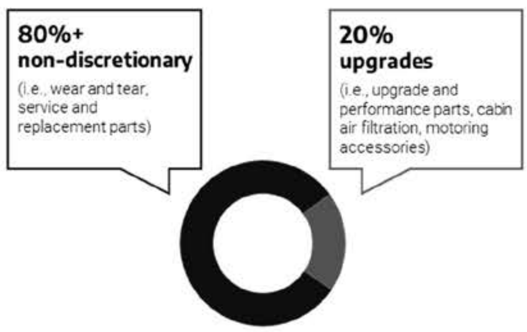
The automotive aftermarket is driven by the size of the car parc and average vehicle age. The addressable car parc in Australia (registered vehicles excluding buses and motorcycles) grew to 19.1 million units in calendar year 2021, up from 18.8 million in 2020. Steady growth is projected to continue through to CY25, reaching 20.3 million units. This is a positive for the Automotive Segment. Equally, the average vehicle age continues to support our wear and tear businesses. In 2021, the average vehicle age rose to 10.5 years, up from 10.4 years the year prior. Age is projected to rise to 10.9 years by CY25. Overall, more vehicles that, on average, are older expand the total addressable market for GUD's Automotive businesses.

The car parc size, age and proliferation (there are over 60 vehicle brands and 350 models sold in ANZ, this is 50% more brands than the US, at approximately 10% of the US volume) remains a compelling defensive moat. Importantly, GUD serves the car parc with approximately 90,000 SKUs, of which management estimate the revenue to be circa 80% generated from the non-discretionary products and services.

Car parc[1] and vehicle age[2]
parc in million units, age in years



Automotive revenue breakdown[3]



1. ACA Research (Jul/22). Excludes buses and motorcycles
2. Australian Automotive Intelligence (Sep/21)

3. Management estimate

Auto Electrical, Lighting, and Power Management

Brown and Watson International (BWI) in Australia delivered strong revenue growth in FY22. This was satisfying given it came from a mix of existing and new customers, products, and channels. BWI also benefitted from ongoing strength in the truck and trailer categories and were delighted to build on the Jayco business with power management products in the Projecta brand range. The Group was proud to see BWI placed in the top 10 of the Manufacturing & Consumer Goods section of the AFR Boss Most Innovative Companies Awards. Brown & Watson's 3rd place is attributed to their creation of a full program of jump starters utilizing Projecta's world-patented Rapid Recharge technology. Our Griffiths Equipment (GEL) business in NZ had flat revenue; this was acceptable given the detrimental NZ lockdowns and business interruption. Marine and Caravan / RV channels improved, and we expect the truck and trailer channels to strengthen in the coming year.

Our efforts in the USA and Europe are emerging as we launched the Projecta Brand in Europe in Q4 FY22, with the USA to launch in first half of FY23. This links nicely to the revenue synergy work in progress with Vison X as we plot the right product complementation synergy with BWI's existing product line up. To support this, in FY22 we nearly doubled the product development investment, similar to the prior year. Consequently, the BWI team were able to deliver circa 7% of its overall revenue coming from products launched in the last 12 months.

Powertrain

Ryco delivered strong revenue growth in FY22 which was noteworthy when cycling solid growth in the previous corresponding period, despite lock downs. In the second half the lockdown impact felt in the H1 started to abate and workshop demand was strong and vibrant. The team at Ryco were especially proud of the 2nd place in the AFR Boss Most Innovative Companies (with the MicroShield N99 'medical-grade' air filter product) and placing 7th in the AFR Best Place Places to Work in the manufacturing and consumer goods category.

Wesfil had a tough start to the year but managed the second half very competently to record strong revenue growth for the full year. Wesfil had the same experience as Ryco in the 2nd half as the wear and tear parts businesses got back to more expected growth trajectories. Wesfil also expanded their DC network with a new Victorian (Sunshine) warehouse launched to leverage growing western Melbourne independent marketplace.

AA Gaskets performance was satisfying with strong revenue growth, all the while completing the operational transition to a collocated site with Ryco. This involved ERP consolidation, shared distribution and back-office support, without losing the sovereignty of the business or brands.

IM Group experienced strong revenue growth across all IMG engine related segments and repair and remanufacture services. IMG experienced exceptional growth in heavy duty vehicle electronic repair services and over FY22 continued our planned geographic expansion of the mechatronics repair network to New Zealand, with Western Australia to follow shortly. Of particular interest is the first step IMG took in their industrial repair service offering, one to watch in the future.

Electric Vehicles

IMG were also excited by the level of exposure and industry press received on the Hybrid EV battery remanufacturing program moving into commercialisation stage. This new business segment is targeting the circular economy for hybrid and electric vehicle batteries. To this end IMG made a small acquisition of a company called 'Hybrid Battery Rebuild Australia' in H2, which has already been integrated into a co-located Hallam site and further strengthens our EV credentials.

BWI also stepped into EVs in a more meaningful way with the Projecta catalogue launching in Q1 FY23 including Level 1 EV charger and an EV charging accessories program.

Undercar

Disc Brakes Australia had a great year and delivered strong revenue growth. This came from domestic and export customers who were energised by our existing and new products. The business had to handle supply chain logistics complications given the import and export nature of the business, and understandably forgo sales to customers who we have paused selling to due to the Ukrainian conflict. Excitingly, our new product launch cadence continued from the Street Series disc pad program complemented with the Street Series calliper program launched H1 FY22.

Australian Clutch Services delivered solid revenue growth and the business is continuing to perform strongly more than twelve months after acquisition. NZ sales were negatively impacted by Covid-19 restrictions however USA growth exceeded targets, even accounting for the difficult logistical shipping challenges.

4WD Accessories and Trailering (G4CVA)

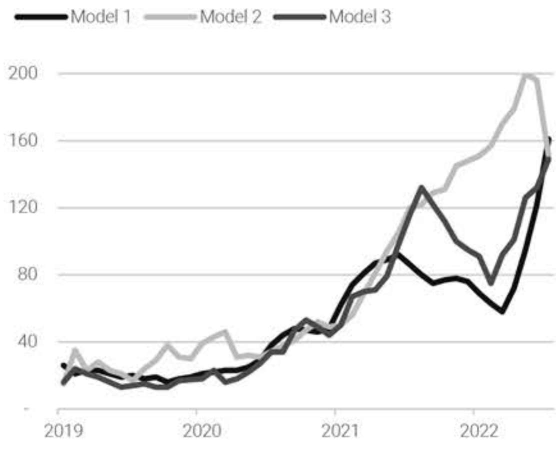
GUD 4WD and Commercial Vehicle Accessories (G4CVA) businesses were met with challenging operating conditions due to lack of new vehicle availability. Nonetheless, East Coast Bullbars had a year of consistent sales and strong demand from the OEM channel, and CSM Service Bodies welcomed strong order intake in the latter part of H2 with 3-6 months' worth of revenue in order books awaiting vehicles. Pleasingly, all G4CVA businesses managed to balance rising material costs and Covid-19 related labour cost inflation with price increases. Uneek 4x4/Barden Fabrication's integration into APG is well under way and progressing to plan. Despite low vehicle supply and strict lockdowns limiting the NZ market, Fully Equipped realised double-digit revenue growth in H2 through expanded canopy manufacturing capability.

APG Segment

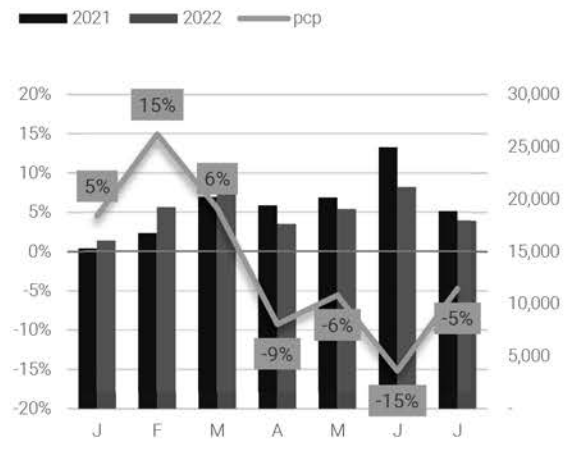
4WD Accessories and Trailering (APG)

Turning our attention to the APG segment where the unprecedented macro impacts of Ukrainian conflict and China Covid-19 lockdowns compounded an already fragile supply chain for OEM customers. This resulted in new vehicle sales in ANZ far below expectations, with reductions in volumes in Q2 of sizeable proportions. The first 3 months of the year were trending at somewhat acceptable levels, after a tough January impacted by high absenteeism in the Omnicom wave. What has transpired in Q4 has been massive supply constraints dictating the size of the new vehicle market, which in turn constrains our revenue opportunity.

Top 3 PU/SUV average days' wait[1]
in days



Pick Up unit sales[2]
% change vs pcpc (LHS), sales in units (RHS)



1. Top best-selling PU/SUV models by volume (source: pricemycar.com.au).
2. FCAI: Vfacts

With so much demand has been deferred since the start of Covid-19, exacerbated by more recent severe supply constraints, we expect to a steady flow of sales over a number of years as the supply constraints unwind.

Encouragingly for the future, in H2 and since the acquisition, APG have secured 41 new business awards representing c.$14m+ in revenue, of which c.$11m+ (78%) is incremental (new) revenue. APG have delivered an on-time, defect-free Ford Ranger launch, which has increased towbar penetration and supports a new Ranger Sports derivative with an APG sports bar factory fitted. Moreover, APG have won the Landcruiser nudge bar, which is on sale now, and a second functional accessory with Toyota to start in 2024. APG's largest Australian OE towing competitor has announced exit from the market and facility closure, with all customers re-sourcing business to APG. Finally, APG have managed to step in and win new trailering contracts from caravan and RV OEMs which supports the growth aspirations in this future category for APG. Putting aside the transitional supply constraint issues, we remain excited at the future prospects of APG and its ability to capture more new business.

Water Segment

Davey

The Davey strategic process is nearing completion under the new CEO who was appointed one year ago. The changes to date have involved a refresh of the senior leadership roles, an overhaul of sales and operational planning, and a new logistics fulfillment model. Many of those activities have driven change cost that has been absorbed within the underlying result which has contributed to a flat underlying EBIT result compared to the prior year. Further work is underway to embed the change and alignment efforts and we expect the work program will conclude in FY23.

In particular, a profound change was required in what finished goods inventory Davey holds, and where, in order to address unsatisfactory customer service levels. Consequently, a substantial increase in safety inventory was taken to lift the Delivery In Full On Time (DIFOT) performance in the near term and demonstrate profound change to our resellers. This saw sales accelerate strongly in the latter part of the year and we expect to partially moderate the safety stock levels in FY23.

The higher inventory level enabled Davey to grow sales by 11.9% over FY22 although the early noted costs absorbed much of the additional gross margin.

Notwithstanding the above, the impacts of the change program underway at Davey, an uncertain operating environment and a higher discount rate have been considered in our forward projections. As a consequence, the company has impaired Davey's intangible asset carrying value which were standing at $37.5 million. We believe this action will assist the business in resetting to achieve the mid-term outcomes.

2 Financial Overview

Introduction

Following two substantial acquisitions made during the financial year, and the associated equity capital raising and debt funding, the financial profile of the Group has changed substantially. It is important to note that despite these significant changes to the capital structure, the two acquisitions have only made a part year contribution: seven months from Vision X and six months from APG. It is also the first full year of contribution from the G4CVA businesses and Australian Clutch Service (ACS).

Later in this commentary, reference is made to 'organic' measures which applies to businesses which were held for a full twelve months, in both FY22 and FY21. Consequently, organic results exclude Vision X, APG, G4CVA, and ACS.

The FY22 financial result contains substantial "significant items" which are largely non-cash and one off in nature. These relate to an impairment of Davey's inventory which was reported at the half year, an impairment of Davey's intangibles as well as acquisition-related transaction costs. The impairment of Davey's intangibles reflects a turnaround program which is still underway during a period of uncertainty.

Consequently, the underlying, non IFRS financial measures have been referenced to give a better indication of the operating performance of the Group. Within these underlying results further non-cash impacts relating to the two acquisitions made in this financial year have been removed from the underlying results of the group. The purchase price allocation process resulted in a non-cash increase in acquired inventory values and the acquired intangibles relating to the APG and Vision X acquisitions.

We will now comment on the statutory results and then comment on the underlying operating results of the Group.

Revenue

Total Group revenue increased 50% on prior year to $835 million, inclusive of acquisitions. The sales result includes revenue of $35.1 million from Vision X and $132.7m from the APG acquisition introducing revenue bases in Asia and the USA which will be platforms for future organic growth as well as revenue synergies for GUD businesses.

Davey's revenue grew by 11.9%, and the Automotive businesses reported growth of 29.8% with organic growth of 6.5% with both achieving record organic sales levels. Excluding the year-on-year influence of acquisitions, the company achieved 7.8% organic growth from existing businesses.

The organic growth was broadly based across the year and the businesses and was aided by the elevated inventory commitment given supply chain delays and elongated shipping times.

Statutory profitability

The Group reported a net profit after tax (NPAT) of $27.3 million which decreased by 55.2%, and Reported EBIT decreased 24.4% to $77.5 million, inclusive of:

1. A full-year contribution from ACS and G4CVA which were acquired in FY21
2. Contributions from the FY22 acquisitions, of APG, Vision X, and a small acquisition of Christine Products in New Zealand which has been integrated into APG's New Zealand operation.
3. Amortisation of acquired intangible assets of $8.9 million for APG, and $1.2 million for Vision X
4. A non-cash fair value adjustment to APG and Vision X acquired inventory which impacted net profit before tax by $7.2 million
5. Transaction costs of $4.9m associated with the due diligence and transaction support costs in relation to the APG and Vision X acquisitions
6. The impairment of Davey inventory of $10.5 million as reported in the first half of FY22, and
7. The impairment of Davey intangible assets of $37.5 million.

Underlying operating results

Excluding the noted inventory revaluation impacts and amortisation, the Underlying Earnings Before Interest, Tax and Amortisation (underlying EBITA) increased 47.1% to $149.5 million, which is a record performance and Underlying NPAT rose by 38.9% to $88.9 million.

The result reflects both Automotive end-user demand through the year and contributions from the acquisitions. That said, supply chain disruptions have seen a significant decline in new car deliveries in the last quarter of FY22. As APG's products are predominately sold at the point of new car delivery, the supply chain disruptions flowed through to APG sales. Encouragingly, sales order backlogs are at unprecedented levels. We therefore see the lower Q4 sales as a deferral rather than permanently lost in sales.

Cash Generation and Capital Management

Reported Net Cash Flow from operating activities was $92.0 million, up $17.6 million from the $74.4 million reported in FY21. A cash conversion result of 78.9.% was achieved compared to 86.5% in the prior year and was broadly consistent with our internal expectation.

Running higher inventory levels was part of our Covid-19 response plan, and the lower cash conversion performance results reflects the higher inventory level sustained across the businesses. With the global recovery in demand in FY22, our supply chains continued to experience difficulties in FY22 with securing shipping containers, securing container positions on ships, and difficulties with port clearance times. Consequently, we sustained higher stock in transit and safety stock inventory levels to mitigate supply chain disruptions and minimise lost sales.

During the year, the Company completed an equity raise of $479.6 million in support of the APG acquisition which involved a cash outflow of $731.0 million for the business net of cash acquired.

In the first half, we announced and completed the acquisition of the Vision X business which involved an initial net cash outflow of $48.1 million, and a deferred payment of $20.8 million due in FY23. In addition, a three-year contingent earn out payment of $20.1 million is anticipated.

At year end, net debt was $467.1 million (excluding deferred acquisition consideration of $20.8 million), an increase of $320.5 million over the prior year representing funds used to acquire Vision X and partly fund APG.

The Net Debt to Underlying EBITDA ratio stands at 2.36 times on a pre-lease (AASB16) accounting basis. If we include the deferred vendor payment for Vision X, the banking covenant ratio stands at 2.46 times. With strong cash conversion of the newly acquired business and appropriate dividend levels, the company is well placed to see further reductions in gearing levels in FY23.

EPS and Dividends

The reported basic earnings per share of 23 cps was down 65.8% from the pcp reflecting the expanded capital base in support of the acquisitions and the impairment of intangibles.

The final fully franked dividend payment to our shareholders is 22 cps bringing the full year total to 39 cps, and full year pay-out ratio of 61.7% of operating NPAT.

This compares with total dividends of 57 cents per share in the previous financial year, in part reflecting the expanded capital base following the equity raise for the APG acquisition which occurred mid-year, and in part reflecting our stated desire to reduce net debt and gearing levels in the mid-term following the APG acquisition.

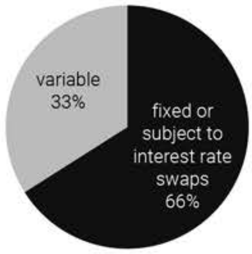
The Board has not offered the Dividend Reinvestment Plan for this dividend.

External Financing Capacity

During the year, the Company added to its core debt facilities of $231.2 million from prior year, additional facilities of $447.1 million. With unused core borrowing facilities of $151.4 million and solid financier support, the Company is well positioned to fund organic growth, consider modest bolt-on acquisitions, and weather turbulence from the current trading environment.

Debt facilities
total $678.3m

Gross debt
vs floating interest rates



3 Strategy

Board and Management upheld their focus on ensuring the strategic fitness of individual business units as well as the group portfolio in FY22. We use Roger Martin's "Playing to Win" framework to guide strategy development and continue to work with Ignition Institute to embed tools and frameworks in the businesses. We have started the same approach with the businesses that were acquired in the past two financial years.

Portfolio Vision and GUD2025

At Group level, our actions and decisions are guided by our portfolio vision. GUD is the company behind industry-leading brands that are future-ready; delivering technical products and services that people count on every day. You can't always see our products, but you can count on them to keep your car on the road and water flowing in your home or farm.

Our team are committed to making a positive impact and creating value for all stakeholders. We drive to top-quartile performance in key impact areas, from employee engagement to EV transition. We invest in our people, sustainable supply chain and smart ways to manage our footprint. And we want to deliver strong shareholder returns. Our GUD2025 Plan is to double the size of the FY21 portfolio and position ourselves for continued growth, without compromising the quality of how we deliver results.

A set of 12 metrics helps us keep track of our progress to our GUD2025 Plan. These metrics represent a mix of financial, strategic and ESG key impact areas. The ESG metrics are covered in detail in the Sustainability Review on page 18 onwards.

FY22 achievements

We are a learning organisation, always looking for improvement. We will invest in the operational excellence of our businesses by fine-tuning business fundamentals and leveraging scale to accelerate progress. We invest in clear strategic imperatives that build strength for today and unlock growth for the future.

During FY22, GUD made significant progress on its strategic imperatives and metrics:

- The acquisition of Vision X supports the imperative to grow a global leadership position in specialist Automotive Lighting and diversifies the Group's geographic footprint with a beachhead presence in the US.
- In FY23, GUD will build on this foundation through the H1 FY23 bolt-on acquisition of Twisted Throttle, an online retailer of motorcycle accessories in North America and existing distributor of Vision X products.
- The acquisition of AutoPacific Group (APG) establishes GUD as the #2 in 4WD Accessories and Trailering in Australia and New Zealand and diversifies the Company's product portfolio beyond wear and tear parts into the growing 4WD category. APG completed a bolt-on acquisition of Christine Products in the second half of FY22, further strengthening their trailer parts product portfolio.
- Acquired 19.9% of equity in a major filtration supplier, including a new factory in Vietnam, as part of our supplier assurance program.
- Increased supplier diversification: China remains the largest country of product origin, but its share of total purchases is reducing with South Korea and Thailand growing rapidly.
- Increased our Automotive/APG revenue from products that do not rely on internal combustion engines (ICE) from 60% in FY21 to 69% in FY22 (before full year impact of powertrain-agnostic acquisitions).
- Completed acquisition of Hybrid Battery Rebuild Pty Ltd. to establish Australia's largest hybrid electric vehicle battery remanufacturing program
- Reduced customer concentration through a mix of organic and acquisition activities, lowering the top 3 share of group revenue from 35% to 31%. Full-year contribution from acquisitions will see this reduce further.
- Launched more than 6,000 new Automotive SKUs in FY22.

The GUD Board and Management operate a steady rhythm of strategic dialogue to proactively manage the portfolio. We regularly review and update individual business unit strategy plans and remain confident in our current portfolio of businesses. With the appropriate prioritisation of balance sheet strength and reinvestment in existing BU strategies we remain willing to make logical automotive acquisitions that bolster the competitive strength of our portfolio and increase long-term shareholder value.

4 Risk

FY22 represented the fourth year since the Board created a separate Board committee to focus on Risk and Compliance. This year's risk reviews continue to build on, mature and respond to evolving industry and global risks including, but not limited to, climate change, customer risks, supply chain risks, cyber risks.

Although the global risk landscape has been challenging across multiple fronts, there has not been a need to make any fundamental changes to risk themes. The enduring risk themes, key risks, and mitigating actions are:

Risk Themes	Key Risks	Examples of Mitigating Actions
Climate change	Disruption to customer and market segments due to climate change.	Mitigation strategies and actions outlined in the following risk themes (e.g., customer risks, reputation risk and disruptive technology). GUD's maturing approach to ESG will also be a key mitigating factor to its response to climate change and environment.
Customer risks	Over reliance on single customers, or new entrants' routes to market, or potential disruptive existing customer behaviour.	Maintain a portfolio of compelling products, broad range of customers, establishment of long-term trading agreements, and continually assess both new entrants or new routes to market for GUD and respond accordingly. Recent acquisitions have diversified GUD's customer base in both segment and geography.

Risk Themes	Key Risks	Examples of Mitigating Actions
Production and Supply Chain risks	Over reliance on suppliers resulting on a loss in supply with potential sales impacts.	Multiple parallel sourcing for critical items, utilisation of a broad range of suppliers, supplier quality control processes, Quality and Supplier Council and shipping / freight agreements. Global supply chain disruptions also mitigated by maintaining higher levels of inventory to meet customer demands.
Reputation risks	Loss of confidence by end user customers or other stakeholders triggered by an event which falls short of community or stakeholder expectations.	Policies, education and compliance monitoring for work health and safety, anti-trust, ethical sourcing, modern slavery, bullying and harassment, bribery, and corruption, amongst others.
Disruptive Technology risks	Product technical obsolescence such as electric vehicles, new technologies such as autonomous vehicles and digital disruption impacting market and product segments.	Product cycle plans, reduce over time the share of internal combustion engine component sales, and build capabilities in new segments and technologies.
Financial risks	Variability of financial markets impacting the value of foreign currency to nominated assets and liabilities, profits, or sustainability of debt financing.	An effective financial risk management committee, long term debt financing agreements, foreign currency instruments and interest swap agreements.
People and Culture risks	Insufficient key personnel due to either retirement, or departure or inability to develop new talent.	People cycle planning, employee engagement surveys and action plans, diversity and inclusion programs, talent development plans, succession planning programs and retention programs.
Legal and Compliance risks	Failure to comply with product safety or regulatory compliance requirements leading to fines or product recalls.	Maintenance of product compliance certifications, standards and processes, internal policy management reviews and updates, management of regulatory policies (e.g., privacy) and market reporting requirements.
Safety risks	Employee and contractor workplace physical and mental health and safety incidents leading to injuries or death.	Regular safety risks assessments and audits, management of safety events or incidents using Vault, safety KPI's. GUD recently onboarded a group wide dedicated expert health, safety and wellbeing support leader.
Acquisition and Integration risks	Newly acquired business policies and processes do not meet GUD standards related to safety, compliance, cyber and risk management.	Establishment of acquisition integration blueprint to uplift newly acquired business policies, processes, and standards to GUD acceptable standards and levels. For larger acquisitions, assignment of dedicated integration lead.
Information Technology and Cyber risks	Continuity of business impacted or loss of reputation or other assets through physical loss or cyber penetration.	Security access controls, security monitoring, business continuity management, disaster recovery processes and off site back up facilities. Security access controls, security monitoring, business continuity management, disaster recovery processes and off site back up facilities. Onboarded dedicated Head of Cyber Security to lead the continued uplift of GUD's cyber security response and maturity. GUD has designed a cyber security and technology blueprint that is being adopted by all existing business units and future acquisitions.

GUD Management acknowledges that risk environments are not static and need to be monitored with appropriate responses in the risk mitigating processes and action plans. GUD maintains a series of governance and compliance forums, focused on proactive and reactive risk mitigation initiatives. These forums include:

- Regular risk reviews conducted with Business Unit Executive and Leadership teams during the Monthly Business Reviews.
- Reviews of financial risks tabled with Business Unit finance leaders in Financial Risk Management forums
- Technology and cyber risks are reviewed regularly and monitored via both IT Council meetings and third-party IT security risk monitoring services
- Workplace safety risks and action plans reviewed during monthly WHS Steering Committee meetings
- Quality and Supplier Council with charter to monitor and mitigate emerging and longer-term supply and quality challenges, including ethical sourcing and modern slavery risks

The key risk themes, key risks and mitigating actions are also regularly tabled with the Board Risk and Compliance Committee.

5 Trading Update

Automotive sales have started positively across many of our legacy aftermarket businesses, reflecting solid wear and repair parts demand. GUD's strategically higher inventory position allows our brands to capitalise on this demand. Independent workshops continue to have strong bookings and are confident about demand. However, they remain concerned about staffing and Covid-19 related absenteeism. Cost increases are offset by pricing increases through Q1 and Q2.

APG is seeing Q1 OEM orders that remain muted due to component supply constraints. That said, we expect Q1 FY23 to improve slightly versus Q4 FY22. Further, the new Ford Ranger roll out leads us to expect further improvement through Q1 and Q2 (noting the constrained supply environment). Cost increases from Q4 are offset by price rises effective 1 July 2022. Pleasingly, the trailering business is seeing strong demand for Cruisemaster suspension products and, potentially, new products for caravan assemblers.

Water is witnessing strong demand into FY23, with sales starting positively. Cost inflation has prompted further price rises in Q2 FY23.

6 Outlook

GUD believes the automotive aftermarket will remain robust, and that its growing portfolio is in a strong position to leverage the domestic momentum and further capitalise on the opportunities presented by prospective offshore markets. The Automotive segment has a portfolio of strong brands, selling products and services that people count on every day; eighty per cent of our products are non-discretionary in nature. The large and proliferated car parc continues its steady growth, creating a defensible position for GUD. As the average vehicle age climbs, the addressable market for wear and tear, service and repair parts grows. Moreover, the net effect of tailwinds and headwinds demonstrates that the Automotive segment remains well positioned.

Further, investment in product development is proving beneficial to both short and long term outcomes. Today, multiple brands enjoy high single digit revenue contribution from products launched in the past 12 months. Strong new product development pipelines are in place to support sales through FY23 and beyond. Pleasingly, several brands are experiencing nascent success in international markets, on which we hope to build in FY23. Finally, our Portfolio Vision and ESG strategy call for GUD to become a leader in the aftermarket for electric vehicles. This year witnessed our first forays into EV, which laid the foundation for our efforts in future years.

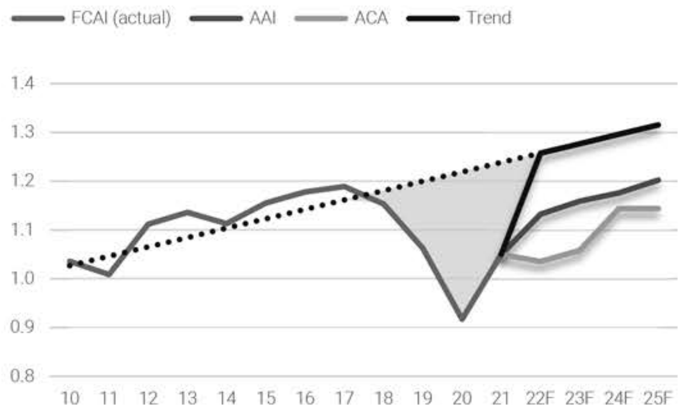
Aftermarket: Potential Covid-19 effects

↑ Tailwind ↓ Headwind

Key market drivers	Potential effect
Gross domestic product (GDP)	↑
Government stimulus	↑
Lower vehicle miles travelled	↓
Lower public transport use	↑
Higher domestic tourism	↑
Rise in used car sales	↑
Increase in average parc age	↑
More repair, less replacement	↑
Rise in DIY activities	↑
Cost inflation	↓
Supply chain disruption	↓
Export market volatility	↓

Our outlook for APG is strong as sales are projected to normalise to long-term trend. During the first half of FY23 new vehicles sales are expected to remain subdued as a result of constrained supply, but OEM sales backlogs remain at record levels. Deferred demand is set to be realised as the anticipated recovery to long-term trend takes hold in FY23 and FY24. The ongoing supply-constrained trough in sales represents an opportunity for APG as unmet demand get fulfilled. GUD believe that APG is a strong position to capture this demand as the market leader in Australia and New Zealand. In fact, we anticipate APG to capitalise on market share opportunities as competitors struggle with operational challenges as supply constraints unwind and deferred demand volumes hit the market (in additional to strong, ongoing demand for new vehicles). GUD remains confident in APG's ability to deliver its business case targets in the mid-term as OEM supply normalises. We expect EBITA skew of 45% in H1FY23.

New vehicle sales[1,2,3,4]
in millions



1. FACI: Vfacts.
2. AAI (Sep/21).
3. ACA Research (Jul/22).
4. Trend forecast using simple linear regression on 2000-2019 actuals (R^2 = 0.81).

At Group level, we expect Water performance to improve in FY23. Margin management will remain a key focus area. Acquisitions, some organic volume growth (subject to Covid-19 impacts), and focused margin management are expected to be the key profit drivers in FY23. Incremental investment is planned in FY23 to support key product development, channel, and geographic efforts to support future growth. GUD anticipate inventory to remain at elevated levels to buffer against supply chain disruptions and to strategically capture share from lower-stock competitors. However, we are planning for some moderation of inventory levels through Q2-Q3 of FY23. Our capital management efforts are focused on reducing the Net Debt / Underlying EBITDA ration to circa 2x by June 2023. GUD expect cash conversion circa 80-85%, with potential upside if supply chains start to normalise. In terms of acquisitions, we maintain our prior view. We have clear integration plans and resources in place for Vision X and APG (FY22 acquisitions). The opportunities, desire and capacity (after deleveraging) for Automotive aftermarket acquisitions are unchanged.

Sustainability Review

Message from the Chair of the Risk and Compliance Committee, and our Managing Director and CEO

We are pleased, on behalf of the Board of Directors, to present the GUD FY22 Sustainability Review.

There has been substantial progress made on our Environmental, Social and Governance (ESG) journey over the last year. At GUD we are building a culture where ESG performance is integral to who we are as people, how we operate as an organisation and how we partner with our customers and suppliers.

The Board and Executive team are committed and engaged in establishing an overall strategic and governance framework that will inspire, recognise, and reward tangible action that builds more sustainable and more successful GUD businesses. Rather than seeing ESG as something additional to our Strategy, we are taking the approach of embedding ESG within our strategy, and into how we work every day.

Under our ESG strategy development program, we have in FY22 carried out a structured materiality assessment to help define "What ESG means to our stakeholders" and "What ESG means to GUD."

At its heart, our ESG Strategy will see GUD make a positive impact on the environment, strengthen the communities we operate in and ensure we are ready to meet our customers' needs of tomorrow, today. Our ESG actions will support our strategic intent to inspire our people and attract outstanding talent. Finally, and importantly, our ESG strategy supports the Board's objectives to effectively manage risks and capture opportunities in a dynamic external environment.

We are proud to update you on the substantial progress we have made to date including the articulation of a clear set of ESG impact areas backed by ambitious targets where GUD will leverage the strengths of our people, products, and capabilities to make a difference.

GUD and our businesses will continue our ESG journey into FY23 and beyond with an aim to build upon our strong momentum in Healthy Safety and Wellbeing (HSW) and people development and further strengthen our Ethical Sourcing program. We will leverage the growth in electric vehicles and clean energy transitions and will strengthen the management of carbon emissions and waste within our value chain. Additionally, FY23 will see GUD enhance our reporting and transparency on ESG to better align with the evolving international sustainability reporting standards.

Jennifer Douglas

Independent Non-Executive Director
and Chair of the Risk and Compliance Committee

Graeme Whickman

Managing Director and Chief Executive Officer

Progress and Performance Highlights

Completed an externally focussed ESG materiality assessment	• GUD conducted a detailed externally focussed ESG materiality assessment, engaging with a broad set of external stakeholders and supported by the guidance of specialist ESG consultants
Developed GUD's ESG Strategy and Impact Areas of focus	• Developed a comprehensive ESG strategy with ambitious targets set for the mid (2025) and long-term (2030) • Six ESG impact areas are now established as the focus of GUD's ESG strategy, initiatives, and performance tracking
Portfolio vision completed with clearly articulated metrics	• Portfolio Vision established to position GUD for continued growth • Our ESG strategy and financial and non-financial success metrics are integrated and embedded into the GUD Portfolio Vision • Building a more sustainable portfolio through further diversification of customers, geographies, technologies and channels
Established and implemented compensation linked ESG metrics	• Broadened the STI incentive structure, introducing non-financial metric targets, encouraging and rewarding executives for effort focussed on ESG priorities. • With a strong focus on the impact of climate change and striving for a lower carbon economy, from FY23 the LTI structure is amended to include a tranche tied to deriving a lower percentage of Group revenues from internal combustion engine (ICE) specific products.
New 'Sustainability' category launched in GUD Excellence Awards	• The annual GUD Excellence awards are the preeminent awards across all GUD businesses • A specific Sustainability category has been added for the first time to recognise and reward outstanding performance in our EGS impact areas
Maintained strong performance in Safety Culture and People Engagement	• Safety culture performance remains in the top quartile for the sixth year running • No serious injuries of an ongoing nature were sustained in 2022 & the overall Lost Time Injury Frequency rate was again below the SafeWork Australia industry average benchmark • Strong People Engagement score at 76% favourable in the Employee Engagement survey
Implementing the Sedex platform to further strengthen the Ethical Sourcing program	• GUD adopted the Sedex platform, a globally recognised platform for supplier verification, qualification and audit which will create better transparency in being able to identify, remediate and report on modern slavery risks
Board commitment to a net Carbon Neutral GUD for Scope 1 and 2 emissions	• The Board has set a net Carbon Neutral target for GUD's distribution businesses by 2025 and GUD's manufacturing businesses by 2030 • We have now implemented tracking and reporting of energy consumption and carbon emissions on an annual basis
Rebalanced non-ICE revenue to 69% of the Automotive portfolio for FY22	• Strategic acquisitions over FY22 (APG and Vision X) have grown the non-ice share of GUD's Automotive Revenue to 69% for FY22 (up from 54% in FY18) with a full year run rate of ~74% non-ice
Capturing early growth in emerging EV and clean technology segments	• Innovative Mechatronics Group (IMG) is capturing strong early-stage growth and market interest in its services and capabilities capturing demand for Hybrid Vehicle Battery remanufacturing • Sustainability Victoria has awarded IMG a $200k grant to support the development of a circular economy business model for retired electric vehicle lithium-ion batteries

About this Review

GUD's Board commissioned Management to prepare this Sustainability Review. The Board sees this review as an important opportunity to outline and showcase the impact GUD has on its people, the environment, and the communities we operate in, as well as to identify and discuss the longer-term sustainability risks and opportunities for the Company.

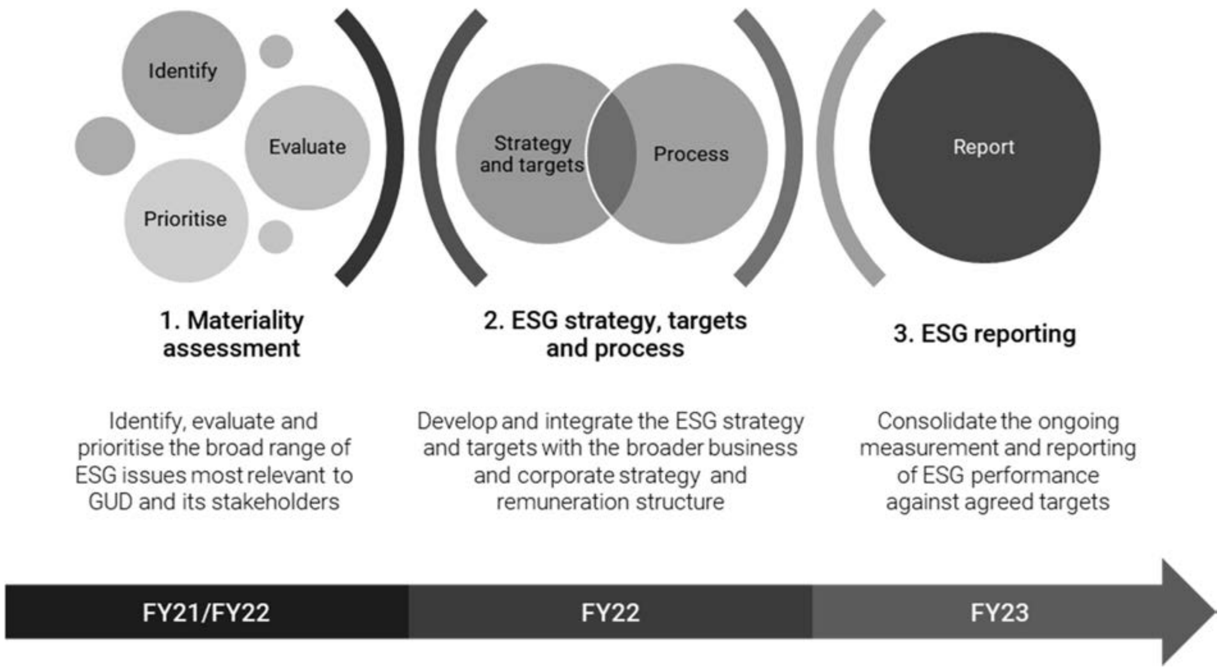
This Review covers GUD's sustainability performance across our global operations (including Australia, New Zealand, Thailand, South Korea and the USA) for the year ended 30 June 2022.

ESG Strategy Development

The GUD Board and Executive are committed to the responsible and sustainable management of our businesses. As an organisation, we continually review and evolve the key Environmental, Social and Governance (ESG) topics that could materially impact GUD and our stakeholders. In doing so we consider a range of factors, including regulatory and legislative changes, peer benchmarking, GRI and other standards, macroeconomic trends and stakeholder feedback on prior-year disclosures.

Over the course of FY22, the Board has placed significant focus, effort, and time into considering ESG issues, developing an ESG strategy and lifting the prominence and integration of ESG within decision-making, target setting, risk management, management priorities, and incentive structures.

Rather than ESG being additional to our Strategy, we have taken the approach of embedding ESG within our Portfolio Vision to build more sustainable and more successful businesses. GUD aspires to protect the environment, strengthen communities, demonstrate leadership and create value for our customers, partners, investors and people. Our ESG strategy leverages the unique strengths of GUD's people, products, and capabilities to make a difference. We are in the box seat to develop products and services to support the Electric Vehicle (EV) transition and provide consumers and customers with high-quality aftermarket EV solutions. Naturally, our strategy is also intrinsically linked with the management of ESG-related risk and the work of the Risk and Compliance Committee. The model below shows the phased ESG journey we are undertaking.



Overview of the GUD ESG strategy development program

A critical step in our ESG journey has been during FY21/22 conducting an externally focused Materiality Assessment to help define *What ESG means to our stakeholders,* informed by in-depth discussions with stakeholders to listen and understand what is most important to them and why. This process included a series of 20 interviews with investors, customers, board members and business leaders and two collaborative workshops guided by specialist ESG consultants with the GUD Board and Senior Executives.

The next step during FY22 has been to translate the outcome of the Materiality Assessment process into a definition of *What ESG means to GUD,* which has resulted in a set of ESG impact areas that form the *pillars* of GUD's ESG strategy and targets. GUD's ESG strategy, impact areas and targets are outlined in this Sustainability Review.

During FY23 the Board will oversee the enhancement of reporting and transparency on ESG to better align with the evolving international sustainability reporting standards and to show progress against the targets set in our ESG strategy.

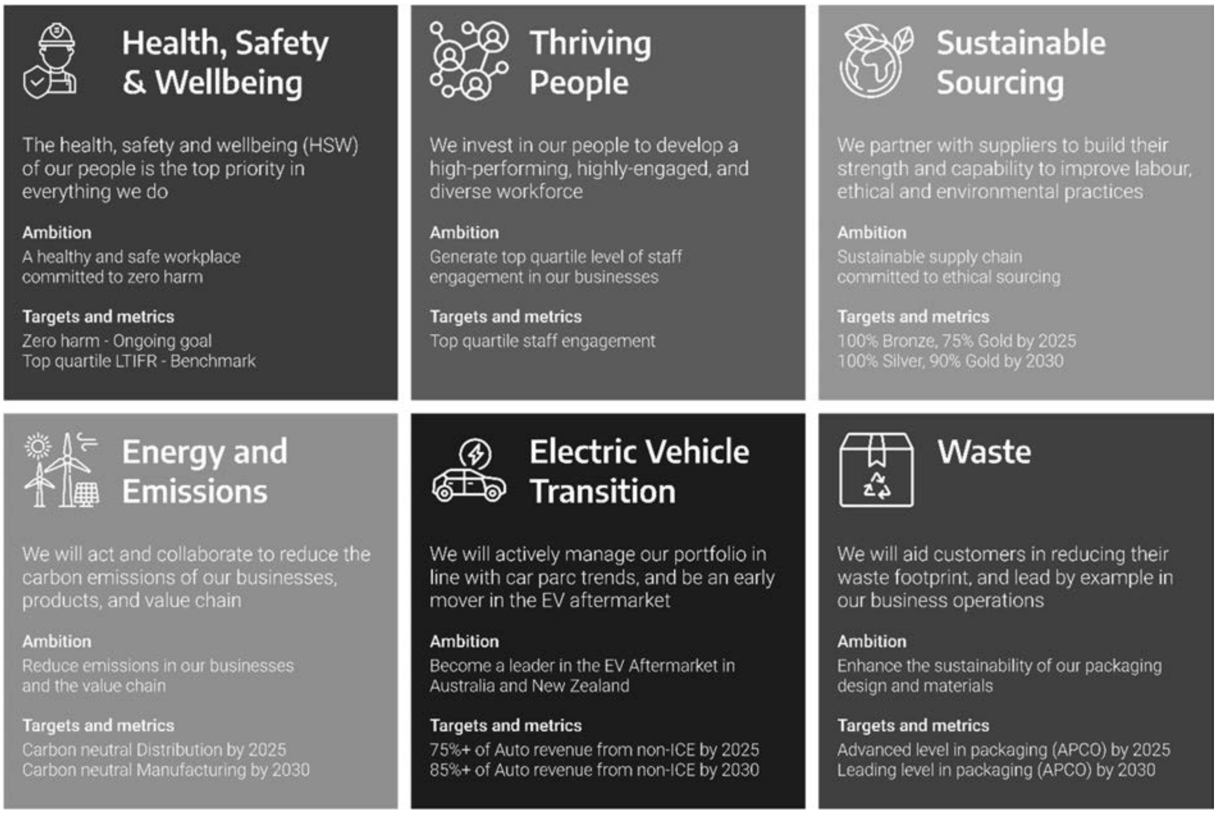
Each year GUD will continually work to improve and evolve its ESG strategy and reassess targets and strategic priorities to continue to drive performance and respond to a changing environment.

ESG Strategy (Impact Areas, Ambitions and Objective Targets)

The GUD ESG strategy identifies six Impact Areas that are most materially important to our stakeholders and where GUD can influence and create the greatest impact.

These impact areas will prioritise GUD's ESG activities, resource allocation, investment, measurement and reporting on the topics of Health and Safety, Thriving People, Sustainable Sourcing, Energy and Emissions, Electric Vehicle Transition and Waste.

The ESG strategy reinforces each impact area with a statement of ambition and objective targets for the mid-term (2025) and long-term (2030) which form an aspirational vision to inspire the performance of our businesses and our people and will form a core element of our employee value proposition.



GUD ESG Strategy Framework

Appropriate corporate governance and GUD's core value underpin our ESG approach

GUD is committed to practising high standards of business conduct and corporate governance. The Board considers that the Company's reputation for honesty, transparency, integrity, accountability, excellence and fairness is one of its most important assets—essential for the long-term performance and sustainability of the company, and for protecting and enhancing the interests of security holders and other stakeholders.

Our core values of 1) *People are at the heart of all we do* 2) *True to who we are* 3) *We give our all*, set the tone for what it means to be a part of our company. GUD has a clear set of behavioural expectations that emphasise a culture of strong corporate governance, responsible business practices and good ethical conduct, incorporated in its general Company Code of Conduct, which applies to all employees. There are several other policies complementing the Code of Conduct. These policies and codes may be found in the corporate governance section of the Company's website at https://gud.com.au/corporate-governance.

Health, Safety & Wellbeing

The health, safety and wellbeing (HSW) of our people is the top priority in everything we do

Ambition
A healthy and safe workplace committed to zero harm

Targets and metrics
Zero harm - Ongoing goal
Top quartile LTIFR - Benchmark

Performance

8.0 Lost Time Injury Frequency Rate

1.2 below industry

Safe Work Australia industry benchmark of 9.2

FY22	**8.0**
FY21	5.7
FY20	2.7
FY19	3.2

93% Safety Commitment Score

+4 over top-quartile

Qualtrics/IBM all organisations global top quartile 89%

FY22	**93**
FY21	94
FY20	94
FY19	95

At GUD, our culture is driven by a strong level of engagement, ownership and accountability for health, safety, and wellbeing (HSW)

Our HSW management system is aligned with ISO45001. Employees are involved in the HSW decision-making processes through communication, consultation, and participation. Each GUD business has a designated health and safety committee (or committees) comprising representatives of management and workers. Individual sites or departments hold regular tool-box meetings to ensure safety is top of mind.

GUD's commitment to safety continues to be rated very highly by employees. For the sixth consecutive year, Safety was rated in the global top quartile in the annual employee engagement survey. 93% of respondents felt that there was a strong commitment to safety compared to the global top-quartile benchmark of 89%. In FY22, the employee engagement survey included wellbeing for the first time, with a 76% favourable response, showing that many employees have effective strategies in place for managing their wellbeing at work.

During FY22 our HSW approach continued to be underpinned by safety leadership, employee engagement and participation, robust HSW plans, targeted risk assessments, safety audits and regular Board safety walks. We were pleased in early 2022, to appoint our first GUD Head of Safety, a role which works in support of all businesses within the Group in driving and lifting our safety focus and performance.

Our leaders live the GUD safety ethos

All GUD Senior Leaders, including those from recently acquired businesses, participate in a Safety Leadership Program which ensures awareness of and commitment to their safety obligations. Additionally, over the past year, our emerging leaders have participated in a comprehensive Safety Leadership Program. The program, run in partnership with HSE Global, places an equal emphasis on wellbeing and physical safety elements while building a deeper understanding of critical risk analysis and management.

CASE STUDY

Brown and Watson International 'Stop for Safety'

Brown and Watson International (BWI) saw a safety gap within the business' laboratories. Even though BWI's LTIFR at 3.0 is well ahead of the industry average they made the courageous decision to stop work across the entire department to bring safety up to a best practice standard.

The 'Stop for Safety' program steps included:

- A team audit of the laboratory, identifying areas for improvement.
- Formal training for the Lab and Product teams to carry out effective risk assessments.
- Review and improvement of documented work instructions for all high-risk equipment followed by team member training.
- Development of a comprehensive Laboratory Safety Procedure (LSP) which provides clarity on access, authorisation, operating procedures, safety rules, testing requirements, pre-test start approvals, emergency management, after-hours work and off-site work requirements.

Following the changes, the safety performance of the Lab team has been exemplary.

BWI Group CEO George Davies and the Brown and Watson Lab team

A concerted effort in response to COVID-19 and a changing environment remains important for employee safety, wellbeing, and mental health

As the world has opened from pandemic restrictions, we have rolled out COVID-Safe return to work plans and inductions across our businesses to maintain COVID-Safe protocols front of mind and keep our people and workplaces COVID-Safe as our people working from home have returned to their workplaces.

Our Non-Executive Directors continued their active safety engagement program with on-site safety walks and have resumed in-person (albeit physically distanced) 'town hall' meetings with staff.

Over the past year, we have strengthened the GUD Peer Support Program, developed in 2020 through our partnership with Benestar our employee assistance program provider. This program has continued to provide valuable mental health and wellbeing support to our employees in FY22. Volunteers across our businesses are trained by qualified facilitators to become 'Peer Support Officers' and take on a stress-management mentoring role within a set of parameters in the workplace. The program includes support provided by someone known to employees, prompt support to prevent other problems from arising, the guidance of employees to find more qualified help and support if needed and complements other wellbeing programs which exist within the businesses.

Our Peer Support Officers are themselves supported through quarterly 'check-in sessions' with Benestar counsellors.

The annual GUD Excellence Awards recognise and reward the leading safety programs, initiatives and people within GUD

Coming together for the first time in two years, we recognised the winners of the 2021 GUD Safety and Innovation Excellence Awards, at a function in early 2022. The awards are an opportunity to recognise and celebrate individuals and teams from across the businesses who have demonstrated key attributes in health, safety, and wellbeing leadership. The winners were:

1. *The Individual Award for Safety* – Lito Tolentino of AA Gaskets
2. *The Team Award for Safety* – Brown and Watson International Pty Ltd for their 'Stop for Safety' program
3. *The Business Award for Safety* – Griffiths Equipment Ltd for their 'Better Every Day' program.

CASE STUDY

Individual courage and commitment to safety

Lito Tolentino, AA Gaskets Team Leader, ensures the smooth and safe running of inbound and outbound deliveries through the Altona warehouse every day.

During a time-sensitive site-move project, Lito was confronted by an external delivery driver pushing to load their truck with wheeled cages of AA Gaskets product. Despite significant pressure from the truck driver to immediately complete the load, Lito took the time to assess the potential safety risks and highlighted that this style of wheeled load requires the truck to have a secure tailgate. Lito explained to the truck driver why it was not safe to load his truck and advised management that the truck would not be loaded until a truck with a tailgate was provided.

Lito's actions are a clear demonstration of GUD's values - placing health and safety as the top priority, not only for the benefit of the AAG warehouse team but also for the truck driver, other road-users and the inbound warehouse.

Lito Tolentino accepting the Safety Award from GUD CEO Graeme Whickman

CASE STUDY

Business-wide safety uplift at Griffiths Equipment

Griffiths Equipment Ltd (GEL) is a leading distributor of quality automotive products in the New Zealand Market. The GEL "Better Every Day" program was established to uplift HSW culture through every team member, every day. The program has implemented over 30 initiatives delivering improved safety, more effective communication, and strengthened safety leadership.

Key initiatives include:

- Interview program with all warehouse staff to gain their direct input into the ideas and priorities
- Third-party H&S audit to identity best-practice opportunities
- Implementing a 15kg max manual handling limit
- Purchase of variable height trolleys for picking and packing
- Wellness checks to screen for blood pressure, cholesterol, weight, and diabetes and provide referrals for further action

The breadth, scale, and holistic nature of the program impressed the GUD Excellence award judges to see GEL win the 2021 Business Safety Award

New variable height pick/pack trolleys in operation at GEL warehouse

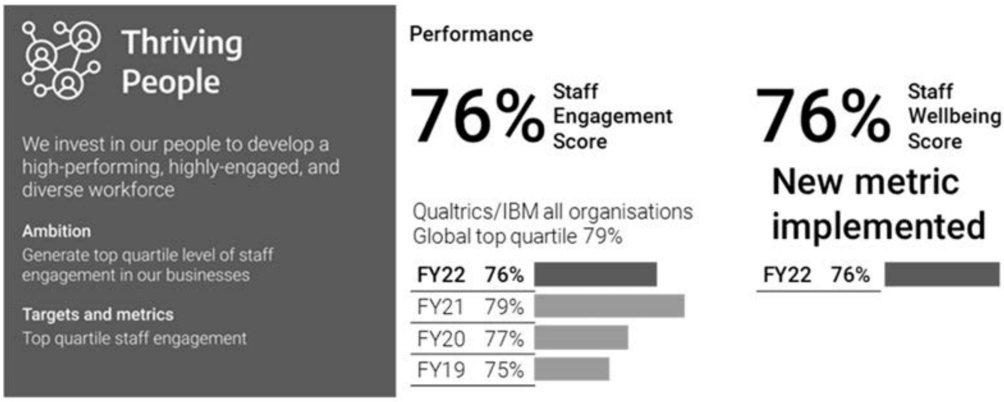
Our safety metrics and performance

There was a reduction in high consequence injuries as defined by the GRI standard – from 2 (FY21) to 0 (FY22).

At the group level including all businesses acquired over the past year, there was an increase in lost time injuries this year which were predominately musculoskeletal in nature, requiring the injured person to rest their injury. We benchmark the safety performance of each of our businesses against the Safe Work Australia (SafeWorkAU) published benchmarks applicable to each business being Wholesale Trade-Motor Vehicle Parts, Fabricated Metal Manufacturing, and Manufacturing

In comparison to the SafeWorkAU benchmark our non-manufacturing businesses' LTIFR of 2.4, continues to compare favourably to the Wholesale Trade-Motor Vehicle Parts benchmark of 9.2. The LTIFR for our fabricated metal manufacturing businesses sits at 12.1, also favourable compared to the SafeWork AU benchmark of 23.4. While our other manufacturing businesses sit at 15.2, compared to the SafeWork AU Manufacturing benchmark of 8.5. A concerted effort was placed on manual handling activities in the last 12 months and there has been a reduction in musculoskeletal injuries overall, reducing Medical Treatment and Lost Time injuries from 61% FY21 to 52% in FY22, though work here continues with programs to focus on hazardous manual practices planned into FY23.

Further information on our safety performance and metrics are detailed in the Sustainability Profile and Performance Data section of this review

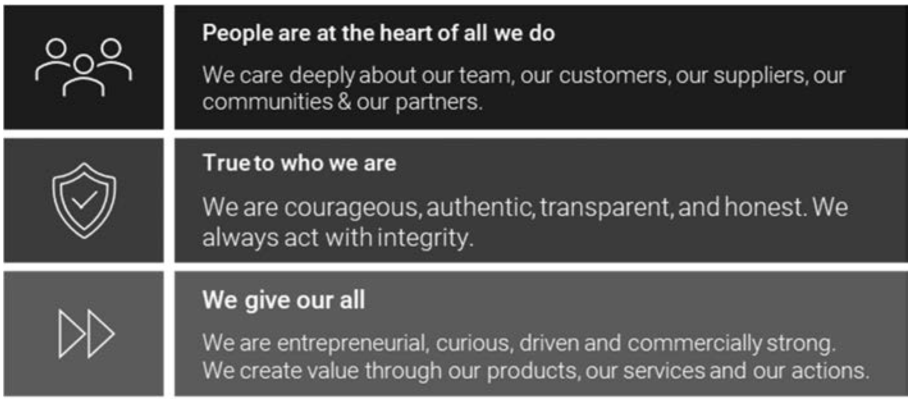


Our sound foundations – we are an inclusive organisation which treats all people fairly and equitably

We have refreshed and reinforced our core values in FY22 as our employee numbers have grown, and new businesses have integrated into GUD. These values are 1) People at the heart of all we do, 2) True to who we are, and 3) We give our all.

The Board lays the foundations for the culture at GUD and is committed to a diverse and inclusive organisation which treats all people fairly and equitably. Our leaders set and hold themselves and our people to a high standard, where not only is no one discriminated against, but where people are physically and psychologically safe and well. Our Equal Employment Opportunity Policy highlights this and reinforces the focus GUD places on inclusion. There have been no incidents of discrimination reported this year; hence our GRI Indicator 406-1 is zero. Where there is an incident, we will deal with this in line with best practice investigation procedures, including that the complainant is supported throughout the process.

At the Board level, our gender diversity exceeds the Board's target of 30% female representation at Director level. At the Senior Management level (i.e., direct reports to the Managing Director and direct reports of Chief Executives of the principal business units) our female representation on a like-for-like basis comparing businesses who were a part of the group at the same time last year, has remained at 20%. Including the introduction of the recently acquired manufacturing-orientated businesses, the proportion of women at this senior level is now 14%. Over the next 12 months, we will extend our focus to achieving greater gender diversity within all businesses.



GUD Values

Our people are highly engaged and our ESG interests are aligned

Over the course of FY22, we have completed the two-year work programme to modernise our incentive programs. Three separate non-financial metrics were introduced to the STI plan, targeting areas key to our ESG objectives they were, a key safety metric (LTIFR), a key measure of employee engagement, and a key ethical sourcing objective. Our people have told us through our regular engagement mediums that these are important to them, as they are to our broader stakeholders.

In 2022, despite the challenges of a prolonged Covid-19 impacted operating environment and the inevitable fatigue experienced by employees globally, our employee engagement rating remained strong at 76% on an annual basis, and 77% when measured on a three-year rolling basis, both above the global average of 73%, but just short of our top quartile ambition of 79% (which are measured on a three-year rolling basis and lag one year behind). Given the lag in the external measures and the incidence of 'Covid-19 fatigue' amongst global workforces, GUD's 77% may remain in the top quartile, which will be able to be confirmed once the latest-year benchmarks are calculated and published. Safety remained our highest scoring dimension in the employee survey, and we saw the dimensions related to Quality, Empowerment, Teamwork, and Growth and Development improve. In 2022 we added a new bespoke dimension, Wellbeing, which scored strongly at 76% favourable.

We continue to grow and develop our people

In a year where much has been written about the great resignation, we have worked hard to engage and retain our people. Leadership Development is one of the key foundational pillars that we set about focusing on three years ago. The strategic framework in place for our leadership programs sees a focus on Established, Emerging and Future Leaders within the businesses. Several our Established Leaders have undertaken internationally recognised development programs during 2022. During 2022 the third cohort of our Emerging Leaders Program leaders commenced the two-year, twelve-module program. We measure the progress of participants using the LSI (Life Styles Inventory) profiling tool. Early results from the first two cohorts show an increase in behaviours which lead to greater team and individual outcomes.

Our volunteering partnership with Fareshare remains an integral part of the program and an opportunity for our people to give back to the community. Also in 2022, we launched our inaugural Future Leaders Program, aimed at the next generation of potential leaders. These programs together with our partnerships with universities and support of internship programs are a part of our talent pipeline strategy.

We launched a GUD-wide internal job board during the year which ensures transparency of opportunities across the company and seeks to encourage the taking up of career progression opportunities from within the GUD network. Having launched our workplace flexibility policy just prior to Covid-19, we have continued to evolve our approach to support flexible and hybrid working arrangements.

Our partnerships with employees and unions are strong

Our partnerships between employees, unions and the organisation are constructive and are highly valued. There are six collective agreements in place across the Group. One is currently under negotiation and the remainder are due for negotiation at differing times in 2024.

We are committed to supporting our employees when they need it. In 2022 we made 10 paid days of domestic and family violence leave available to all our employees regardless of where they are located globally.

CASE STUDY

Celebrating our diversity at AA Gaskets

AA Gaskets (AAG) is the market leader in automotive gaskets in Australia and New Zealand, with a healthy stable of brands including Crossfire, MLS-R and Permaseal.

Like all our businesses, AAG is comprised of people from a diverse range of backgrounds and ethnicities. The AAG team hosted a Taste of Harmony Day as part of their actions to bring people back together after the need for physical distancing under Covid-19 protocols. With 22 ethnicities represented amongst the 23-person strong team, the event allowed the team to share their cultures through the preparation and sharing of food from their country of origin.

AA Gaskets Harmony Day festivities

CASE STUDY

Flexible ways of working at Davey

We are building a culture at Davey that can be characterised as striving for high levels of both flexibility and performance. To support the journey that Davey is on, we have invested in custom designed workspaces that will encourage greater collaboration and creativity – and provide space for communication, learning and development in a team environment. This approach creates considerable benefit where people can interact and collaborate with one another in person, both in a formal and informal capacity, as well as participate in training and interact directly with our people and products. Many of our Davey team, who have been working from home are keen to get back to the office to engage face to face with colleagues, the attraction of both the flexibility of working from home and in a refreshed and purpose-built collaboration-friendly workspace when in the office is proving a winning combination.

The all-new collaboration spaces in action at Davey Scoresby

Sustainable Sourcing

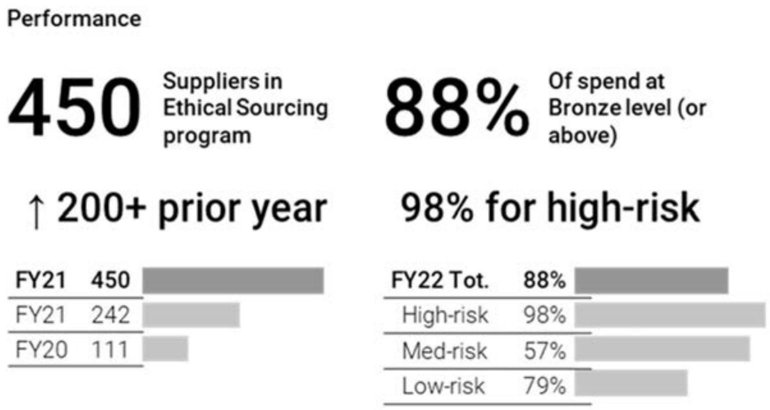
We partner with suppliers to build their strength and capability to improve labour, ethical and environmental practices

Ambition

Sustainable supply chain committed to ethical sourcing

Targets and metrics

100% Bronze, 75% Gold by 2025
100% Silver, 90% Gold by 2030



GUD's Ethical Sourcing Program builds a strong commitment to ethical and sustainable practices from our global supply base

GUD's Ethical Sourcing Program is now in its 4th year. The Program involves securing a contractually binding commitment by GUD suppliers to GUD's Ethical Sourcing Code. This is supplemented with supplier self-assessment against a detailed questionnaire to test compliance with the Code standards. In the reporting period, GUD has augmented this by introducing third-party audits.

Our Sourcing Code seeks to go well beyond compliance

GUD's Ethical Sourcing Code sets three standards - Bronze, Silver and Gold - which encompass legal, social and environmental factors. At a minimum, GUD companies require adherence by their suppliers to the Bronze standard as a minimum. Our base level of compliance, Bronze, is the standard required by the Modern Slavery Act, 2018 and prohibits any slavery-type practices as well as compliance with international labour standards and appropriate wage payments.

The Silver and Gold standards encompass work health and safety, environmental, non-discriminatory and ethical business practices. GUD companies leverage their long-term relationships with their suppliers to monitor their progress and to ensure that they strive to achieve these higher standards.

GUD Ethical Sourcing Code – Three Standards of compliance

We continue to evolve and extend our ethical sourcing program

GUD has now released its second Modern Slavery Statement, in respect of the period ended 30 June 2021, which summarises this progress and reports on actions taken by GUD to address modern slavery issues identified in the course of supplier monitoring. You can view a copy of this in the Governance section of our website https://gud.com.au/corporate-governance.

GUD's Ethical Sourcing Program is continually evolving - in terms of scope, reach and impact. With each year of the program, a higher percentage of first-tier product and component suppliers across the GUD group confirm their commitment to the Ethical Sourcing Code. Increasingly, service providers are being brought into the Program. Ultimately, second-tier suppliers will be included.

The Short Term Incentive structure now includes Ethical Sourcing as a non-financial metric to link ESG performance to remuneration

To encourage and reward business executives for the implementation and performance of the Ethical Sourcing Code, non-financial STI metrics have been broadened to incorporate ethical sourcing targets at an individual business level.

With each new GUD business acquisition, the reach of the Program is further extended. All newly acquired GUD businesses are required in their first year to self-assess against the Code, complete supply chain mapping, undertake a risk assessment of their supply chain, and ensure at least 50% (by value) of their suppliers comply with the Code. KPIs are then set to ensure the new GUD businesses align with the group objectives for supplier compliance.

We will launch the Sedex platform to GUD businesses during FY23 to further strengthen our program

In this reporting period, GUD has signed up to Sedex, a globally recognised platform for supplier verification, qualification and audit. Access to Sedex is expected to reduce task repetition, improve efficiency in monitoring supplier compliance and create better transparency in being able to identify, remediate and report on modern slavery risks.

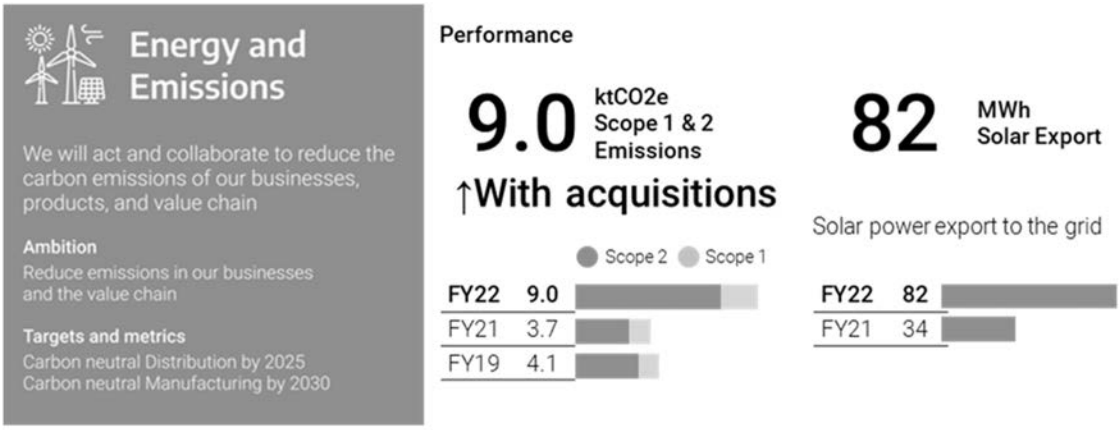
CASE STUDY

Sustainable Sourcing at BWI

In implementing the GUD Ethical Sourcing Program, BWI closely supported one of its suppliers of lighting products in China to achieve significant operational and facility improvement. Driven by feedback from the comprehensive GUD Self-Assessment Questionnaire and a customer audit, significant safety improvements have been made at the supplier including

- Introduction of new flame-proof cabinets for the safe storage of chemicals
- Comprehensive changes to the emergency evacuation program, such as: updating the alarm system, powered exit signs at doors, replacement of fire extinguishers and adding handrails to stairs
- Improved operator safety by providing vacuum extraction, face masks for soldering stations and ear plugs for welding stations.

Workstation at BWI supplier



We will act and collaborate to reduce the carbon emissions of our businesses, products and value chain.

In a collective effort to mitigate the impacts of human-induced climate change, important action is taking place globally to reduce the amount of greenhouse gas emissions released into the atmosphere. We understand that GUD and our businesses have a shared role to take action, demonstrate leadership and proactively plan for and respond to the key risks and opportunities of climate change and the related transition to clean energy sources.

As a first step, GUD is implementing the annual tracking of energy consumption and emissions including our most-recent acquisitions

In FY19 we conducted a detailed scope 1 and scope 2 emissions study which confirmed that GUD's aggregate scope 1 and 2 emissions were well below the National Greenhouse and Energy Reporting (NGER) thresholds.

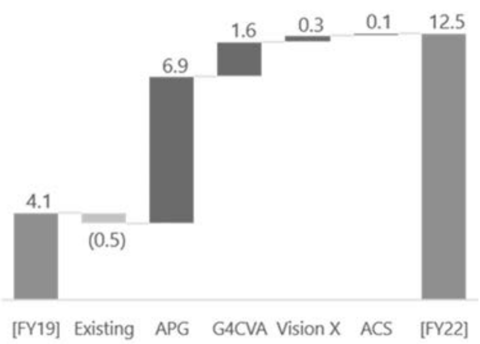
Since the FY19 emissions study, GUD's portfolio has expanded and evolved to include much greater manufacturing activity, primarily through the AutoPacific Group, G4CVA and Vision X acquisitions. The energy-intensive nature of manufacturing (including metal cutting, forming, welding and paint curing) adds to GUD's aggregated energy consumption and emissions. While GUD's emissions still remain below the NGER thresholds we have taken the voluntary step to establish the annual tracking and reporting of Scope 1 and Scope 2 emissions across all of our businesses in recognition of the importance of collective action and leadership in our industry.

Each of the GUD businesses has conducted an emissions study for FY22 year to establish a new Scope 1 and Scope 2 emissions baseline for GUD. Total GUD emissions are estimated at 12.5kt ktCO_2e per annum, measured on a full-year run-rate basis including businesses acquired during the FY22 financial year. This is a material uplift from the 4.1ktCO_2e measured in the FY19 study however is reflective of the heavy manufacturing activity of AutoPacific Group's operations in Australia and Thailand, G4CVA operations in Australia and Vision X operations in Korea.

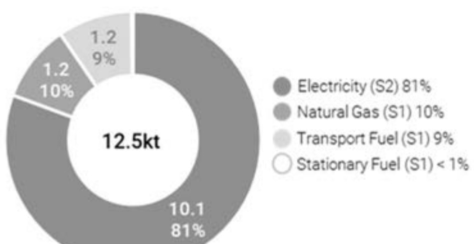
Purchased electricity (Scope 2) to power manufacturing activity is the primary driver of GUD's Scope 1 and 2 emissions

The emissions study has highlighted that ~80% of GUD's greenhouse gas emissions stem from electricity purchased from the grid (Scope 2) with smaller contributions from natural gas and transport fuel. In addition, over 80% of our emissions are concentrated in a relatively small set of six manufacturing sites. These manufacturing sites will be the focus of emissions reduction efforts through a combination of energy efficiency improvements, on-site solar generation, and the procurement of carbon-neutral electricity.

Change in Emissions FY19-FY22 Run Rate
(ktCO_2e, Scope 1 and 2 full year run rate)



Emissions Source Profile FY22 Run Rate
(ktCO_2e, Scope 1 and 2 full year run rate)



Over the next 24 months, each GUD business will be tasked with developing an energy and emissions reduction plan to contribute to GUD's net carbon-neutral ambitions.

GUD has set a net Carbon Neutral ambition for Scope 1 and 2 emissions

GUD is committed to playing an industry leadership role and working towards recognition as a net Carbon Neutral organisation for Scope 1 and 2 emissions.

We have set an ambitious target for our distribution businesses to be net Carbon Neutral (Scope 1 and 2) by 2025 and our Manufacturing businesses to be net Carbon Neutral by 2030 considering the greater complexity and energy intensity of manufacturing. We aim to demonstrate leadership, share our experience and promote broader action in our industries and value chains to support a Net Zero future.

During FY23 GUD will undertake a Scope 3 'hot-spot' assessment with select businesses to identify the primary sources of Scope 3 emissions within GUD's value chain and identify emissions reduction opportunities.

CASE STUDY

Energy Tracking and Management - BWI

GUD has invested in an online electricity metrics dashboard for all Australian businesses to track their electricity consumption and emissions on a yearly, monthly, and daily basis. This data will inform and drive action and business decisions to better manage and reduce energy consumption.

The team at BWI have been using this tool over the FY 22 to conduct a detailed energy review of their Knoxfield distribution centre. Actions from the review have generated a ~20% reduction in electricity spend through high impact 'quick win' initiatives including:

- The conversion of office lighting to low-energy LEDs
- Optimisation of the automated on/off time settings for the plant air compressors which has reduced overall run-time and shifted demand to off-peak times
- Management of office heating/cooling zones which has improved HVAC system efficiency and flattened the site peak load curve

Building on this success, the BWI team will focus on further initiatives for implementation in FY23 including installing LED lighting for outdoor applications, upgrading the air-conditioning systems, and on-site solar generation.

BWI Energy and Emissions Dashboard

CASE STUDY

Vehicle light weighting for improved fuel economy

TriMotive is a leading tier-one supply partner to the major automotive vehicle manufacturers, specialising in end-to-end solutions in the vehicle accessory space.

TriMotive's automotive OEM customers are aggressively pursuing weight reduction to improve vehicle fuel economy, reduce corporate average emissions and offer consumers a stepped transition into the low carbon future.

Awarded the towbar supply contract for the new model Ford Ranger, the Trimotive team set about and end-to-end redesign of product, manufacturing process, materials and supply chain with a focus on weight minimisation whilst maintaining performance characteristics. This innovative whole of value-chain design approach delivered a 14 kg or 45% weight saving over the previous model design, which directly translates to reduced fuel consumption and carbon emissions of vehicles on the road and competitively positions Trimotive as a low-carbon supply partner of choice.

New Ford Ranger high-strength light-weight tow bar

Electric Vehicle Transition

We will actively manage our portfolio in line with car parc trends, and be an early mover in the EV aftermarket

Ambition

Become a leader in the EV Aftermarket in Australia and New Zealand

Targets and metrics

75%+ of Auto revenue from non-ICE by 2025
85%+ of Auto revenue from non-ICE by 2030

Performance

69% Automotive revenue from non-ICE

+9 ppts
Automotive only

FY22	**69%**
FY21	60%
FY20	59%
FY19	59%

74% Total revenue from non-ICE

+6 ppts
Including Water portfolio

FY22	**74%**
FY21	68%
FY20	69%
FY19	69%

Becoming a leader in the EV Aftermarket in Australia and New Zealand

We have set an ambition to be a leader in the EV Aftermarket in Australia and New Zealand, leveraging the long-term transition of automotive powertrains towards electrification (and other clean energy technologies) which is being accelerated year on year by regulatory change, technological advancement, OEM investment, and shifting consumer trends.

The uptake of electric vehicles (EV) in Australia has been relatively slow to date with EVs representing a small slice of the total car parc, however, growth signals remain strong with 20,665 new electric vehicle sales in 2021 tripling the 6,900 EVs sold in 2020. We understand that the electrification of the vehicle fleet will be critical to achieving national net-zero commitments as the transport sector is the second largest contributor (18%) to Australia's carbon footprint. Global and national efforts to accelerate the net-zero timeframes are likely to provide further tailwinds to EV adoption by increasing OEM supply and consumer demand.

To position GUD at the forefront of the EV transition in Australia GUD has joined the Electric Vehicle Council. The Electric Vehicle Council is the national industry body representing businesses involved in producing, powering and supporting EVs, the Council 'aims to accelerate the electrification of road transport for a more sustainable and prosperous Australia'.

Our businesses are actively exploring early-mover opportunities in electric vehicles

GUD's Innovation program led the inaugural GUD EV summit held in 2H FY22. This summit brought together business and product development leaders from across GUD to learn about the emerging trends in electric vehicles. Exploring the lessons of international markets with higher EV adoption rates, the team completed a teardown study to better understand EV products (including powertrain, batteries, charging, sealing, cooling systems), collaboratively scoped EV businesses opportunities, and identified future capability needs. The EV summit was a strong success, leading to the scheduling of a second EV summit to be held in 1H FY23.

CASE STUDY

Projecta to launch EV accessories range

Projecta is a renowned brand in automotive battery and power management products. Projecta's strong technical and supply chain capabilities are well aligned to the emerging market needs for EV-specific power and charging accessories.

Based on market research and an interview program of EV drivers, Projecta is developing a range of essential EV gear *'that every EV driver should have'* including charging cables, adaptors and accessories to suit most makes and models of electric vehicles and charging stations. The initial EV product range will be launched to market through established channels and promoted in the Projecta catalogue. This launch will mark a strategic and early-mover entry to the emerging EV market for the Projecta brand, starting with a range of 14 SKUs to test market needs and learn from solving real-world user problems.

Projecta Product Catalogue

Recent acquisitions have shifted our underlying portfolio weighting further towards non-ICE products

In the short to medium term, we will continue to actively manage our portfolio in line with car parc trends leveraging our existing strengths in combustion-based categories (e.g., engine oil and air filtration), growing activity in non-ICE segments (including lighting, power management and 4WD accessories) while exploring early-mover EV opportunities (e.g., hybrid vehicle battery refurbishment).

The FY22 acquisition program saw AutoPacIfic Group and Vision X join the GUD automotive portfolio. Both businesses produce non-ICE linked products continuing the strategic deleveraging of our portfolio's exposure to ICE-specific products. Including organic growth and acquisitions, GUD has strategically shifted the portfolio mix of automotive revenue from non-ICE segments from 54% in FY18 to 69% in FY22.

Innovative Mechatronics Group (IMG) is translating its automotive electronics capability to commercialise EV business opportunities

Electric Vehicle products and services are a natural extension of the IMG's core capability set in electronic components, diagnostics, repairs and remanufacturing. IMG has now established a dedicated business unit and appointed a General Manager to incubate and commercialise new growth corridors in the circular economy, energy storage and electric mobility. IMG's recent innovations include the establishment of Australia's first nationwide hybrid vehicle battery remanufacturing program and being awarded a $200,00 business support grant from Sustainability Victoria to create a sustainable business model for repurposing retired electric vehicle batteries for stationary energy storage.

CASE STUDY

Expansion of IMG's hybrid vehicle battery program

Innovative Mechatronics Group (IMG) established the first nationwide remanufacturing program for batteries from hybrid electric vehicles (HEV). Genuine replacement batteries for HEV are expensive (up to 25% of vehicle value at the time of failure) and without the battery, there is no economic (mileage) or environmental (tailpipe reduction) benefits from driving a HEV. Engineers at IMG developed a process for identifying and removing 'unhealthy' cells from a battery pack and combining 'healthy' cells in a rebalanced new pack for in-vehicle use. The remanufactured batteries come with all the companion components and are a true plug-and-play solution.

In the second half of FY22, the company expanded its reach through the asset purchase of Hybrid Battery Rebuild, Victoria's leading remanufacturer of HEV batteries. All staff and IP integration has been completed and the team are focused on leveraging IMG's national scale to build on HBR's success in Victoria.

Hybrid EV battery testing station

CASE STUDY

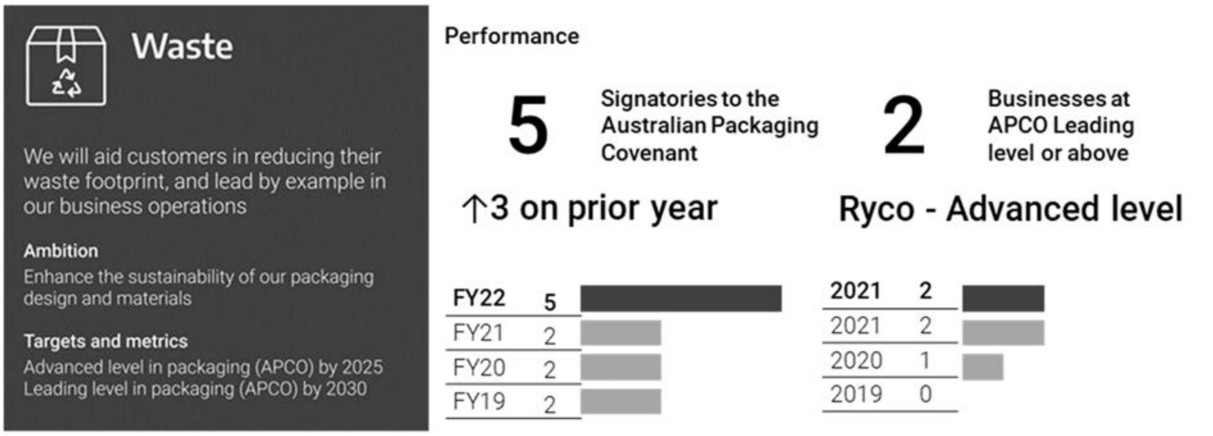
Battery energy storage system pilot

As lithium-ion batteries begin to dominate the waste stream as by product of the EV industry, alternative sustainable and responsible end-of-life waste management methods need to be developed.

IMG has been awarded a $200k 1:1 co-contribution grant by Sustainability Victoria to develop a circular economy business model to create Australia's first scalable reuse and recycling program for retired electric vehicle lithium-ion batteries (still having 70-80% of full capacity) into commercial Battery Electric Storage Systems (BESS) which can be coupled with a photovoltaic solar system to provide 24/7 power and cut grid-energy consumption and carbon emissions.

Using retired Nissan Leaf EV batteries, the IMG team have successfully commissioned their first fully operational pilot storage system in June 2022. Real-world testing and development of this system over the next 12-24 months will be fundamental in proving the concept to end-users and refining a successful business model.

Battery Energy Storage System (BESS) made with EV cells



GUD will aid customers in reducing their waste footprint, and lead by example in our business operations

We seek to minimise waste within the GUD value chains including upstream suppliers, GUD facilities and downstream customers and consumers. We understand the most significant waste points in our value chain occur outside of GUD's doors and in particular the disposal of product packaging by our customers and end-users. Hence GUD can have the greatest impact on waste reduction by ensuring products leave our facilities with sustainable packaging designs and recyclable, reusable or compostable materials built in to minimise the potential of waste to landfill.

During FY23 GUD's Australian businesses will become signatories to the Australian Packaging Covenant

Several of our businesses are long-term signatories to the Australian Packaging Covenant, however, we are committed that all our Australian businesses acquire membership of the Australian Packing Covenant Organisation (APCO) as a minimum expectation. This process will see the adoption of best-practice sustainable packaging principles across our businesses and a commitment to annual tracking and reporting of progress and performance. This program was kicked-off within GUD with Sustainable Packaging webinar presented by APCO experts to the GUD businesses in April 2022.

We have set an ambitious target for GUD business to be recognised as 'Advanced' level in sustainable packing by 2025

The APCO reporting framework provides a benchmark to measure the progress of businesses in implementing sustainable packaging actions and delivering desired outcomes. From FY23 our Australian business will report against this framework with an ambitious target to achieve an 'Advanced' level by 2025 by demonstrating tangible action and outcomes in packing sustainability. We will leverage the experience of the Ryco and BWI businesses who have been APCO members for several years and have achieved Leading and Advanced levels respectively for 2022.

CASE STUDY

Sustainable packaging review: Ryco Service Kits

Ryco's filter kit range is a rapidly growing segment for the business. With the range and volumes now reaching a significant scale due to increased market demand, the Ryco team have identified an opportunity to redesign and improve the filter kit packaging. Ryco has established a packing review program that has identified several innovations in packaging design that can deliver significant benefits to both customers and the business including enhanced protection during transit, reduced customer shelf-space, ~20% reduction in transport and warehouse cube volumes. During FY23 Ryco will work with their customers to refine and endorse the changes and launch the redesigned packaging to market.

Ryco 4WD Service Kit

GUD Excellence Awards

The preeminent awards across all GUD businesses, the annual GUD Excellence Awards celebrate the truly extraordinary people and teams that makeup GUD and the outstanding efforts that they put in to create value for our customers, suppliers, community, and partners.

The 2021 GUD Excellence Awards were an especially important opportunity to bring together GUD people from across Australia, and businesses old and new following prior years of Covid-19 travel restrictions. The awards night was a resounding success with host, automotive enthusiast, and avid fan of GUD products Shane Jacobson entertaining the crowd and celebrating the winners on stage.

GUD people celebrating the 2021 Excellence Awards finalists and winners

Sustainability will now be elevated as a stand-alone category from 2022 in recognition of its importance within GUD

Building on our Health and Safety, and Innovation focus the GUD Excellence awards have been expanded to elevate Sustainability to a stand-alone category. In November 2022 we will celebrate the top three finalists and winning submissions across GUD businesses in the areas of

1. Health, Safety and Wellbeing – Individual, Team and Business
2. Innovation – Product Innovation, Process Innovation, Innovation Partnership
3. Sustainability

We will share highlights from the Excellence Awards winners in this and subsequent Sustainability Reviews.

Integration of new businesses

CASE STUDY

New Acquisitions: Vision X embracing the GUD safety ethos

New acquisitions in FY22 took up the challenge to improve their safety health and wellbeing systems and programs. Some businesses undertook internal safety walks and audits to find and address hazards in their workplaces, while others took up the offer of a GUD HSW Compliance and Management Audit (through the GUD cross-company audit program) to get a full picture of their current state and identify learnings and opportunities for improvement. President of Vision X USA and Korea, Tony Georgitsis acknowledges they were “doing a good job of looking after Vision X team members’ safety and wellbeing before, and now they do a ‘great job’ of this”.

Vision X USA Team

Corporate Governance

GUD's governance framework plays a critical role in helping the company deliver on its ESG strategy. It provides the structure through which business objectives are set, performance is monitored, and risks are managed. It includes a framework for decision making across the company and provides guidance on the standards of behaviour expected of GUD's people.

As part of the thrust to develop and integrate the ESG strategy and targets with the broader corporate and business strategy, the Board has broadened the STI incentive structure, introducing non-financial metric targets, encouraging and rewarding executives for effort focussed on ESG priorities. For FY22 and FY23, emphasis is placed upon safety, employee engagement and ethical sourcing. This emphasis may change in the future, particularly after we conclude our strategy development. Longer term, the impact of climate change and striving for a lower carbon economy, sees the LTI incentive structure amended from FY23 to include a tranche tied to deriving a lower percentage of Group revenues from internal combustion engine (ICE) specific products.

The Board has adopted policies, including a general policy on corporate governance, a code of conduct and a share trading policy, which together include procedures specifically for Directors in relation to Directors' duties and conflicts of interest, dealings in Company shares, obtaining of independent professional advice and ensuring full and timely access to such information necessary for Directors to discharge their responsibilities.

These policies and codes may be found in the corporate governance section of the Company's website at gud.com.au/corporate-governance.

GUD complies with the 4th edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (the ASX Principles and Recommendations).

GUD's governance framework and main governance practices for the year ended 30 June 2022 are detailed in our 2022 Corporate Governance Statement. This statement, together with GUD's ASX Appendix 4G, which is a checklist cross-referencing the ASX Principles and Recommendations to the relevant disclosures in GUD's Corporate Governance Statement, FY21 Corporate Report and website, is lodged with the ASX.

Next steps FY23 and beyond

GUD continues its ESG journey into FY23 and beyond. With our ESG strategy and targets now in place and an STI incentive structure encouraging and rewarding executives for efforts focused on ESG priorities we look forward to updating you on our progress over the next year in the FY23 Sustainability Review.

During FY23 we will also undertake a review to enhance our ESG reporting, this exercise will include assessing the convergence of international sustainability reporting standards currently in progress including the work of the newly created International Sustainability Standards Board (ISSB). We will align our reporting with appropriate internationally recognised standards and demonstrate progress against the targets set in our ESG strategy.

Further detail on GUD's sustainability metrics, performance and past-year data is presented in the 'Sustainability Profile and Performance Data' appendix of this report.

Appendix: Sustainability Profile and Performance Data

Reporting Notes

GUD seeks to continuously enhance its disclosures utilising the GRI Standards to improve the comparability of our reporting. Selected Global Reporting Initiative (GRI) Standards were leveraged to inform the content and scope of the report where applicable and accordingly, this report is GRI-referenced.

Health, Safety & Wellbeing

GRI Indicator 403-9 Work-related injuries	FY20		FY21		FY22	
	Number	Rate[1]	Number	Rate[1]	Number	Rate[1]
For employees						
Fatalities as a result of work-related injury	0	0	0	0	0	0
High consequence work-related injuries[2]	1	0.68	2	1.13	0	0
Lost Time GUD total	4	2.7	10	5.7	21	8.0
Wholesale trade motor vehicle	-	-	-	-	3	2.4
Fabricated metal manufacturing	-	-	-	-	10	12.1
Manufacturing	-	-	-	-	8	15.2
Recordable work-related injuries[3]	10	6.8	45	25.5	52	19.8
Main types of work-related injuries	Manual handling, slips, trips and falls		Sprains, strains, cuts, slips/trips and falls		Sprains, strains, cuts, slips/trips and fall	
Number of hours worked	1,464,942		1,766,697		2,623,190	
For contractors[4]						
Fatalities as a result of work-related injury	0	0	0	0	0	0
Lost Time[3]	-	-	0	0	0	0
High consequence work-related injuries[2]	0	0	0	0	0	0
Recordable work-related injuries[4]	0	0	0	0	0	0
Main types of work-related injuries	-	-	-	-	-	-
Number of hours worked	41,189		92,265		208,324	

1. Rates are per 1,000,000 hours worked
2. Data prior to FY21 has counted LTIs in the high consequence category. From FY21 onwards LTIs are excluded from the high consequence category as per the GRI standard
3. FY22 Recordables include total lost time injuries and medical treatments that are outside of the GRI metric. Data includes the new acquisitions of APG and Vision X.
4. Contractors are all workers who are not employees but whose work and/or workplace is controlled by the organisation.

Work-related hazards	FY22
The work-related hazards that pose a risk of high-consequence injury, including actions taken or underway to eliminate these hazards and minimise risks using the hierarchy of controls.	We have developed controls that respond to identified high-risk workplace hazards in areas including: • Mobile Equipment (e.g., forklifts) • Driving • Materials falling from heights • Individuals falling from heights • Electrical safety • Manual Handling

Thriving People

Staff Engagement Survey Scores

Employee Engagement Survey	FY19	FY20	FY21	FY22
Employee Engagement Score	75%	77%	79%	76%
Engagement Global 75th Percentile[1]	77%	77%	79%	79%
Employee Wellbeing Score	n/a	n/a	n/a	76%
Safety Commitment Score	95%	94%	94%	93%
Safety Global 75th Percentile[1]	88.5%	88.5%	89%	89%

1. Global 75th Percentile values are Qualtrics/IBM all organisations benchmark values updated each year

Workforce demographics

GRI 102-8 Employees & other workers	FY20		FY21			FY22		
	Male	Female	Male	Female	Non-binary	Male	Female	Non-binary
Number of full-time employees	545	203	852	244	1	1,492	378	1
Number of part-time employees	6	27	13	22	0	19	32	0
Number of temporary employees	13	18	18	10	0	109	24	0
Total number of employees	564	248	883	276	1	1,620	434	1
Percentage of employees	69%	31%	76%	24%	-	79%	21%	-

GRI 405-1.a Board Composition[1]	FY20		FY21		FY22	
	Number	%	Number	%	Number	%
By Gender						
Male	4	67%	4	57%	4	67%
Female	2	33%	3	43%	2	33%
By Age						
Under 30 years old	0	-	0	-	0	-
30 - 50 years old	0	-	0	-	0	-
Over 50 years old	6	100%	7	100%	6	100%

1. Board composition includes the Managing Director
2. GUD targets at least 30% female representation at the Board level

GRI Indicator 401-1 New employee hires[1]	FY20		FY21		FY22	
	Number	Rate[1]	Number	Rate[1]	Number	Rate[1]
Employee new starters by gender						
Male	76	76%	175	78%	294	74%
Female	24	24%	49	22%	103	26%
Employee new starters by age group						
Under 30 years old	25	25%	72	32%	141	36%
30 - 50 years old	58	58%	121	54%	187	47%
Over 50 years old	17	17%	31	14%	69	17%
Employee new starters by region						
Australia	79	79%	202	90%	314	79%
New Zealand	21	21%	22	10%	65	16%
Thailand					16	4%
Other					2	1%
Total	**100**	**12%**	**224**	**19%**	**397**	**19%**

1. For gender, age group and region the new hire rate is the percentage of total new hires; The total new hire rate is the percentage of total employees

Sustainable Sourcing

Ethical Sourcing Program	FY20	FY21	FY22
Suppliers assessed (Number)	111	242	450
Suppliers at Bronze or above (% of spend)	n/a	**79%**	**88%**
High Risk	n/a	98%	98%
Medium Risk	n/a	90%	57%
Low Risk	n/a	58%	79%

1. Further FY22 data will be published in the 2022 GUD Modern Slavery Statement, you will be able to view a copy of this in the Governance section of our website at https://gud.com.au/corporate-governance.

Energy & Emissions

Energy Consumption and GHG Emissions	FY19	FY20	FY21	FY22
Energy Consumption				
Total energy consumed (GJ)	26,920	n/a	26,800	66,820
Total electricity consumed (MWh)	3,140	n/a	3,000	10,330
Estimated GHG Emissions				
Scope 1 Emissions (tCO_2e)	1,010	n/a	1,050	1,820
Scope 2 Emissions (tCO_2e)	3,100	n/a	2,620	7,130
Scope 1 + Scope 2 emissions (tCO_2e)	4,110	n/a	3,670	8,950

Electric Vehicle Transition

ICE/Non-ICE Revenue Mix	FY19	FY20	FY21	FY22[1]
Non-ICE revenue % (Automotive portfolio)	59%	59%	60%	69%
Non-ICE revenue % (Total)	69%	69%	68%	74%

1. Captures non-ICE revenue for reporting period; run rate including full-year contributions from acquisitions show a higher rate.

Waste

Australian Packaging Covenant	FY19	FY20	FY21	FY22
Signatories Businesses	2	2	2	5
Business at Leading level (or above)	0	1	2	2

Product Recalls

Safety is held in very high regard at all GUD businesses and safety extends beyond company walls to those who handle and use our products. One way we monitor our product safety record is by actively managing product recalls. GUD business had three product recalls in FY22, at Davey, ACS and Cruisemaster (prior to GUD acquisition). GUD product recalls compared with industry recall rates are illustrated in the table below.

Product Recalls[1]	CY17	CY18	CY19	CY20	FY22
GUD businesses[2]	1	0	1	0	2
Industry sector total[2,3]	187	217	260	158	240
GUD % of total	0.5%	0.0%	0.4%	0.0%	0.8%

1. Product recall reporting was updated to the financial year period from FY22. Prior year data (CY17 to CY20) is reported by calendar year.
2. The Cruisemaster FY22 product recall is excluded from the data table as it occurred prior to acquisition by GUD.
3. Relevant Industry sectors included are Cars, Trucks and Busses, Caravans and motorhomes, Trailers and Pools and Spas. Australian Industry recall data is reported online at www.productsafety.gov.au/recalls and www.vehiclerecalls.gov.au

Legal Action

In the past year, we have had no legal actions; hence our GRI Indicator 206-1 is zero.

Remuneration Report

Message from the Chair of the Remuneration, People & Culture Committee

As Chairman of the Remuneration, People & Culture Committee (RPCC or the Committee), I am pleased to present the Remuneration Report for the 2022 Financial Year. The Board is appreciative of the work done by all employees over this past year - a year in which the wider environment in which we operate continued to present unprecedented challenges for us all.

Business Performance

Our established Aftermarket businesses continued to perform strongly over the past year, posting record results reflecting positive delivery of our strategy, efforts & strong operational fitness disciplines. Our work with Davey through FY22 was to ensure our new management team reset the business and demonstrate improving underlying run rate performance, linked to the significant go to market changes implemented. The acquisitions made through the year have been well executed, and we are now in a period of transition in respect of Vision X and APG, resulting in an Automotive portfolio that will be market leading, and set us up well for future growth and sustainability.

Whilst we have had record operating income from our Aftermarket business units, we have been hampered by the short-term impacts of new vehicle supply constraints. This is transitional in nature and the combination of New Vehicle and Aftermarket revenue streams are very positive for the future.

FY22 Remuneration Outcomes

GUD's Total Shareholder Return (TSR), including dividends reinvested, for the three-year performance period to 30 June 2022 was 8.82%, ranking GUD 55th out of 135 companies within the comparator group. This will result in the LTI vesting as per plan rules, and an award of 69% of the possible award being granted to EKMP. Targets under the FY22 Short-Term Incentive (STI), which were set and measured exclusive of acquisitions undertaken during the year, have also been met.

The Board has exercised prudent caution over recent Covid-19 impacted years. During FY20 and into early FY21, both Executives and Non-Executive Directors reduced their fixed remuneration by 20% for a limited period. Over FY20, no incentives were received by Executives. In FY21, Executives received a short-term incentive, and no long-term incentive, serving as a further reminder that incentives are by no means assured.

Subsequent to year end, on 12th August 2022, the Board of Directors resolved to amend the one-year additional service period restriction to add a further qualifying factor that in any event the restriction does not lift until the share price is equal to or higher than the equity raise price in December 2021 (i.e., $10.40).

Talent Retention and Development

With the war for talent being felt acutely in the wider environment over the past year, the Committee has focused on ensuring the alignment, retention, and development of our key people. The Committee has undertaken two detailed talent and development reviews of Senior Executives charged with delivering on strategic imperatives. Additionally, the business has embarked on an emerging talent development program.

Review and Modernisation of Incentives

The Board's objective is to pay executives and other employees at GUD appropriately and fairly and according to contemporary market practices. We strive for a remuneration policy and practice that supports GUD's strategy and that attracts, motivates, and retains key employees, in the best interest of all stakeholders. Three years ago, the Board began a journey of modernisation of executive and senior management incentives. Under this work program, in FY20 we introduced a positive TSR hurdle under the Long-Term Incentive Plan (LTI). In respect of the Short-Term Incentive Plan (STI), we have enhanced the Board's discretion around malus, and have stipulated the requirement for a positive CVA EBIT hurdle before any incentive can be achieved. The FY22 STI was updated to include a deferred equity element and the inclusion of non-financial metrics. I share further detail of these updates in this report and a summary is as follows.

Short term Incentives

In FY21 the Board updated the executive and senior manager short-term incentive program. These updates were incorporated in the FY22 STI and saw the retention of the core CVA element of the plan, along with the addition of three non-financial metrics (NFM) based on our strategy and ESG alignment.

These NFM focus executives on further growing employee engagement, and on driving to achieve top quartile safety and ethical sourcing outcomes. Realisation of the NFM award requires attainment first of the financial CVA element of the plan, and if achieved, results in the award of deferred equity.

Following a comprehensive market study, the variable remuneration of the CEO under the STI was moved from 26.67% to 40% at target for the STI cash component, and from 40% at maximum to 60%. Introduction of the NFM creates an additional STI opportunity for achievement of deferred equity at the level of 15% at target and 30% at maximum. In the case of EKMP, the target and maximum for the cash component remain unchanged at 35% at target, and 52.5% at maximum. For EKMP the introduction of the NFM creates an additional STI opportunity at target of 10% and at maximum of 20%. This change brings the CEO & EKMP in line with their respective peer group.

Long term incentives

During the year, the Board completed the second element of the incentive review, focused on the LTI, by drawing on external remuneration benchmarks and comparisons. The Board have determined to add two additional measures to the LTI from FY23 onwards. These are Earnings Per Share (EPS) and an Environmental Sustainability measure of percentage of the automotive business revenue derived from non-internal combustion engine vehicles (non-ICE). The weighting of these incentives for the FY23-25 LTI plan is 80% in favour of the financial metrics of TSR & EPS, and 20% toward the sustainability measure. Additionally, to receive the award for the sustainability measure, the EPS measure must first be met.

In conjunction with the addition of these measures, the overall percentage of fixed remuneration able to be earned (in equity) under the LTI will be increased for the FY23 LTI. In the case of the CEO, the amount at target will move from 40% to 50%, and at maximum, from 60% to 80%. In the case of EKMP, the change will be from 15% at target to 22.5%, and from 30% at maximum to 50%. These changes bring the LTI into line with contemporary plans.

For the three years to Financial Year 2025, the Board have determined the ASX 300 Consumer Discretionary Index is a more appropriate comparator group to the current ASX Small Ordinaries Index, with peer companies in the same or similar sectors as GUD. Before making this change, the results of both peer groups were tested retrospectively to ensure fairness to all stakeholders.

In seeking to support retention of executives, the Board has reset treatment of those executives who voluntarily resign their employment, to see greater forfeiture of unvested incentive securities.

Review of Non-Executive Director and Executive Remuneration

A review of the Managing Director & CEO's fixed remuneration was carried out using data from the last benchmarking review undertaken in early 2021. The increase applied for the FY23 year is consistent with the general employee population. The same approach was taken in reviewing Non-Executive Director fees.

Given the recent growth of the business, an updated review of fixed remuneration will be undertaken during FY23.

Alignment of Stakeholder Interests

The Board are pleased to see continued strong participation in the established NED's and Executive share plans. These plans will shortly be complemented with the establishment of a general employee share plan agreed by the Board during the year.

Having rolled out the next step in the review and modernisation of the incentive programs, the Committee will turn its attention in FY23 to an updated and contemporary presentation of the FY23 Remuneration Report.

I look forward to discussing the remuneration practices and outcomes at the Annual General Meeting of Shareholders later this year and will be happy to answer any questions you may have.

David Robinson

Independent Non-Executive Director
and Chair of the Remuneration, People & Culture Committee

This report forms part of the Directors' Report and has been audited as required by Section 308(3C) of the Corporations Act 2001 and has been prepared in accordance with the Corporations Act 2001. The report is outlined in the following sections:

1 Who this Report covers
2 Remuneration Governance
3 EKMP Remuneration Strategy and Structure
4 Remuneration for the Managing Director and EKMP
5 Link between Performance and Remuneration Outcomes
6 Service Agreements
7 Non-Executive Directors' Remuneration
8 Other KMP Transactions

1 Who this Report covers

The Board has determined that the Key Management Personnel (KMP) definition comprises Board members, the Managing Director, and the Group Chief Financial Officer.

The key management personnel (including Non-Executive Directors) of GUD Holdings Limited, and its subsidiaries, during the year FY22 have been identified as the following persons:

- G A Billings (Non-executive)
- D D Robinson (Non-executive)
- J A Douglas (Non-executive)
- C L Campbell (Non-executive)
- J C Pollaers (Non-executive)
- A L Templeman-Jones (Non-executive) – Retired 31 August 2021

  (Collectively, the Non-Executive Directors)

- G Whickman (Managing Director)
- M A Fraser (Chief Financial Officer)

  (Collectively, the Executive KMP (EKMP))

2 Remuneration Governance

The Remuneration, People and Culture Committee, chaired by Mr David Robinson, has oversight on behalf of the Board of all people, capability and culture policies and practices, including those pertaining to compensation and people management frameworks.

The Remuneration, People and Culture Committee is responsible for making recommendations to the Board on remuneration policies and packages applicable to the EKMP.

The Remuneration, People and Culture Committee consists of the five Non-Executive Directors and is responsible for determining a framework and the company's remuneration policies, generally. Amongst other things, it advises the Board on remuneration policies and practices in general, and makes specific recommendations on fees, remuneration packages, incentives and other terms of employment for EKMP.

A copy of the Remuneration, People and Culture Committee Charter is available under the Governance section of the Company's website.

The EKMP do not participate in any decision relating to their own remuneration.

3 EKMP Remuneration Strategy and Structure

Remuneration Strategy

Our remuneration strategy is designed to attract, retain, and motivate appropriately qualified and experienced executives. Our strategy ensures we are well positioned to deliver reasonable and market competitive rewards in a way that supports a clear performance focus and is aligned with the long-term goals of the Group.

In determining the remuneration of EKMP and other company executives, we have developed remuneration guiding principles to assist in decision-making:

- The remuneration structure is relevant and simple for EKMP, other executives and shareholders to understand.
- Our remuneration practices support the delivery of long-term business strategy and provide a clear link between Group performance and remuneration outcomes.

- Remuneration levels are sufficient to attract and retain key talent and be competitive.
- We have clearly defined and disclosed remuneration processes and structures that reflect shareholder views and objectives.

Our incentive plans are carefully designed to balance the twin imperatives of short-term performance and long-term enhancement of shareholder value, both overlaid with strategic, sustainability objectives, and are regularly reviewed to ensure alignment with corporate governance principles. The plans are aligned with both the GUD Portfolio Vision and ESG Strategy.

The Remuneration, People and Culture Committee is committed to continuing to review and refine the remuneration strategy to ensure it meets the changing needs of the Group and remains aligned to shareholder interests.

The Committee has undertaken a review of the remuneration strategy, particularly the long term incentive plan, during the year ended 30 June 2022. In undertaking the review, the Company has received benchmarking and incentive structure input from an independent consultant. However, no recommendation was made.

The review highlighted areas for potential improvement of the long term incentive structure to better align executives with the strategic direction of the Company. The Committee's review of the Long Term Incentive plan and its recommendations to the Board of extensive changes to apply from 1 July 2022, are described in more detail under the heading "Long Term Incentive", below.

In the prior year, the Committee had reviewed the short term incentive plan. From 1 July 2021, elements of non-financial metrics and deferred equity were included in the short term incentive plan; further details on the outcomes relating to these changes in FY22 are set out under the heading "Short Term Incentive", below.

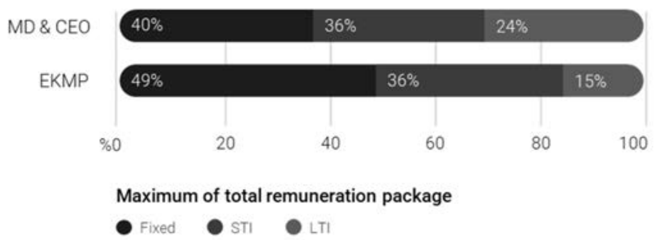
Remuneration Structure

The remuneration framework provides a mix of fixed and variable remuneration and has five components:

- Fixed remuneration;
- Other employment related benefits; and,
- "At risk" remuneration including:
  - Short-term incentives (STI);
  - Long-term incentives (LTI); and
  - Special incentives, of which there were none in FY22.

These comprise the total remuneration paid to EKMP.

Our approach in FY22 has been to position the maximum "at risk" components of EKMP remuneration relative to total maximum fixed remuneration, to around 100 per cent, and 150 per cent in the case of the Managing Director. In the absence of any special incentives, the remuneration mix for the EKMP in FY22 is as follows:



If the relevant performance and service conditions are not met, the minimum STI and LTI opportunities will be nil.

Fixed Remuneration and Other Employment Related Benefits

The remuneration packages for the EKMP contain a fixed amount that is not performance linked. The fixed remuneration consists of base salary, as well as employer contributions to superannuation funds.

Fixed remuneration for EKMP is determined by reference to the scope of their positions and the knowledge, experience and skills required to perform their roles. Periodically, independent consultants provide benchmark information, analysis and/or advice to the Remuneration, People and Culture Committee to ensure the packages are competitive in the market with comparable roles. For fixed remuneration we have adopted a desired market positioning around the median of a peer group.

The Remuneration, People and Culture Committee, through a process that considers individual, business unit and overall Group performance, reviews fixed remuneration annually. Fixed remuneration levels are generally not adjusted during the year unless the individual is promoted or there is a substantial change in market rates.

EKMP receive non-cash benefits in the form of salary continuance insurance, relevant professional memberships and other benefits, refer to the table in section 4.1 for further information. In addition, EKMP receive annual and long service leave.

Short Term Incentive (STI)

The Board considers that basing the STI payments on Cash Value Added (CVA) performance aligns the interests of the EKMP with the interests of shareholders in the businesses being operated profitably. The current STI plan provides an annual cash bonus for achieving or exceeding an agreed CVA target and is paid in September 2022, following the announcement of the Group's year-end results. CVA targets are set with reference to agreed EBITA (pre significant items) targets and the weighted average cost of capital employed.

For FY22 changes were made to:

- increase the maximum percentage of remuneration attainable under the STI to bring the plan in to line with market practice;
- include non-financial metrics aligned with desired ESG outcomes, with associated awards delivered in deferred equity;
- include that the maximum reward requires the achievement of both the CVA threshold and identified non-financial performance metrics; and,
- stipulate that the percentage dependent upon non-financial metrics will be delivered in deferred equity. Deferred equity will be in the form of restricted shares issued to the executive but with a holding lock on those shares until 1 July in the following year. The Board retains the discretion to cancel or withhold the award in circumstances of malus or otherwise warranting clawback. The Board retains the right to cancel any deferred equity award if the executive is no longer employed within the GUD Group as at 1 July in the following year.

Cash STI

CVA measures a true level of performance of the business by comparing trading profit performance (being reported profit adjusted for non-recurring items) with the return required on the net assets used by the businesses, generally a measure of weighted average cost of capital. This requires Management to drive both trading profit and carefully manage the balance sheet.

Acquisition and disposal costs are excluded from the CVA calculation due to their one-off nature, which can be difficult to budget with certainty and consequently including them could discourage growing shareholder value through business portfolio changes.

Cash STI bonuses are calculated as a percentage of fixed remuneration. When the CVA target is achieved, the target STI bonus is paid in full. If the CVA target is exceeded, the STI bonus increases up to a ceiling of no more than 150 per cent of the target STI bonus, generally upon achieving 120 per cent of CVA target. No STI is paid where CVA performance falls below the CVA target. A target and stretch targets exist for each of the non-financial metrics.

For each financial year:

- In respect of EKMP – STI bonuses will only be paid where Group CVA performance exceeds the Group CVA performance of the prior year and the EBITA (pre significant items) dollars must grow over the prior year by hurdle growth rates endorsed by the Board on an annual basis, and for non-financial metrics to be realised the CVA targets must have been achieved.
- CVA targets for each business unit and for the Group overall will be established by the Remuneration, People and Culture Committee in the first quarter of the financial year.

The Board continues to view CVA as the most appropriate annual performance measure. CVA targets and outcomes are not published because the Board regards them as commercially sensitive.

Deferred equity

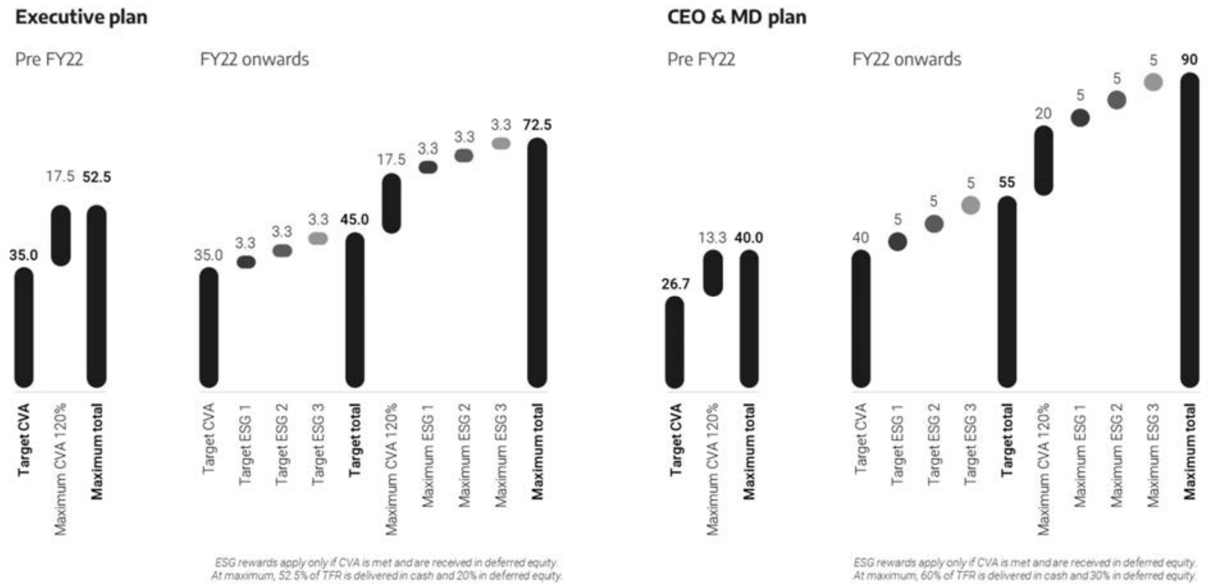
There are two qualifying performance thresholds for the deferred equity non-financial element of the STI to be awarded. Firstly, the CVA targets as above must be achieved. Secondly, the target for the non-financial metric must be achieved.

The Board may disqualify and determine to forfeit any deferred equity award if the EKMP does not remain employed by GUD as of 1 July 2023.

Restricted shares in relation to the financial year ended 30 June 2022 will be granted in late August 2022.

The Remuneration, People and Culture Committee determines actual STI bonuses after the conclusion of the financial year in accordance with the plan rules. Details of the CVA and non-financial STI bonuses (cash and deferred equity) payable to the EKMP for the year ended 30 June 2022 are set out in section four of this Report.

A visual representation of the recent changes made to and the present state of the Short Term Incentive plan is shown below:



Long Term Incentive (LTI)

The Board considers that measuring Executives' performance for LTI purposes by reference to the Group's total shareholder return (TSR) relative to a comparator group closely aligns the LTI component of their remuneration with the interests of shareholders.

The comparator group is the Standard and Poor's ASX Small Ordinaries index, of which the Group forms part, modified to exclude stocks in the mining, materials and energy industries. It was chosen on the basis that it is the most effective way to measure and reward the extent to which shareholder returns are generated relative to the performance of companies that compete with the Group for capital and employees. This has been the basis of the comparator group for many years and typically comprises over 130 companies.

LTI bonuses are provided as performance rights, granted at the commencement of the relevant three-year performance measurement period, which will convert to an equivalent number of GUD shares if the performance hurdle is achieved over the relevant three-year performance measurement period. The performance hurdle, described in more detail below, means that no performance rights will vest as GUD shares unless the Company's Total Shareholder Return (TSR) is equal to or better than the TSR of the median company in the comparator group.

No amount is payable for the issue of performance rights, or for the shares received upon vesting or exercise of those performance rights.

The Board believes the LTI plan supports the delivery of the Group's long-term strategy and encourages the EKMP to hold an exposure to equity. In FY20 we introduced changes that enhance this last aspect, permitting EKMP to defer exercise of performance rights that vest (and hence the receipt of the shares), for up to 15 years from the date of grant. This change has potential taxation advantages (in the form of income deferral) for the Executive and comes at only a slight increase in administrative cost to the Company.

The maximum number of performance rights granted is determined as a percentage of the EKMP' fixed remuneration on grant, divided by the share price, being the Volume Weighted Average Price over the month of June immediately prior to the commencement of the relevant year of grant.

Participation in the plan is subject to Remuneration, People and Culture Committee recommendation and Board approval. In the case of the Managing Director, shareholder approval is also required, and is sought at the Annual General Meeting prior to the Board formally granting the performance rights to the Managing Director.

After the cessation of employment of a participating executive, the Board has the discretion whether to allow a pro rata portion of the granted performance rights to remain 'on foot' subject to the plan rules and the performance criteria. The remaining performance rights of a departing executive lapse in accordance with plan rules.

Following the end of the three-year performance measurement period, the Board receives an independent calculation of the Company's TSR performance against the comparator group over the performance measurement period. The plan rules permit the Board to take account of broad-based discounted share issues (for example via non-renounceable rights offer) to existing shareholders when considering TSR performance. The vesting schedule for performance rights equity-based awards is as follows:

TSR Performance	% of LTI that vests
TSR below 50th percentile	Nil
TSR at 50th percentile	50
TSR between 50th and 75th percentile	Progressive vesting from 50 to 100
TSR at 75th percentile and above	100

There is an additional performance threshold to vesting: the Company's absolute TSR performance over the three-year performance measurement period must be positive.

Under prevailing accounting standards, the potential cost to the Company from granting performance rights is calculated as the fair value of those performance rights at grant and that amount is accrued over the three-year performance measurement period.

The rules of the LTI plan include provisions that prohibit participants entering into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme and permit the Board to lapse or cancel any performance rights or other incentive securities in order to prevent an inappropriate benefit accruing to a participant.

Changes planned from FY23

Following the review mentioned above, the Board and the Remuneration, People and Culture Committee recently approved amendments to the structure of the LTI plan for FY23 and beyond. The changes in respect of executives (other than the Managing Director) are:

- increase the maximum percentage of salary attainable under the LTI by 20% of fixed remuneration to 50% of fixed remuneration, to bring the plan in to line with market practice;
- retain the measure of positive relative TSR, and add a positive EPS growth measure and one ESG measure;
- have a weighting across the three measures – TSR (40%), EPS (40%) and ESG (20%) at maximum, or 45% of those measures at target;
- achievement of the EPS growth measure is a 'gateway' to be eligible for 'reward' under the ESG measure (if achieved);
- change the peer group to ASX 300 Consumer Discretionary Index, a tighter group of approximately 35 stocks regarded as a better comparator; and,
- a vesting period of three (3) years will be retained for all measures.

The Board retains discretion to withhold an award in circumstances of malus or otherwise warranting clawback.

The Board and the Remuneration, People and Culture Committee intend to make similar changes in respect of the Managing Director. These will be published with the Notice of Annual General Meeting later in the year.

The Board and the Remuneration, People and Culture Committee have the discretion to make further changes to the LTI structure as it sees fit.

Special Incentives

From time to time, the Remuneration, People and Culture Committee may approve a special incentive to a selected employee aligned to the attainment of particular outcomes which align with shareholder interests and value. Special incentives may be paid as performance rights or other salary. No special incentives were offered or paid to EKMP in respect of financial year ended 30 June 2022.

4.1 Remuneration for the Managing Director and EKMP

Details of the nature and amount of each major element of remuneration of the EKMP are:

		Short-term employment benefits						Long-term benefits					
	Year	Salary[1] and fees $	STI – Cash component $	Leave entitlements $	Income protection premium[2] $	Equity fair value of restricted shares[3] $	Total $	Long service leave $	Equity fair value of performance rights[4] $	Super-annuation $	Total $	Proportion of total risk related remuneration %	Value of equity remuneration as a proportion of total remuneration %
Managing Director													
G Whickman	**2022**	**1,019,844**	**515,293**	**75,201**	**2,426**	**170,141**	**1,782,905**	**18,491**	**333,133**	**27,500**	**2,162,029**	**47**	**23**
G Whickman	2021	963,494	401,894	83,008	2,170	-	1,450,566	16,899	310,834	25,000	1,803,299	40	17
Chief Financial Officer													
M Fraser	**2022**	**637,261**	**286,180**	**23,743**	**2,159**	**71,967**	**1,021,310**	**13,770**	**101,053**	**27,500**	**1,163,633**	**39**	**15**
M Fraser	2021	602,605	334,783	52,822	1,963	-	992,173	11,817	99,099	25,000	1,128,089	38	9
Total remuneration of the Managing Director and EKMP of the Group													
	2022	**1,657,105**	**801,473**	**98,944**	**4,585**	**242,108**	**2,804,215**	**32,261**	**434,186**	**55,000**	**3,325,662**	**-**	**-**
	2021	1,566,099	736,677	135,830	4,133	-	2,442,739	28,716	409,933	50,000	2,931,388	-	-
Total remuneration of Non-Executive Directors													
	2022	**904,819**	**-**	**-**	**-**	**-**	**904,819**	**-**	**-**	**84,477**	**989,296**	**-**	**-**
	2021	793,651	-	-	-	-	793,651	-	-	60,348	853,999	-	-
Total remuneration (compensation of key management personnel of the Group)													
	2022	**2,561,924**	**801,473**	**98,944**	**4,585**	**242,108**	**3,709,034**	**32,261**	**434,186**	**139,477**	**4,314,958**	**-**	**-**
	2021	2,359,750	736,677	135,830	4,133	-	3,236,390	28,716	409,933	110,348	3,785,387	-	-

1 Salary includes base and other salary, net of Covid-19 adjustments for the 2021 financial year.

2 Income protection insurance is only offered to age 65.

3 The restriction relates to the fact that the restricted shares are subject to a one-year additional service period. Subsequent to year end, on 12th August 2022, the Board of Directors resolved to amend this restriction to add a further qualifying factor that in any event the restriction does not lift until the share price is equal to or higher than the equity raise price in December 2021 (i.e., $10.40).

4 The fair value of performance rights granted under the 2022, 2023 and 2024 performance rights plans are subject to achievement of TSR hurdles and were calculated by independent experts using a Monte-Carlo simulation valuation. The fair value is allocated to each reporting period evenly from the date of grant to the vesting date. The value disclosed in the Remuneration table above is the portion of the fair value of the performance rights expensed during the year ended 30 June 2022.

4.2 EKMP Take-Home Remuneration Prior to Taxation

This section uses unaudited non-IFRS financial information to detail realised pay earned by the EKMP during FY22 together with prior year comparatives. This is a voluntary disclosure and is supplemental information to the statutory remuneration disclosure contained in Section 4.1 of this Remuneration Report. Realised Pay includes Base Salary, Retirement and other benefits including the market value of incentive payments earned. This differs from the statutory amount as it excludes accruals and estimations and is thus a closer measure of take-home pay before taxation received in respect of the current year.

		Cash settled remuneration			Non-cash remuneration			Total
		Fixed remuneration[1]	**Cash short term incentives[2]**	**Total cash remuneration**	**Long term incentives- vested with respect to the year[3]**	**Short term deferred equity incentives in respect of the year[4]**	**Other non-monetary remuneration[5]**	**Total remuneration**
		$	**$**	**$**	**$**	**$**	**$**	**$**
Managing Director								
G Whickman	**2022**	**1,047,344**	**515,293**	**1,562,637**	**383,967**	-	**96,118**	**2,042,722**
	2021	988,494	401,894	1,390,388	-	-	102,077	1,492,465
Chief Financial Officer								
M Fraser	**2022**	**664,761**	**286,180**	**950,941**	**121,927**	-	**39,672**	**1,112,540**
	2021	627,605	334,783	962,388	-	-	66,602	1,028,990
Total remuneration of the Managing Director and Chief Financial Officer								
	2022	**1,712,105**	**801,473**	**2,513,578**	**505,894**	-	**135,790**	**3,155,262**
	2021	1,616,099	736,677	2,352,776	-	-	168,679	2,521,455

1 Salary and super includes base and other salary and employer superannuation contributions.
2 The STI bonus column reflects the STI cash bonus paid in respect of performance during the year ended 30 June 2022.
3 LTI performance rights granted in 2019 partially vested as a result of the company meeting and exceeding the TSR target on 30 June 2022. Refer section 5 for disclosure in respect of performance achievement.
4 Deferred equity under the 2022 STI deferred equity plan is awarded in the form of restricted shares ascribed a value taken as the Volume Weighted Average Price over the month of June 2022, being $9.4276. As they are subject to at minimum a twelve month service period, the amount is not acknowledged as part of 'take home pay" until the restrictions have been lifted.
5 Non-monetary benefits include leave entitlements, income protection premiums, long service leave and certain personal expenses.

4.3 GUD Holdings Limited Equity Interests Held by the EKMP

EKMP have exposure to equity in GUD, either directly in the form of shares, or indirectly through holding performance rights in the Company. Details of EKMP equity interests follow.

Restricted shares awarded in respect of the Year

	Restricted shares awarded	Holding Lock release date	Value used for calculating the number awarded 30 June 2022[1]	Aggregate value of Restricted shares awarded in respect of the period
Managing Director				
G Whickman	18,047	1 July 2023	9.4276	170,141
Chief Financial Officer				
M Fraser	7,634	1 July 2023	9.4276	71,967
Total	**25,681**			**242,108**

1 The value of restricted shares awarded under the 2022 STI deferred equity plan is taken as the Volume Weighted Average Price over the month of June 2022, being $9.4276

Performance Rights Granted During the Year

Details of performance rights over ordinary shares in the Company that were granted to EKMP under the LTI plan during the reporting period are set out in the following table:

	Rights granted during the year ended 30 June 2022	Grant date	Vesting date	Fair value per performance right at grant date $	Fair value of rights granted during the year ended 30 June 2022 $
Managing Director					
G Whickman[1]	51,653	29 October 2021	30 June 2024	4.75	245,352
Chief Financial Officer					
M Fraser	16,392	5 August 2021	30 June 2024	5.77	94,582
Total	**68,045**				**339,934**

1. The performance rights granted to Mr Whickman in the year ended 30 June 2022 were granted following shareholder approval under ASX Listing Rule 10.14.

A minimum level of performance must be achieved before any performance rights vest. Therefore, the minimum possible total value of the LTI for future financial years is nil.

The following factors were used in determining the fair value of performance rights granted during the year:

	Grant date	Vesting period date	Exercise price	Price of shares on grant date	Estimated volatility	Risk free interest rate	Dividend yield
Grant to the Managing Director	29 October 2021	30 June 2024	-	11.09	30.00	1.50	6.2
Grant to Senior Executives	5 August 2021	30 June 2024	-	11.70	30.00	1.16	5.9

Performance rights outstanding

The following table discloses changes in the performance rights holdings of EKMP in the Company. The related parties of EKMP do not hold any performance rights.

				Rights granted		Rights vested during the year		Rights lapsed during the year		Balance at 30 June 2022	
	Date of grant	Performance end date[1]	Balance at 1 July 2021	Number	Fair Value per right $	Number	%	Number	%	Number	Fair value of the grant $
Managing Director											
G Whickman											
LTIP	29 Oct-21	30 Jun-24		51,653	4.75					51,653	245,352
LTIP	30 Oct-20	30 Jun-23	53,198		8.21					53,198	436,756
LTIP	24 Oct-19	30 Jun-22	58,686		5.37					58,686	315,144
LTIP	25 Oct-18	30 Jun-21	30,134				0%	30,134	100%		
Total			**142,018**							**163,537**	**997,252**
Chief Financial Officer											
M Fraser											
LTIP	5 Aug-21	30 Jun-24		16,392	5.77					16,392	94,582
LTIP	7 Aug-20	30 Jun-23	16,892		6.26					16,892	105,744
LTIP	25 Jul-19	30 Jun-22	18,635		5.41					18,635	100,815
LTIP	30 Jul-18	30 Jun-21	13,261				0%	13,261			
Total			**48,788**							**51,919**	**301,141**
Total			**190,806**							**215,456**	**1,298,393**

1. The performance is reviewed and any vesting formally resolved by the Board in the Board meeting held on the date of this report.

GUD Holdings Limited Shares Held by the KMPs

The following table discloses changes in the shareholdings of KMPs and their related parties in the Company.

For the year ended 30 June 2022	Balance at 1 July 2021	Shares issued from vested performance rights[1]	Shares issued from share plans	Shares purchased	Shares sold	Balance at 30 June 2022	Shares to be issued from vested performance rights and share plans[2]	Shares to be issued from share plans[4]	Balance at the date of this report
Non-Executive Directors									
G A Billings	15,106	-	-	5,023	-	20,129	-	-	20,129
D D Robinson	15,608	-	3,724	5,469	-	24,801	-	1,986	26,787
J A Douglas	6,119	-	-	2,035	-	8,154	-	-	8,154
C L Campbell[5]	-	-	3,364	4,450	-	7,814	-	3,310	11,124
J C Pollaers[6]	-	-	-	9,050	-	9,050	-	-	9,050
A L Templeman-Jones[7]	7,642	-	-	-	(7,642)	-	-	-	-
	44,475	**-**	**7,088**	**26,027**	**(7,642)**	**69,948**	**-**	**5,296**	**75,244**

For the year ended 30 June 2022	Balance at 1 July 2021	Shares issued from vested performance rights[1]	Shares issued from share plans	Shares purchased	Shares sold	Balance at 30 June 2022	Shares to be issued from vested performance rights and share plans[2]	Shares to be issued from share plans[4]	Balance at the date of this report[8]
Managing Director									
G Whickman	27,000	-	-	8,975	-	35,975	40,728	-	76,703
Chief Financial Officer									
M Fraser[3]	74,702	-	1,921	21,864	-	98,487	12,933	-	111,420
	101,702	**-**	**1,921**	**30,839**	**-**	**134,462**	**53,661**	**-**	**188,123**

1 Performance rights granted under the 2021 performance rights plan lapsed in full on the basis of the Company not achieving the 50th percentile TSR hurdle.
2 Performance rights granted under the 2022 performance rights plan partially vested as the Company achieved the 59.7th percentile TSR for the three-year performance measurement period ended 30 June 2022, resulting in 69.4% of performance share rights vesting.
3 EKMP holdings include shares held either directly, or through other entities in which the Executive has a trustee role or controlling interest.
4 NED Share rights will after six months be satisfied by the Company purchasing shares on market. Refer section 7 under the paragraph "Equity Participation" for further explanation.
5 Ms Campbell joined the Board on 16 March 2021
6 Mr Pollaers joined the Board on 23 June 2021
7 Ms Templeman-Jones resigned from the Board on 31 August 2021
8 The balance held at the date of this report column includes shares held nominally.

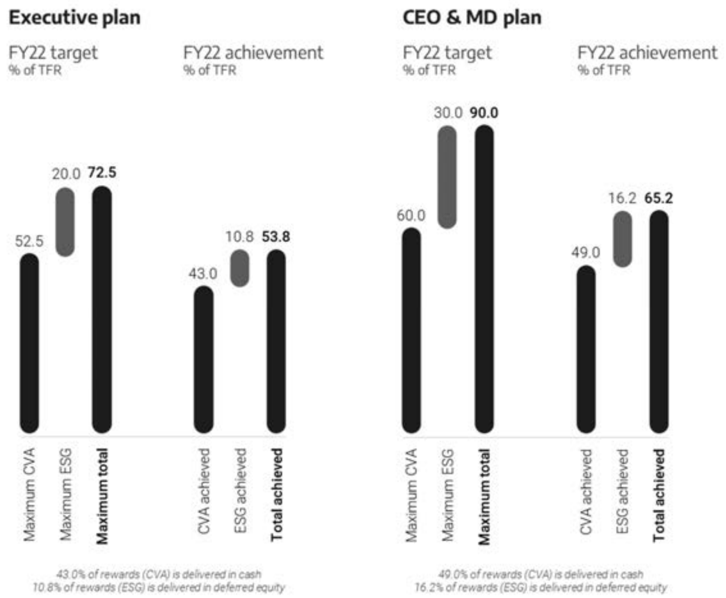
5 Link between Performance and Remuneration Outcomes

The remuneration and incentive framework, which has been put in place by the Board, has ensured that the Managing Director and Chief Financial Officer are focussed on both maximising short-term operating performance and long-term strategic growth.

The Board continues to review, monitor and adjust the remuneration and incentive framework to ensure that performance is fairly rewarded and encouraged, and to attract, motivate and retain a high quality Senior Executive team.

Short Term Incentive (STI)

In FY22, GUD made STI awards to employees, including EKMP, through a combination of a cash bonus, in respect of financial metrics and deferred equity, in relation to non-financial metrics. The graphs show achievement of the STI measurements as against the maximum attainable.



CVA (cash component)

Both the Managing Director and Chief Financial Officer received a bonus upon achieving the Group CVA target. The table immediately below discloses the percentage achievement of the Group CVA target.

STI bonus payable for the year ended 30 June 2022	Maximum STI opportunity $	Actual STI bonus payment[1] $	Actual STI bonus payment as a % of maximum STI %	Disentitled %
Managing Director				
G Whickman	628,406	515,293	82	18
Chief Financial Officer				
M Fraser	349,000	286,180	82	18

1 A minimum level of performance, including exceeding the previous year's CVA, must be achieved before any STI bonus is payable.

ESG (deferred equity component)

In addition, FY22 saw the introduction of non-financial (ESG) metrics into the STI plan. Three separate metrics were introduced, targeting three areas key to our ESG objectives; they were, a key measure of employee engagement, a key safety metric (LTIFR) and a key ethical sourcing objective. Each is separately weighted and thus the achievement of the target for each or any one objective will result in the award of deferred equity in value equivalent to 5% for the MD & CEO (and 3.33% for the CFO) of the executive's fixed remuneration with the potential to increase to 10% for the MD & CEO (and 6.66% for the CFO) on achievement of the stretch target, which is achieved on top-quartile performance against the relevant benchmark.

STI deferred equity bonus awarded for the year ended 30 June 2022	Maximum STI opportunity $	Actual STI bonus awarded[1] $	Actual STI bonus awarded as a % of maximum %	Opportunity lapsed as a % of maximum %
Managing Director				
G Whickman	314,203	170,141	54	46
Chief Financial Officer				
M Fraser	132,952	71,967	54	46

1 The number of restricted shares awarded under the 2022 STI deferred equity plan is the above value divided by the Volume Weighted Average Price over the month of June 2022, being $9.4276

Any deferred equity award will be in the form of restricted shares, subject to a holding lock until the later of 1 July 2023 and the share price is equal to or higher than the equity raise price in December 2021 (i.e., $10.40). Additionally, the Board retains the right to cancel that award if the executive is not employed within the GUD Group as at 1 July 2023.

Long Term Incentive (LTI)

The following table summarises key Company performance and shareholder wealth statistics over the past five years.

TSR measures the return a shareholder obtains from ownership of shares in a company in a defined period and takes into account various matters such as changes in the market value of the shares, as well as dividends on those shares.

The absolute TSR performance for the three years ended 30 June 2022 was 8.82%.

Financial year	Underlying EBIT[1] $m	Underlying basic EPS[1] cents	Total DPS cents	Opening share price $	Closing share price $	June VWAP[2] $	Dividend yield %	TSR percentile rank for the 3-year period ending %	Absolute TSR performance for the 3-year period ended %
30 June 2016	78.6	52.0	43.0	8.84	9.11	8.86	4.7	71.3	70.28
30 June 2017	83.6	60.5	46.0	9.11	12.91	13.03	3.6	91.2	153.59
30 June 2018	83.4	67.2	52.0	12.91	14.61	14.00	3.7	80.0	74.27
30 June 2019	88.9	70.4	56.0	14.61	10.01	10.16	5.6	59.0	26.69
30 June 2020	82.3	56.6	37.0	10.01	11.51	11.21	3.2	47.2	(1.20)
30 June 2021	101.6	67.0	56.0	11.51	11.99	12.17	4.7	38.8	(1.12)
30 June 2022	130.4	64.0	38.0	11.99	7.99	9.43	4.7	59.7	8.82

1 EBIT pre significant items and basic EPS pre significant items are presented before significant one-off items and are from continuing operations as reported in each year.

2 Volume Weighted Average Price over the month of June.

The TSR percentile rank for the three-year period ended 30 June 2022 was at the 59.7th percentile, that is above the median company of the comparator group. The TSR performance of the median company of the comparator group for the three years ended 30 June 2022 was -0.98%.

6 Service Agreements

Remuneration and other terms of employment for EKMP are formalised in a service agreement.

The essential terms of the Managing Director and Chief Financial Officer contracts are shown below:

Name	Notice period/termination payment
G Whickman	• Ongoing. • A notice period of six months by either party applies, except in the case of termination by the Company for cause. • On termination, Mr Whickman is entitled to receive his statutory entitlements of accrued annual and long service leave.
M Fraser	• Ongoing. • Three months' notice by either party (or payment in lieu). • On termination, Mr Fraser is entitled to receive statutory entitlements of accrued annual and long service leave.

7 Non-Executive Directors' Remuneration

Non-Executive Directors' fees are not 'at risk', to reflect the nature of their responsibilities.

Remuneration Policy

Non-Executive Director fees recognise the demands made on, and responsibilities of, Non-Executive Directors in performing their roles. Non-Executive Directors receive a base fee and a fee for chairing a Board Committee. The Chairman of the Board receives no extra remuneration for chairing committees.

Fees payable to Non-Executive Directors are determined within the maximum aggregate amount that is approved by shareholders. The current maximum aggregate fee amount is $1,300,000, approved by shareholders at the 2017 Annual General Meeting.

In determining the level of fees, external professional advice and available data on fees payable to non-executive Directors of similar sized companies are taken into account. The Board, through its Remuneration, People and Culture Committee, will continue to review its approach to Non-Executive Director remuneration to ensure it remains in line with general industry practice and principles of good corporate governance.

Non-Executive Directors do not receive bonuses or any other incentive payments and are not eligible to participate in any of the Executive or employee share acquisition plans established by the Company.

Fees

Board and Committee fees are set with reference to advice from external advisers and market data, with regard to factors such as the responsibilities and risks associated with the role.

The fees paid to Non-Executive Directors in the year ended 30 June 2022 are set out in the table below:

	Board	Deputy Chair	Audit Committee	Risk and Compliance Committee	Remuneration Committee	Nominations Committee
Chairman of	298,417	15,000	15,000	15,000	15,000	Nil
Members of	122,128	-	5,000	5,000	5,000	Nil

In accordance with Rule 36 of the Constitution, Directors are permitted additional fees for special services or exertions. No such fees were paid during the year. Directors are also entitled to be reimbursed for all business-related expenses, including travel on Company business, as may be incurred in the discharge of their duties.

Equity Participation

Non-Executive Directors do not receive shares or options as part of their remuneration, nor are they required by the Constitution to hold shares. However, directors are encouraged to hold shares and there is provision in the form of the Non-Executive Director Equity Plan for Non-Executive Directors to convert by way of fee sacrifice a percentage of their prospective fees into GUD shares.

The Non-Executive Director Equity Plan permits Non-Executive Directors to voluntarily sacrifice fees in return for Share Rights which vest as fully paid up ordinary shares in GUD after six months. As the Non-Executive Director is voluntarily sacrificing their fees, the Share Rights are not subject to any performance conditions. Share Rights are granted quarterly, the number being based upon the accumulated amount sacrificed over the immediately preceding three month period divided by the volume weighted average price of GUD shares in the five trading days before grant. Directors need to make their election on the level of participation and the percentage of fee sacrifice prior to the commencement of a financial year. As at 30 June 2022, three Non-Executive Directors have participated in the Plan.

Details of Directors' shareholdings may be found earlier in this Report.

Superannuation

The Company pays superannuation in line with statutory requirements to eligible Non-Executive Directors.

Remuneration

Details of the nature and amount of each element of the remuneration of Non-Executive Directors for the year ended 30 June 2022 are set out in the table below.

Non-Executive Directors	Year	Directors' Fees $	Superannuation[1] $	Total $	Fees converted to Equity[2]
G A Billings	**2022**	**298,417**	**26,867**	**325,284**	**-**
	2021	263,384	25,000	288,384	-
D D Robinson	**2022**	**147,128**	**14,652**	**161,780**	**44,138**
	2021	139,854	13,511	121,408	31,957
J A Douglas	**2022**	**147,128**	**14,652**	**161,780**	**-**
	2021	139,854	13,511	147,406	-
C L Campbell[3]	**2022**	**147,128**	**14,652**	**161,780**	**73,564**
	2021	139,854	13,511	45,752	-
J C Pollaers[4]	**2022**	**137,128**	**13,656**	**150,784**	**-**
	2021	3,082	293	3,375	-
M G Smith[5]	**2022**	**-**	**-**	**-**	**-**
	2021	48,624	4,596	53,220	-
A L Templeman-Jones[6]	**2022**	**27,890**	**-**	**27,890**	**-**
	2021	162,497	-	162,497	-
Total Remuneration of Non-Executive Directors	**2022**	**904,819**	**84,479**	**989,298**	**117,702**
	2021	793,651	60,348	853,999	31,957

1 Superannuation contributions on behalf of Non-Executive Directors to satisfy the Company's obligations under applicable Superannuation Guarantee legislation.
2 Amounts sacrificed by the Non-Executive Directors during the year ended 30 June 2022. 100% of Share Rights granted during the year ended 30 June 2022 will vest into Shares.
3 Ms Campbell joined the Board on 16 March 2021
4 Mr Pollaers joined the Board on 23 June 2021
5 Mr Smith retired from the Board on 4 September 2020
6 Ms Templeman-Jones retired from the Board on 31 August 2021

8 Other KMP Transactions

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 September 2021, the Board permitted Mr Whickman to transfer these shares to an entity in which he has a trustee role or controlling interest.

The Board agreed to increase the loan by $86,424 to $314,424 in order to enable Mr Whickman to participate in the shareholder entitlement offer in December 2021, under which an additional 8,310 shares were acquired. The number of shares in the name of Mr Whickman, or in entities in which he has a trustee role or controlling interest, now covered by trading restrictions is 33,310.

Mr Whickman pays interest on the loan on a quarterly basis on an agreed arms-length basis at a rate that is set at 25 basis points above the Company's average cost of borrowed funds. The total amount of interest paid in respect of the financial year ended 30 June 2022 was $7,854.42.

There were no other loans to KMPs at 30 June 2022 nor at any time during FY22.

Other KMP Transactions with the Group

Apart from the details disclosed in this Remuneration Report, no KMP has entered into a material contract with the Company or entities in the Group since the end of the previous financial year and there were no material contracts involving a KMP's Interest at year end.

A number of KMP, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities. The terms and conditions of the transactions with KMPs and their related parties were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-KMP related entities on an arms-length basis.

From time to time, KMPs of the Company or its subsidiaries, or their related parties, may purchase goods from the Group. These purchases are on the same terms and conditions as those entered into by other Group employees or customers and are trivial or domestic in nature.

GUD Holdings Limited and Subsidiaries

Consolidated Income Statement

For the year ended 30 June

	Note	2022 $'000	2021 $'000
Revenue	2	**835,481**	556,982
Cost of goods sold[1]		**(499,278)**	(310,475)
Gross Profit		**336,203**	246,507
Other income		**1,290**	588
Government grants		**-**	2,820
Marketing and selling		**(69,627)**	(55,561)
Product development and sourcing		**(15,577)**	(15,596)
Logistics expenses and outward freight		**(31,919)**	(29,172)
Administration		**(78,425)**	(47,590)
Other[2]		**(64,433)**	(4,640)
Results from operating activities		**77,512**	97,356
Finance income	4	**80**	-
Finance expense	4	**(18,055)**	(10,382)
Profit before tax		**59,537**	86,974
Income tax expense	28	**(32,199)**	(26,008)
Profit from operations, net of income tax		**27,338**	60,966
Profit attributable to owners of the Company		**27,338**	60,966
Earnings per share			
Basic earnings per share (cents per share)	5	**22.9**	67.0
Diluted earnings per share (cents per share)	5	**22.7**	66.5

1 Cost of goods sold in 2022 includes $7.247 million of acquisition related inventory step up as a result of an inventory fair valuation exercise that was performed as a part of the purchase price accounting allocation exercise disclosed in note 30(a).

2 Other in 2022 includes $37.5 million of intangibles impairment related to Davey (note 16), Davey inventory write-off of $10.5 million (note 7), amortisation expenses of $11.4 million (note 3) and acquisition related transaction costs of $4.9 million (note 3).

The notes on pages 62 to 107 are an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 30 June

	Note	2022 $'000	2021 $'000
Profit for the year		**27,338**	60,966
Other comprehensive income			
Items that will not be reclassified to profit and loss			
Equity investments at FVOCI – net change in fair value		**(83)**	-
Items that may be reclassified subsequently to profit and loss			
Exchange differences on translating results of foreign operations	25	**(1,546)**	209
Net fair value adjustments recognised in the hedging reserve	25	**3,849**	(1,707)
Net change in fair value of cash flow hedges transferred to inventory	25	**(2,962)**	4,663
Income tax expense/(benefit) on items that may be reclassified subsequently to profit or loss	28	**(266)**	(887)
Other comprehensive income / (loss) for the year, net of tax		**(1,008)**	2,278
Total comprehensive Income attributable to owners of the Company		**26,330**	63,244
Total Comprehensive Income		**26,330**	63,244

The notes on pages 62 to 107 are an integral part of these consolidated financial statements.

Consolidated Balance Sheet

As at 30 June

	Note	2022 $'000	2021[1] $'000
Current assets			
Cash and cash equivalents	18	**59,426**	42,594
Trade and other receivables	8	**202,622**	146,355
Inventories[1]	9	**274,053**	153,353
Derivative assets	20	**6,838**	2,071
Other financial assets	21	**-**	4,268
Current tax receivable		**3,003**	605
Other assets		**12,753**	6,717
Total current assets		**558,695**	355,963
Non-current assets			
Goodwill[1]	12	**621,246**	206,002
Other intangible assets[1]	13	**509,170**	147,461
Property, plant and equipment	14	**54,505**	22,321
Right of use assets	15	**126,453**	83,365
Derivative assets	20	**246**	-
Other financial assets	21	**5,694**	4,212
Investments	22	**6,872**	1,734
Total non-current assets		**1,324,186**	465,095
Total assets		**1,882,881**	821,058
Current liabilities			
Trade and other payables	10	**166,188**	97,863
Employee benefits	11	**25,184**	15,715
Other provisions		**7,158**	1,119
Borrowings	19	**15,000**	-
Lease liabilities		**22,082**	14,311
Derivative liabilities	20	**18**	27
Other financial liabilities	22	**20,799**	-
Current tax payable		**2,362**	3,802
Total current liabilities		**258,791**	132,837
Non-current liabilities			
Employee benefits	11	**2,090**	2,367
Borrowings	19	**511,494**	189,158
Lease liabilities		**113,074**	74,280
Derivative liabilities	20	**1,753**	135
Deferred tax liabilities[1]	29	**125,159**	30,721
Other financial liabilities	22	**20,097**	-
Other provisions		**3,055**	2,776
Total non-current liabilities		**776,722**	299,437
Total liabilities		**1,035,513**	432,274
Net assets		**847,368**	388,784
Equity			
Share Capital	24	**679,553**	195,556
Reserves	25	**16,417**	15,186
Retained earnings	26	**151,398**	178,042
Total equity		**847,368**	388,784

1. 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 resulting in the restatement of the Balance Sheet as at 30 June 2021. Refer to note 30a

The notes on pages 62 to 107 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 30 June	Note	Share capital $'000	Hedging reserve $'000	Equity compensation reserve $'000	Fair value reserve $'000	Translation reserve $'000	Retained earnings $'000	2022 Total equity $'000
		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		-	-	-	-	-	27,338	27,338
Other comprehensive income		-	621	-	(83)	(1,546)	-	(1,008)
Total comprehensive income for the period		-	621	-	(83)	(1,546)	27,338	26,330
Transactions with the owners of the Company								
Contributions and distributions								
Issue of ordinary shares	24	479,647	-	-	-	-	-	479,647
Equity raise costs	24	(9,943)	-	-	-	-	-	(9,943)
Dividend reinvestment plan (net of issue costs)	24	14,293	-	-	-	-	-	14,293
Dividends paid	27	-	-	-	-	-	(53,982)	(53,982)
Equity settled share based payment		-	-	2,239	-	-	-	2,239
Balance at 30 June 2022		679,553	1,788	15,437	(681)	(127)	151,398	847,368

	Note	Share capital $'000	Hedging reserve $'000	Equity compensation reserve $'000	Fair value reserve $'000	Translation reserve $'000	Retained earnings $'000	2021 Total equity $'000
		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		-	-	-	-	-	60,966	60,966
Other comprehensive income		-	2,069	-	-	209	-	2,278
Total comprehensive income for the period		-	2,069	-	-	209	60,966	63,244
Transactions with the owners of the Company								
Contributions and distributions								
Issue of ordinary shares	24	75,703	-	-	-	-	-	75,703
Equity raise costs	24	(1,316)	-	-	-	-	-	(1,316)
Dividend reinvestment plan (net of issue costs)	27	8,334	-	-	-	-	-	8,334
Dividends paid	27	-	-	-	-	-	(33,828)	(33,828)
Equity settled share based payment		-	-	1,907	-	-	-	1,907
Balance at 30 June 2021		195,601	1,167	13,198	(598)	1,419	178,042	388,784

The amounts recognised directly in equity are net of tax. The notes on pages 62 to 107 are an integral part of these consolidated financial statements.

Consolidated Cash Flow Statement

For the year ended 30 June

	Note	2022 $'000	2021 $'000
Cash flows from operating activities			
Receipts from customers		**919,462**	589,794
Payments to suppliers and employees		**(784,136)**	(489,305)
Income taxes paid		**(43,350)**	(28,956)
Receipt of Government grants		**-**	2,820
Net cash provided by operating activities	18	**91,976**	74,353
Cash flows from investing activities			
Acquisition of controlled entity, net of cash acquired[1]		**(786,213)**	(96,573)
Payment of IMG contingent consideration		**-**	(3,250)
Payment for investments		**(1,773)**	-
Proceeds from sale of property, plant and equipment		**281**	69
Payments for property, plant and equipment	14	**(13,687)**	(5,957)
Payments for intangible assets	13	**(58)**	(165)
Interest received	19	**80**	-
Net cash provided by investing activities		**(801,370)**	(105,876)
Cash flows from financing activities			
Proceeds from borrowings	19	**405,727**	91,610
Repayment of borrowings	19	**(77,012)**	(74,970)
(Advance)/Proceeds on other loans	19	**(1,497)**	(1,599)
Interest paid	19	**(12,825)**	(5,621)
Payment of lease liabilities	16	**(19,043)**	(13,469)
Dividends paid (Net of dividend reinvested)	27	**(39,689)**	(25,494)
Proceeds from the issue of ordinary shares		**479,647**	75,703
Transaction costs related to equity raise		**(9,943)**	(1,944)
Net cash used in financing activities	19	**725,365**	44,216
Net increase in cash held		**15,971**	12,693
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		**861**	(86)
Cash at end of the year	18	**59,426**	42,594

1. This includes acquisitions of APG Group $731.003 million (Note 30a), Vision X Group $48.119 million (Note 30a), Christine Products $6.390 million (Note 30a) and Hybrid Battery Rebuild $0.701 million.

The notes on pages 62 to 107 are an integral part of these consolidated financial statements.

1. Basis of Preparation

This section sets out the Group's accounting policies that relate to the consolidated financial statements as a whole. Where an accounting policy is specific to one note, the policy is described in the note to which it relates.

Reporting Entity

GUD Holdings Limited (the 'Company') is a for profit company domiciled in Australia. The consolidated financial statements of the Company as at and for the year ended 30 June 2022 comprise the Company and its subsidiaries (together referred to as the 'Group').

The Group is primarily involved in manufacture, importation, distribution and sale of automotive products, pumps, pool, spa and water pressure systems, with operations in Australia, New Zealand, United States of America, Thailand, Korea and France (Note 7).

The consolidated annual financial statements of the Group as at and for the year ended 30 June 2022 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 Accounting

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with the Australian Accounting Standards adopted by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. The consolidated financial statements comply with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB).

The consolidated financial statements were authorised for issue by the Directors on 15 August 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 the Rounding Instrument, amounts in the consolidated financial statements have been rounded off to the nearest thousand dollars, unless otherwise stated.

Basis of measurement

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

- Derivatives (Note 20)
- Other financial instruments (Note 21)
- Investment in Subsidiaries (Note 30)

Use of estimates and judgements

In preparing these consolidated 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.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Information about estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effects on the amounts recognised in the consolidated financial statements is included in the following notes:

- Investment of subsidiaries (Note 30): fair value of the consideration transferred, and fair value of the assets acquired and liabilities assumed
- Goodwill (Note 12) and other intangible assets (Notes 13): impairment test of intangible assets and goodwill
- Inventories (Note 9): valuation of assets at net realisable value

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 a valuation 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 valuation 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 valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of *AASB 13 Fair Value Measurement*, including the level in the fair value hierarchy in which the valuations should be classified.

Basis of Preparation (continued)

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 22– Financial instruments;
- Note 30– Investment in subsidiaries; and
- Note 32– Key management personnel

Foreign currency

Functional and presentation currency

These consolidated financial statements are presented in Australian dollars which is the Company's functional currency and the functional currency of the majority of the Group.

Foreign currency transactions

Transactions in foreign currency are translated to the respective functional currencies of Group companies at the exchange rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currency are translated to the functional currency at the exchange rates prevailing at the reporting date.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated to the functional currency at the exchange rate when the fair value was determined. Foreign currency differences are generally recognised in profit or loss. Non-monetary items that are measured based on historical cost in a foreign currency are not translated.

However, foreign currency differences arising from the translation of the following items are recognised in other comprehensive income:

- Qualifying cash flow hedges to the extent the hedges are effective (Note 25), and
- Exchange differences on translating foreign operations (Note 25).

Standards issued but not yet effective

A number of new standards are effective for annual periods beginning after 1 July 2022 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these consolidated financial statements.

Onerous contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)

The amendments specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous. The amendments apply for annual reporting periods beginning on or after 1 January 2022 (1 July 2022) to contracts existing at the date when the amendments are first applied. At the date of initial application, the cumulative effect of applying the amendments is recognised as an opening balance adjustment to retained earnings or other components of equity, as appropriate. The comparatives are not restated. The Group has determined that all contracts existing at 30 June 2022 will be completed before the amendments become effective.

Results for the Year

This section focuses on the Group's performance. Disclosures in this section includes analysis of the Group's profit before tax by reference to the activities performed by the Group and analysis of key revenues and operating costs, segmental information, net finance costs and earnings per share.

In the segment information, the Group reports Earnings Before Significant Items, Interest and Tax ("EBIT pre significant items"), which is EBIT before exceptional items. This is a non IFRS measure of performance which reflects how the business is managed and how the Directors assess the performance of the Group.

2. Revenue

a) Revenue streams

The Group generates revenue primarily from the sale of automotive products (Automotive segment), 4 Wheel Drive accessories, towing and trailering associated products (APG segment), pumps, pool and spa systems and water pressure systems (Davey segment).

	For the year ended 30 June 2022				For the year ended 30 June 2021		
Segments	**Automotive**	**APG**	**Davey**	**Total**	**Automotive**	**Davey**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Type of goods or services							
Sale of goods	575,841	132,691	125,233	833,765	443,530	112,240	555,770
Water solutions project income	-	-	1,716	1,716	-	1,212	1,212
Total Revenue from contracts with customers	**575,841**	**132,691**	**126,949**	**835,481**	443,530	113,452	556,982
Geographical markets							
Asia Pacific	538,904	104,603	118,437	761,944	440,620	102,939	543,559
North America	36,937	-	-	36,937	-	-	-
Other	-	28,088	8,512	36,600	2,910	10,513	13,423
Total revenue from contracts with customers	**575,841**	**132,691**	**126,949**	**835,481**	443,530	113,452	556,982
Timing of revenue recognition							
Goods transferred at a point in time	575,841	132,691	125,233	833,765	443,530	112,240	555,770
Services transferred over time	-	-	1,716	1,716	-	1,212	1,212
Total Revenue from contracts with customers	**575,841**	**132,691**	**126,949**	**835,481**	443,530	113,452	556,982

Revenue from each of the Group's two largest customers represented 10-15% of the Group's total revenue, which is broadly consistent with the prior year.

The Group recognised impairment losses on receivables and contract assets arising from contracts with customers, included under Administration expenses in the Consolidated Income Statement, amounting to $602,000 and $294,000 for the year ended 30 June 2022 and 2021, respectively.

2. Revenue (continued)

b) Performance obligations and revenue recognition policies

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control over a good or service to a customer.

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

Type of product/service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policies
(i) Sale of automotive products, 4WD accessories, towing, trailering and related products, pumps, pool and spa systems and water pressure systems	Customers assume control of the products, when the goods have been delivered, or at despatch where the client has arranged for their own freight Invoices are usually payable within 30 - 180 days. Customers contracts offer sales with right of return, volume rebates and marketing rebates.	Revenue from sale of goods is recognised at the point in time when performance obligation is fulfilled, generally on delivery of the good. ***Right of return*** For contracts that permit the customer to return an item, revenue is recognised to the extent that it is probable that a significant reversal in the cumulative revenue recognised will not occur. Therefore, the amount of revenue is adjusted for expected returns, the Group uses historical average return rates to forecast expected future returns from its customers. In these circumstances, a refund liability, and a right to recover returned goods asset are recognised. The right to recover returned goods asset is measured at the former carrying amount of the inventory less any expected costs to recover goods. The refund liability is included in other payables and the right to recover returned goods is included in inventory. The Group regularly reviews its estimate of expected returns and updates the amounts of the asset and liability accordingly. ***Volume rebates*** Retrospective volume rebates give rise to variable consideration. Therefore, the amount of revenue is adjusted to reflect expected volume rebates. To estimate the variable consideration, the Group uses historical average volume rebates to forecast expected volume rebates payable to its customers. Expected future rebates are recognised as contract liabilities. ***Marketing rebates*** The nature of the marketing activity will determine the treatment of the transaction, i.e., if a marketing rebate is deemed to be a separate performance obligation, then it will be treated as a reduction in transaction price. If not, then it would be treated as marketing expense.
(ii) Water treatment contract revenue	Davey Water undertakes projects to design, build and install custom water systems for its customers. The length of the contract depends on the complexity of the project but usually does not extend beyond 6 months.	Revenue from water treatment solutions is recognised over time. The Group measures progress by using the output method.

3. Expenses

Accounting policies

Depreciation & Amortisation

Depreciation is charged to the Income Statement to reflect annual wear and tear and the reduced value of the asset over time. Depreciation is provided on property, plant and equipment, including freehold buildings but excluding land. Depreciation is calculated on a straight line basis over the estimated useful life of each asset to its estimated residual value. Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the straight line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period.

The following estimated useful lives for current and prior periods used in the calculation of depreciation:

- Plant and equipment 3 to 12 years
- Equipment under finance lease 3 to 12 years

The value of intangible assets, except for goodwill, and indefinite life intangible assets reduces over the number of years the Group expects to use the asset, via an amortisation charge. Amortisation is recognised in the income statement over the following number of years:

- Patents, licences, Product development and distribution rights 3 to 5 years
- Customer relationships 5 to 15 years
- Software 5 to 7 years

Goods and services tax

Expenses are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of an item of expense.

Expenses by nature

This table summarises expenses by nature from continuing operations:

	Note	2022 $'000	2021 $'000
Profit before income tax has been arrived at after charging the following expenses:			
Increase in inventory obsolescence provision	9	**2,572**	925
Loss/(gain) on sale of property, plant and equipment		**162**	414
Operating lease rental expense/short term or low value lease expense		**706**	177
Net foreign exchange (gain)/loss		**(1,827)**	3,894
Employee benefits:			
Wages and salaries (including on-costs)		**109,321**	78,259
Contributions to defined contribution plans		**1,402**	2,781
Movements in provisions for employee benefits		**(8,904)**	(4,627)
Equity settled share based payment expense	25	**2,239**	1,907
Depreciation and amortisation:			
Amortisation of customer relationships	13	**9,927**	319
Amortisation of software	13	**96**	100
Amortisation of other intangibles	13	**1,294**	147
Amortisation of brand names	13	**484**	324
Depreciation of property, plant and equipment	14	**8,236**	5,172
Depreciation of leased property, plant and equipment	15	**17,279**	12,509
Total depreciation and amortisation		**37,316**	18,571
Product development and sourcing costs		**15,577**	15,596
Significant items:			
Transaction expenses from business combinations[1]		**4,930**	1,239
Redundancy costs[1]	7	**25**	-
Impairment of inventory - Davey[1, 2]	7	**10,532**	-
Impairment of intangibles[1]	16	**37,459**	-
Restructuring costs – Relocation costs for AA Gaskets	7	**-**	2,636
Total significant items		**52,946**	3,875

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

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

4. Net Finance Costs

Accounting policies

Finance income

Finance income is comprised of interest income, fair value gains on interest rate hedging instruments and gains on disposals. Interest income is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

Finance costs

Finance costs are classified as expenses consistent with the balance sheet classification of the related debt or equity instruments. Finance costs are comprised of interest expense on borrowings and fair value losses on interest rate hedging instruments through the income statement. Interest expense on borrowings is recognised on an effective interest basis. This table summarises net finance costs from continuing operations:

	2022 $'000	2021 $'000
Finance costs:		
Interest income	(80)	-
Interest expense	14,539	5,621
Interest on lease liabilities	4,166	3,291
Net foreign exchange (gain) / loss	(650)	1,470
Net finance costs	17,975	10,382

The ineffective portion of cash flow hedges that is recognised in the income statement is $ nil (2021: $33,000).

5. 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 year attributable to equity shareholders divided by the weighted average number of shares on issue during the year.

Diluted EPS reflects the Group's commitments to issue shares in the future, such as issued upon vesting of performance rights.

	2022 $'000	2021 $'000
Profit / (loss) for the period	27,338	60,966
	Number	Number
Weighted average number of ordinary shares used as the denominator for basic EPS	119,439,391	90,942,751
Effect of balance of performance rights outstanding at 30 June	811,050	776,450
Weighted average number of ordinary shares used as the denominator for diluted EPS	120,250,441	91,719,201

EPS	Cents per share	Cents per share
Basic EPS	22.9	67.0
Diluted EPS	22.7	66.5

6. Auditors' Remuneration

This table summarises auditors' remuneration incurred in relation to continuing operations:

	2022 $	2021 $
Audit and review services:		
The auditor of GUD Holdings Limited		
- audit and review of financial reports	1,194,109	627,725
	1,194,109	627,725
Other services:		
The auditor of GUD Holdings Limited		
- in relation to transaction advice	762,996	150,000
- in relation to taxation advice and compliance	359,792	422,044
- In relation to sustainability review	-	36,971
	1,122,788	609,015

7. Segment Information

Segment reporting is presented in respect of the Group's operating segments. Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Managing Director (Chief Operating Decision Maker - 'CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance. Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Due to the acquisition of the Auto Pacific Group and its financial materiality an additional reportable segment has been introduced during the reporting period.

Business segments

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

Automotive: Automotive and heavy-duty filters for cars, trucks, agricultural and mining equipment, fuel pumps and associated products for the automotive after-market.

Auto Pacific Group (APG): The manufacturing and marketing of towing, trailering, functional accessories and associated products for the automotive aftermarket and Original Equipment Manufacturer customers.

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 information

The Group operates primarily in two geographical segments; Asia Pacific and North America. Refer Note 2 for geographical sales disclosure.

For the year ended 30 June 2022

Reportable segments	Automotive $'000	APG $'000	Davey $'000	Unallocated[1] $'000	Total $'000
Total segment revenue (external)	**575,841**	**132,691**	**126,949**	**-**	**835,481**
EBITDA pre- significant items and inventory step up	**144,642**	**29,934**	**8,882**	**(8,437)**	**175,021**
Less: Depreciation	(15,544)	(5,630)	(4,341)	-	(25,515)
EBITA pre- significant items and inventory step up	129,098	24,304	4,541	(8,437)	149,506
Less: Acquisition related inventory step-up[2]	(1,939)	(5,308)	-	-	(7,247)
Less: Amortisation of intangibles[5]	(2,890)	(8,911)	-	-	(11,801)
EBIT pre-significant items	**124,269**	**10,085**	**4,541**	**(8,437)**	**130,458**
Transaction costs[3]	-	(133)	-	(4,797)	(4,930)
Impairment of inventory - Davey[4]	-	-	(10,532)	-	(10,532)
Impairment of intangibles[7]	-	-	(37,459)	-	(37,459)
Redundancy costs	(25)	-	-	-	(25)
Segment result (EBIT)	**124,244**	**9,952**	**(43,450)**	**(13,234)**	**77,512**
Interest on lease liability	(2,721)	(658)	(222)	(565)	(4,166)
Interest expense	(1,741)		(48)	(12,750)	(14,539)
Interest income	-	80	-	-	80
Net foreign exchange (loss)/gain	79	(149)	587	133	650
Profit / (loss) before tax	**119,861**	**9,225**	**(43,133)**	**(26,416)**	**59,537**
(Tax expense)/benefit	(40,693)	(3,218)	1,826	9,886	(32,199)
Profit / (loss) attributable to owners of the Company	**79,168**	**6,007**	**(41,307)**	**(16,530)**	**27,338**
Segment assets[6]	**1,244,101**	**513,521**	**102,463**	**22,796**	**1,882,881**
Segment liabilities	**234,538**	**194,115**	**38,655**	**568,205**	**1,035,513**
Segment capital expenditure	**6,778**	**4,561**	**2,296**	**52**	**13,687**

1 Unallocated items comprise mainly of corporate assets, corporate expenses, interest, tax, corporate borrowings, and deferred tax balances.
2 Relates to $7.247 million of acquisition related inventory step up costs disclosed in note 30(a).
3 Transaction costs relate to the acquisition of Vision X ($1.752 million), APG ($2.911 million) and other transaction costs ($0.267 million).
4 Impairment of inventory to rationalise and align Davey's raw materials and finished goods levels to anticipated future needs and sales management focus.
5 Includes amortisation of $1.2 million for Vision X acquired intangibles and $8.9 million of APG acquired intangibles
6 This includes non-current assets from Asia Pacific of $1,346 million and North America of $16 million.
7 Relates to impairment of intangibles held by Davey, refer to note 16.

7. Segment Information (Continued)

	For the year ended 30 June 2021			
Reportable segments	**Automotive $'000**	**Davey $'000**	**Unallocated[1] $'000**	**Total $'000**
Total segment revenue (external)	443,530	113,452	-	556,982
EBITDA pre- significant items	115,084	9,040	(4,706)	119,418
Less: Depreciation	(12,775)	(4,273)	(718)	(17,766)
EBITA pre- significant items	102,309	4,767	(5,424)	101,652
Less: Amortisation of intangibles	(421)	-	-	(421)
EBIT pre-significant items	101,888	4,767	(5,424)	101,231
Transaction costs[2]	-	-	(1,239)	(1,239)
Restructuring costs[3]	(2,252)	(376)	(8)	(2,636)
Segment result (EBIT)	99,636	4,391	(6,671)	97,356
Interest on lease liability	(2,403)	(306)	(582)	(3,291)
Interest expense	(116)	(151)	(5,354)	(5,621)
Net foreign exchange loss	(1,098)	(372)	-	(1,470)
Profit / (loss) before tax	96,019	3,562	(12,607)	86,974
Tax (expense)/benefit	(30,900)	(1,332)	6,224	(26,008)
Profit / (loss) attributable to owners of the Company	65,119	2,230	(6,383)	60,966
Segment assets	676,471	123,973	18,458	818,902
Segment liabilities	193,378	32,162	204,578	430,118
Segment capital expenditure	5,634	304	19	5,957

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

2 Transaction cost in the Unallocated segment relate to the acquisition of G4CVA ($0.456 million), ACS ($0.4 million) and other transaction costs ($0.749 million).

3 Restructuring costs in the Automotive segment relate to relocation costs for AA Gaskets ($2.206 million), and redundancy costs ($0.046 million). Restructuring costs in Davey relate to redundancy costs.

4 This includes non-current assets from Asia Pacific of $465 million

Working Capital

Working capital represents the assets and liabilities the Group generates through its trading activity. The Group therefore defines working capital as inventory, trade and other receivables, trade and other payables and provisions.

Careful management of working capital ensures that the Group can meet its trading and financing obligations within its ordinary operating cycle.

This section provides further information regarding working capital management and analysis of the elements of working capital.

8. Trade and Other Receivables

Accounting policies

Trade receivables

Trade and other receivables are non-derivative financial instruments that are initially recognised at fair value plus any directly attributable costs. After initial recognition, they are measured at amortised cost using the effective interest method, less identified impairment.

Goods and services tax

Trade receivables are recognised inclusive of the amount of goods and services tax (GST) which is payable to taxation authorities. The net amount of GST payable to the taxation authority is included as part of payables.

	2022 $'000	2021 $'000
Current		
Trade receivables	**204,305**	147,528
Less: Allowance for doubtful debts	**(1,818)**	(1,305)
Net trade receivables	**202,487**	146,223
Amounts unbilled from projects	**135**	132
	202,622	146,355

An allowance has been made for estimated irrecoverable amounts from the sale of goods and services, determined with reference to forward looking expected credit loss (ECL). The movement in the allowance for doubtful debts was recognised in the income statement in the current financial year.

Movement in allowance for doubtful debts	**2022 $'000**	2021 $'000
Balance at the beginning of the year	**(1,305)**	(959)
Acquisitions through business combinations	**(40)**	(70)
Doubtful debts recognised	**(602)**	(306)
Amounts written off as uncollectible	**129**	30
Balance at the end of the year	**(1,818)**	(1,305)

Amounts are written off as uncollectible only after it is determined that the debts are no longer collectible either by notification from an administrator to the debtor or because the debtor has demonstrated an inability to pay. Where applicable, insurance proceeds are received to partially mitigate the loss and the net uncollectible amount is reflected above.

Receivables that are past due but not impaired are those receivables the Directors believe to be fully recoverable and as a result, have not recognised any amount in the doubtful debt provision for them.

2022	**Gross $'000**	**Impairment $'000**	**Net $'000**
Ageing of trade receivables			
Not past due	179,037	(254)	**178,783**
Past due 1 - 60 days	17,410	(256)	**17,154**
Past due 61 - 120 days	5,443	(581)	**4,862**
Past due 121 - 365 days	1,826	(323)	**1,503**
Past due more than one year	724	(404)	**320**
Total trade receivables	**204,440**	**(1,818)**	**202,622**

8. Trade and Other Receivables (Continued)

2021	Gross $'000	Impairment $'000	Net $'000
Ageing of trade receivables			
Not past due	130,253	(247)	130,006
Past due 1 - 60 days	14,640	(263)	14,377
Past due 61 - 120 days	1,996	(254)	1,742
Past due 121 - 365 days	357	(201)	156
Past due more than one year	414	(340)	74
Total trade receivables	147,660	(1,305)	146,355

9. Inventories

Accounting policies

Inventories

Inventories are valued at the lower of cost and net realisable value. Costs, including an appropriate portion of fixed and variable overhead expenses, are assigned to inventory by the method most appropriate to each particular class of inventory, with the majority being valued on a weighted average basis. Net realisable value represents the estimated selling price less all estimated costs of completion and selling costs.

Goods and services tax

Non-financial assets such as inventories are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of the asset.

	2022 $'000	2021[1] $'000
Current		
Raw materials and stores	**46,388**	17,305
Work in progress	**12,286**	1,256
Finished goods	**237,431**	146,517
Inventory – at cost	**296,105**	165,078
Less: Provision for slow moving inventory	**(22,052)**	(11,725)
Total inventory	**274,053**	153,353

1. 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 30a

Inventories disclosed above are net of the provision for slow moving or obsolete inventory. Finished goods are in a sellable condition, available for sale to meet customer demand, and are therefore considered to be current in nature. Increases or write-backs of the provision are recognised in cost of goods sold (see Note 3). Inventories recognised as an expense for the year ended 30 June 2022 totalled $499.25 million (2011: $293.58 million).

10. Trade and Other Payables

Accounting policies

Payables

Trade payables and other accounts payable are non-derivative financial instruments measured at cost.

Goods and services tax

Trade payables are recognised inclusive of the amount of goods and services tax (GST) which is recoverable from taxation authorities. The net amount of GST recoverable from the taxation authority is included as part of receivables.

	2022 $'000	2021 $'000
Current		
Accrued expenses	**62,060**	40,188
Trade payables	**104,128**	57,675
Trade payables and accrued expenses	**166,188**	97,863

No interest is incurred on trade payables.

11. Employee Benefits

Accounting policies

Employee benefits

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave, and sick leave when it is probable that settlement will be required, and they are capable of being measured reliably.

Provisions made in respect of employee benefits expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement and including on-costs associated with employment.

Provisions made in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

	2022	2021
	$'000	$'000
Current	**25,184**	15,715
Non-current	**2,090**	2,367
Accrued wages and salaries	**2,741**	1,181
Total employee benefits	**30,015**	19,263

Accrued wages and salaries are included in accrued expenses in Note 10.

Tangible and Intangible Items

The following section shows the tangible and intangible assets used by the Group to operate the business.

Intangible assets include brands, customer relationships, patents, licences, software development, distribution rights and goodwill.

This section explains the accounting policies applied and the specific judgements and estimates made by the Directors in arriving at the net book value of these assets.

12. Goodwill

Accounting policies

Goodwill

Goodwill represents the excess of the cost of acquisition over the fair value of the identifiable assets, liabilities and contingent liabilities acquired.

Goodwill is recognised as an asset and not amortised but tested for impairment annually and whenever there is an indication that the goodwill may be impaired. Any impairment is recognised immediately in the Income Statement and is not subsequently reversed.

This table summarises the movement in goodwill:

	Note	2022 $'000	2021[2] $'000
Gross carrying amount			
Balance at the beginning of the year		**206,002**	162,149
Acquisitions through business combinations[1]		**452,764**	43,644
Impairment of goodwill – Davey	16	**(36,359)**	-
Net foreign currency difference arising on translation of financial statements of foreign operations		**(1,161)**	209
Balance at the end of the year		**621,246**	206,002

1. This relates to Auto Pacific Group $410.499 million (Note 30a), Vision X Group $39.452 million (Note 30a), Christine Products $2.094 million (Note 30a) and Hybrid Battery Rebuild $0.719 million (Hybrid Battery Rebuild is a specialist Hybrid Battery rebuilder and the acquisition will compliment IM Group's ambitions to grow its EV market offering).
2. 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 30a

13. Other Intangible Assets

Accounting policies

Brand names and trademarks

Acquired brand names and trademarks are recorded at cost. The carrying values are tested on a stand-alone basis, based on its value in use (Note 16).

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.

Customer relationships

Customer relationships that are acquired by the Group have finite lives, are measured at cost less accumulated amortisation (Note 3) and accumulated impairment losses. Amortisation of customer relationships is calculated on a straight-line basis based on its estimated useful life and recognised in the Income Statement.

Other intangible assets

Other intangible assets, including patents and distribution rights, that are acquired by the Group, which have finite lives, are measured at cost less accumulated amortisation (Note 3) and accumulated impairment losses.

13. Other Intangible Assets (Continued)

Amortisation

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight line method over the estimated useful lives and is generally recognised in the Income Statement. Goodwill is not amortised.

The estimated useful lives for current and comparative periods are as follows:

- Customer relationships: 5-15 years
- Patents and distribution rights: 3 -5 years
- Software: 3 years

The carrying value is tested for impairment as part of the annual testing of cash generating units (Note 16).

	Brand, Business Names & Trademarks	Patents, Licences & Distribution Rights	Software	Customer Relationships	Total
Gross carrying amount	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Balance at 30 June 2020	119,237	1,915	219	4,441	125,812
Additions from business combinations[1]	13,044	131	-	13,748	26,923
Acquisition of patents and software	-	12	153	-	165
Foreign currency movements	-	(2)	-	-	(2)
Balance at 30 June 2021	132,281	2,056	372	18,189	152,898
Additions from business combinations	92,696	38	155	281,761	374,650
Acquisition of patents and software	-	13	16	-	29
Disposals of patents	-	(3)	-	-	(3)
Foreign currency movements	(59)	(4)	-	(32)	(95)
Balance at 30 June 2022	**224,918**	**2,100**	**543**	**299,918**	**527,479**
Accumulated amortisation					
Balance at 30 June 2020	(2,418)	(541)	(165)	(1,252)	(4,376)
Additions from business combinations	(63)	(110)	-	-	(173)
Amortisation expense	(324)	(147)	(100)	(319)	(890)
Foreign currency movements	-	1	1	-	2
Balance at 30 June 2021	(2,805)	(797)	(264)	(1,571)	(5,437)
Additions from business combinations	-	-	-	-	-
Amortisation expense	(484)	(1,294)	(96)	(9,927)	(11,801)
Impairment of other intangible[2]	(1,100)	-	-	-	(1,100)
Foreign currency movements	-	(4)	2	31	29
Balance at 30 June 2022	**(4,389)**	**(2,095)**	**(358)**	**(11,467)**	**(18,309)**
Carrying amount					
As at 30 June 2021[1]	129,476	1,259	108	16,618	147,461
As at 30 June 2022	**220,529**	**5**	**185**	**288,451**	**509,170**

1. 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 30a
2. Relates to impairment of Brand names held by Davey, refer to Note 16.

Amortisation is recognised in administration expense in Consolidated Income Statement.

14. Property, Plant and Equipment

Accounting policies

Property, plant and equipment

Property, plant and equipment and leasehold improvements are stated at cost less accumulated depreciation (Note 3) and impairment.

Cost includes expenditure that is directly attributable to the acquisition of the item.

If there has been a technological change or decline in business performance, the Directors review the value of the assets to ensure they have not fallen below their depreciated value. If an asset's value falls below its depreciated value, an additional one-off impairment charge is made against profit.

Leased property, plant and equipment

As at 30 June 2022, the net carrying amount of leased equipment held under finance lease was $0.062 million.

This table summarises the movement in gross carrying amount, accumulated amortisation and written down value of property, plant and equipment:

	Note	Property, Plant and Equipment $'000
Gross carrying amount		
Balance at 30 June 2020		55,242
Additions from business combinations	30a	11,917
Additions		5,957
Disposals		(2,148)
Foreign currency movements		18
Balance at 30 June 2021		70,986
Additions from business combinations	30a	29,669
Additions		13,687
Disposals		(2,990)
Foreign currency movements		(471)
Balance at 30 June 2022		**110,881**
Accumulated depreciation		
Balance at 30 June 2020		(38,747)
Additions from business combinations	30a	(6,705)
Depreciation expense		(5,172)
Disposals		1,959
Balance at 30 June 2021		(48,665)
Additions from business combinations	30a	(2,142)
Depreciation expense		(8,236)
Disposals		2,568
Foreign currency movements		99
Balance at 30 June 2022		**(56,376)**
Carrying amount		
As at 30 June 2021		22,321
As at 30 June 2022		**54,505**

Depreciation is recognised as an administration expense in the Consolidated Income Statement.

15. Leases

Leases as a Lessee (AASB 16)

The Group leases warehouse and office facilities. On average the leases typically run for a period of 10 years, with an option to renew the lease after that date. Lease payments are renegotiated every 3 years to reflect market rentals. Some leases provide for additional rent payments that are based on changes in local price indices. For certain leases, the Group is restricted from entering into any sub-lease arrangements.

The warehouse and office facilities leases were entered into many years ago as combined leases of land and buildings.

The Group leases motor vehicle and forklift leases, on average, the leases typically run for a period of 4 years and do not have options to extend or vary lease terms.

The Group leases IT equipment with contract terms of one to three years. These leases are short term and/or leases of low-value items. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

Information about leases for which the Group is a lessee is presented below.

i. Right of use assets

	Land and Buildings $'000	Motor Vehicles and Forklifts $'000	Office Equipment $'000	Total $'000
Balance at 1 July 2020	73,542	3,421	283	77,246
Depreciation charge for the year	(10,445)	(1,879)	(185)	(12,509)
Lease reassessments	(3,388)	3	-	(3,385)
Additions to right-of-use assets	1,655	820	8	2,483
Additions from business combinations	18,882	66	-	18,948
Foreign exchange movements	582	-	-	582
Balance at 30 June 2021	80,828	2,431	106	83,365
Depreciation charge for the year	(15,298)	(1,836)	(145)	**(17,279)**
Lease reassessments	(1,078)	-	(28)	**(1,106)**
Additions to right-of-use assets	11,342	3,255	108	**14,705**
Additions from business combinations	46,930	730	88	**47,748**
Foreign exchange movements	(968)	(10)	(2)	**(980)**
Balance at 30 June 2022	**121,756**	**4,570**	**127**	**126,453**

ii. Amounts recognised in profit and loss

	$'000
2022 – Leases under AASB 16	
Interest on lease liabilities	**4,166**
Expenses relating to short-term leases and low value assets	**706**
2021 – Leases under AASB 16	
Interest on lease liabilities	3,291
Expenses relating to short-term leases and low value assets	960

iii. Amounts recognised in statement of cash flows

	2022 $'000	2021 $'000
Total cash outflows for leases	**(19,043)**	(13,469)

iv. Extension options

Some property leases contain extension options exercisable by the Group up to one year before the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control. The Group has included all extension options available in determining its lease liability calculations.

16. Impairment Testing

Accounting policies

Impairment of property, plant, equipment and intangible assets

Intangible assets with indefinite life are tested for impairment annually and whenever there is an indication that the asset may be impaired. Tangible assets are tested for impairment whenever there is an indication that the asset may be impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Assets that cannot be tested individually are grouped together into cash-generating units (CGUs) which are the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash flows of other assets or CGUs. Subject to an operating segment ceiling test, CGUs, to which goodwill has been allocated, are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised in the income statement immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or CGU) in prior years. A reversal of an impairment loss (other than goodwill) is recognised in the Income Statement immediately. Any impairment of goodwill is not subsequently reversed.

Results

All intangible assets with indefinite lives (goodwill and brand names), have been allocated for impairment testing purposes to CGUs (or groups of units). Where appropriate, the recoverable amount for brand names has been tested on a stand-alone basis, based on its value in use, in addition to being considered as part of the CGU assessment.

The acquisition of Auto Pacific Group and Vision X during FY22 resulted in the re-evaluation of the Group's reporting structure and ultimately, its CGUs. Each identified CGU's recoverable amount has been tested on the basis of its value in use. The value in use calculation uses assumptions including cash flow projections based on Board approved budget for the 2023 year (2021: based on 2022 budget), projections for a further 4 years based on expected revenue growth rates, gross margin growth and EBITDA growth for the specific CGU and a terminal value growth rate ranging between 2%-3% consistent with the sectors in which the CGUs operate. The values assigned reflect past experience, risk adjusted outcomes expected from strategic initiatives or, where appropriate, external sources of information.

The following summarises the carrying value of goodwill and indefinite life intangible assets for each of the Group's material CGUs that is considered significant in comparison to the group's total carrying amount of goodwill and indefinite life intangible assets, together with the range of post-tax discount rates applied to cash flows of each CGU for the years ended 30 June 2022 and 2021:

	2022		
Cash Generating Units	**Goodwill $'000**	**Indefinite life intangibles $'000**	**Discount rate %**
Brown & Watson International	93,419	98,500	10.1
Vision X	39,452	12,473	12.8
Auto Pacific Group	410,499	74,500	11.5
Davey	-	-	11.6
Multiple units without significant goodwill and Indefinite life intangibles	77,876	35,056	9.4 – 15.5

16. Impairment Testing (Continued)

	2021[1]		
Cash Generating Units	**Goodwill $'000**	**Indefinite life intangibles $'000**	**Discount rate %**
Brown & Watson International	93,419	98,500	9.4
Davey	36,497	1,100	8.9
Multiple units without significant goodwill and Indefinite life intangibles	76,086	28,039	9.1 – 9.6

1. As per the requirements of AASB 3 Business Combinations, fair value adjustments have been reflected in the balance sheet as at 30 June 2021 resulting in the restatement of the Balance Sheet as at 30 June 2021. Refer to note 30a

Impairment testing Davey CGU

The recoverable amount of this CGU was based on its value in use, determined by discounting the future cash flows to be generated from the continuing use of the CGU. The carrying amount of the CGU was determined to be higher than its recoverable amount of $68.2m (2021: $95.7m) and an impairment loss of $37.5m during FY2022 (2021: nil) was recognised. The impairment loss was fully allocated to goodwill of $36.4m and brand names of $1.1m.

The key assumptions used in the estimation of value in use were as follows:

	2022 %	2021 %
Discount rate	**11.6%**	8.9%
Terminal value growth rate	**3.0%**	3.0%
Budgeted EBITDA growth rate (average of next 5 years)	**17.6%**	16.4%

The Value in use calculation used cash flow projections based on internal forecasts for the FY23 and FY24 years, extended over the subsequent 3-year period (forecast period) and applied a terminal value calculation using estimated growth rates approved by the Board of GUD Holdings Limited. The discount rate and the terminal growth rate used is based on a range provided by an independent expert and reflects specific risks relating to the business.

A change program underway at Davey, an uncertain operating environment and a higher discount rate have been considered in our forward projections for the value in use calculations and has resulted in an impairment.

Following the impairment loss recognised in the Davey CGU, the indefinite life intangibles, being brand names and goodwill held by the business are now fully impaired with minimum headroom available. Therefore, holding all other assumptions constant, a reasonably possible negative change in the forecast growth in EBITDA over the FY23-FY25 period, negative change in terminal growth rate and higher discount rate may result in further impairment.

The Directors have assessed that no further impairment charge is required in relation to the tangible or intangible assets for the year ended 30 June 2022. At 30 June 2021, no impairment charge was required in relation to the tangible or intangible asset.

17. Commitments for Expenditure

Plant & equipment

Future contracted capital expenditure not provided for and payable are as follows:

	2022 $'000	2021 $'000
Within 1 year	**5,439**	67
Between 1 and 5 years	**-**	-
Later than 5 years	**-**	-
Total plant and equipment capital expenditure	**5,439**	67

Capital Structure and Financing Costs

This section outlines how the Group manages its capital structure and related financing costs, including its balance sheet liquidity and access to capital markets.

The Directors determine the appropriate capital structure of the Group, how much is realised from shareholders and how much is borrowed from financial institutions to finance the Group's activities now and in the future.

This section details the interest income generated on the Group's cash and other financial assets and the interest expense incurred on borrowings and other financial assets and liabilities. The presentation of these net financing costs in this note reflects income and expenses according to the classification of the financial instruments.

18. Cash and Cash Equivalents

Accounting policies

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash in banks and investments in money market instruments, net of outstanding bank overdrafts and are principally held with the same financial institutions who provide borrowing facilities to the company.

Bank overdrafts, where they occur, are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Cash flows are included in the cash flow statement on a gross basis inclusive of GST. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

	Note	2022 $'000	2021 $'000
Current			
Cash and cash equivalents in the balance sheet		**59,426**	42,594
Total cash and cash equivalents		**59,426**	42,594

Reconciliation of profit after income tax to net cash provided by operating activities

	Note	2022 $'000	2021 $'000
Profit/(loss) from operations, net of income tax		**27,338**	60,966
Depreciation and amortisation		**36,832**	18,331
Amortisation of brand names		**484**	324
Impairment of inventory		**10,532**	-
Impairment of intangibles		**37,459**	-
Interest received		**(80)**	-
Interest paid		**12,825**	5,622
Interest on lease liabilities		**4,166**	3,291
(Gain)/Loss on sale of property, plant and equipment		**141**	18
Changes in working capital assets and liabilities:			
Increase/(decrease) in net tax liability		**(10,416)**	(2,948)
(Increase)/decrease in inventories		**(35,666)**	(20,370)
(Increase)/decrease in trade receivables		**(9,478)**	(14,858)
(Increase)/decrease in other assets		**3,503**	1,103
Increase/(decrease) in provisions		**11,927**	(1,375)
Increase/(decrease) in payables		**5,813**	23,466
Increase/(decrease) in derivatives		**(3,404)**	783
Net cash provided by/(used in) operating activities		**91,976**	74,353

19. Borrowings

Accounting policies

Borrowings

Borrowings are recorded initially at fair value, net of transaction costs. Subsequent to initial recognition, borrowings are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in the Income Statement over the period of the borrowing using the effective interest rate method.

Banking facility

A summary of the new and expired facilities follows in the sections below.

Unsecured bank loans

The unsecured bank loans in accordance with the Common Terms Deed are summarised as follows:

	Facilities as at 30 June 2022 ($ million) [1]			Facilities as at 30 June 2021 ($ million)		
	Available	**Utilised[2]**	**Maturity**	**Available**	**Utilised**	**Maturity**
Bank borrowings – 4-year facility	150.0	112.6	28/01/2024	150.0	139.2	28/01/2024
Bank borrowing (USD) – 4-year facility	4.4	1.3	28/01/2024	1.3	-	28/01/2024
Fixed term loan – 8 year facility	50.0	50.0	23/01/2028	50.0	50	23/01/2028
Short-term facilities	31.0	15.0	28/01/2023	25.0	-	28/01/2022
Overdraft	4.9	-	23/01/2028	4.9	-	28/01/2024
Bank borrowing (USD) – 2 year facility	11.6	8.9	28/01/2024	-	-	-
Bank borrowing – 3 year facility	90.0	87.6	1/01/2025	-	-	-
Bank borrowing – 4 year facility	125.0	40.0	21/12/2025	-	-	-
Fixed term loan – 8 year facility	63.2	63.2	31/12/2029	-	-	-
Fixed term loan – 9 year facility	26.6	26.6	25/11/2030	-	-	-
Fixed term loan – 10 year facility	44.4	44.4	26/11/2031	-	-	-
Fixed term loan – 11 year facility	49.2	49.2	30/12/2032	-	-	-
Fixed term loan – 12 year facility	28.1	28.1	30/12/2033	-	-	-
Intraday credit[3] accommodation[2]	28.4	-	-	-	-	-
Total	**706.8**	**526.9**		231.2	**189.2**	

1. Fixed term loans are subject to fixed interest rates with all other facilities subject to variable rates.
2. Disclosed at face value and excludes capitalised loan establishment costs.
3. Banks have provided GUD intraday credit accommodation to enable payments irrespective of the amount of cleared funds in the transaction account.

Overdrafts and short-term facilities

The unsecured bank overdraft and short term facilities are subject to annual review. As part of these facilities, GUD Holdings Limited and its Australian 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 overdrafts is charged at prevailing market rates. The weighted average interest rate for all overdrafts as at 30 June 2022 is 3.17% (30 June 2021: 3.30%).

Bank borrowing summary

This table summarises Borrowings relating to all operations at 30 June 2022 and 30 June 2021:

		2022	2021
	Note	**$'000**	$'000
Current			
Unsecured bank loans		**15,000**	-
Total current borrowings	22	**15,000**	-
Non-current			
Unsecured bank loans		**511,494**	189,158
Total non-current borrowings	22	**511,494**	189,158

19. Borrowings (Continued)

Financing facilities

This table summarises facilities available, used and not utilised related to all operations at 30 June 2022 and 30 June 2021:

	2022 $'000	2021 $'000
Total facilities available:		
Unsecured bank overdrafts	**4,909**	4,931
Unsecured bank loans	**642,377**	201,330
Short term facilities	**31,000**	25,000
Intraday credit accommodation	**28,410**	-
Balance at 30 June	**706,696**	231,261
Facilities used at balance date:		
Unsecured bank overdrafts	**-**	-
Unsecured bank loans	**511,494**	189,158
Short term facilities	**15,000**	-
Intraday credit accommodation	**-**	
Balance at 30 June	**526,494**	189,158
Facilities not utilised at balance date:		
Unsecured bank overdrafts	**4,909**	4,931
Unsecured bank loans	**130,883**	12,172
Short term facilities	**16,000**	25,000
Intraday credit accommodation	**28,410**	
Balance at 30 June	**180,202**	42,103

Reconciliation of movements of liabilities to cash flows arising from financing activities

	Note	Other loans and borrowings	Lease liabilities	Interest Rate Swaps / Forward exchange contracts used for hedging - Asset	Interest Rate Swaps / Forward exchange contracts used for hedging - Liabilities	Reserves	Retained Earnings	Share capital	Total
Balance at 1 July 2021		182,788	88,591	2,071	162	15,186	178,042	195,556	662,396
Proceeds from loans and borrowings		405,727	-	-	-	-	-	-	405,727
Repayment/(Advance) of loans and borrowings		(78,509)	-	-	-	-	-	-	(78,509)
Payment of lease liability		-	(19,043)	-	-	-	-	-	(19,043)
Dividend paid		-	-	-	-	-	(39,689)	-	(39,689)
Proceeds from issue of ordinary shares (net of transaction costs)		-	-	-	-	-	-	469,704	469,704
Interest received		80	-	-	-	-	-	-	80
Interest paid		(12,825)	-	-	-	-	-	-	(12,825)
Total changes from financing cash flows		314,473	(19,043)	-	-	-	(39,689)	469,704	725,445
The effect of changes in foreign exchange rates		(1,722)	(639)	4,767	18	-	-	-	2,424
Other changes		1,141	(707)	246	1,591	1,231	(14,293)	14,293	3,502
Current year profit		-	-	-	-	-	64,464		64,464
Acquisitions / additions		9,687	62,788	-	-	-	-	-	72,475
Interest income		(80)	-	-	-	-	-	-	(80)
Interest expense		14,539	4,166						18,705
Total other changes		25,287	66,247	246	1,591	1,231	50,171	14,293	159,066
Balance at 30 June 2022		**520,826**	**135,156**	**7,084**	**1,771**	**16,417**	**188,524**	**679,553**	**1,549,331**

19. Borrowings (Continued)

Reconciliation of movements of liabilities to cash flows arising from financing activities

	Note	Other loans and borrowings	Lease liabilities	Interest Rate Swaps / Forward exchange contracts used for hedging - asset	Interest Rate Swaps / Forward exchange contracts used for hedging - Liabilities	Reserves	Retained Earnings	Share capital	Total
Balance at 1 July 2020		166,852	79,962	549	2,042	11,001	150,904	112,880	524,190
Proceeds from loans and borrowings		91,610	-	-	-	-	-	-	91,610
Repayment/(Advance) of loans and borrowings		(76,569)	-	-	-	-	-	-	(76,569)
Payment of lease liability		-	(13,469)	-	-	-	-	-	(13,469)
Dividend paid		-	-	-	-	-	(25,494)	-	(25,494)
Proceeds from issue of ordinary shares (net of transaction costs)		-	-	-	-	-	-	73,759	73,759
Interest received		-	-	-	-	-	-	-	-
Interest paid		(5,621)	-	-	-	-	-	-	(5,621)
Total changes from financing cash flows		9,420	(13,469)	-	-	-	(25,494)	73,759	44,216
The effect of changes in foreign exchange rates		(86)	(6)	1,522	(1,235)	-	-	-	195
Other changes		981	17,343	-	(645)	4,185	52,632	8,917	83,413
Interest expense		5,621	4,761	-	-	-	-	-	10,382
Total other changes		6,602	22,104	-	(645)	4,185	52,632	8,917	93,795
Balance at 30 June 2021		**182,788**	**88,591**	**2,071**	**162**	**15,186**	**178,042**	**195,556**	**662,396**

20. Derivatives

Accounting policies

Derivative financial instruments

To manage its exposure to interest rate and foreign exchange rate risk, the Group may enter into a variety of derivatives including forward foreign exchange contracts, interest rate swaps, options and collars.

Derivatives are recognised initially at fair value and any directly attributed transaction costs are recognised in profit or loss as they are incurred. Subsequent to initial recognition, derivatives are recognised at fair value, and changes are generally recognised in profit or loss unless designated and effective as cash flow hedging instruments.

Cash flow hedges

The Group designates certain derivatives as hedges of highly probable forecast transactions (cash flow hedges).

When a derivative is designated as a cash flow hedge, the effective portion of changes in the fair value of derivatives is recognised in other comprehensive income and accumulated in the hedging reserve. Any ineffective portion of changes in fair value of the derivative is recognised immediately in the profit or loss.

The amounts are accumulated in other comprehensive income and reclassified in the profit or loss in the same period when the impact of the hedged item affects profit or loss.

When the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability.

Hedge accounting is discontinued on a prospective basis when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At this time, gain or losses accumulated in other comprehensive income are reclassified to profit or loss. An interest rate swap is an instrument to exchange a fixed rate of interest for a floating rate, or vice versa, or one type of floating rate for another.

20. Derivatives (Continued)

Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognised immediately in the income statement.

A derivative is a type of financial instrument typically used to manage risk. A derivative's value changes over time in response to underlying variables such as exchange rates or interest rates and is entered into for a fixed period. A hedge is where a derivative is used to manage an underlying exposure.

The Group is exposed to changes in interest rates on its net borrowings and to changes in foreign exchange rates on its foreign currency transactions and net assets. In accordance with Board approved policies, the Group uses derivatives to hedge these underlying exposures.

Derivative financial instruments are initially included in the balance sheet at their fair value, either as assets or liabilities, and are subsequently remeasured at fair value or 'marked to market' at each reporting date. Movements in instruments measured at fair value are recorded in the Income Statement in net finance costs.

Analysis of the derivatives used by the Group to hedge its exposure and the various methods used to calculate their respective fair values are detailed in this section.

Derivative assets

This table summarises derivative assets related to all operations at 30 June 2022 and at 30 June 2021:

	Note	2022 $'000	2021 $'000
Current			
Derivatives - Foreign currency forward contracts	21	6,838	2,071
Current derivative assets		6,838	2,071
Non-current			
Derivatives - Interest rate swaps	21	246	-
Non-current derivative assets		246	-

Derivative liabilities

This table summarises derivative liabilities related to all operations at 30 June 2022 and at 30 June 2021:

	Note	2022 $'000	2021 $'000
Current			
Derivatives - Foreign currency forward contracts	21	18	-
Derivatives - Interest rate swaps at fair value	21	-	27
Current derivative liabilities		18	27
Non-current			
Derivatives - Interest rate swaps at fair value	21	1,753	135
Non-current derivative liabilities		1,753	135

The following table indicates the periods in which the cash flows associated with cash flow hedges are expected to occur and impact profit or loss and the carrying amounts of the related hedging instruments.

	2022 Expected cash flow and impact to profit and loss					2021 Expected cash flow and impact to profit and loss				
	Carrying amount	Total	1-6 months	7-12 months	1-3 years	Carrying amount	Total	1-6 months	7-12 months	More than one year
Interest rate swaps										
Assets	246	246	-	-	246	-	-	-	-	-
Liabilities	(1,753)	(1,613)	-	(416)	(1,197)	(162)	(162)	(162)	-	-
Forward exchange contracts										
Assets	6,838	6,838	6,838	-	-	2,071	2,071	1,244	827	-
Liabilities	(18)	(18)	(18)	-	-	-	-	-	-	-
Total	5,313	5,313	6,820	(416)	(951)	1,909	1,909	1,082	827	-

21. Other Financial Instruments

Accounting policies

Other financial instruments

Financial assets and liabilities are recognised on the date when they are originated or at trade date.

A financial instrument is recognised if the Group becomes a party to the contractual provisions of the instrument.

Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset.

Financial liabilities are derecognised if the Group's obligations specified in the contract are discharged, expire or are cancelled.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Loans receivable

Loans receivable are non-derivative financial instruments and are initially recognised at fair value plus any directly attributable costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method, less identified impairment.

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.

Other financial assets

This table summarises other financial assets related to all operations at 30 June 2022 and at 30 June 2021:

	Note	**2022 $'000**	2021 $'000
Current			
Loans receivable - third parties	22	**-**	2,158
G4CVA revenue adjustment [1]	30a	**-**	2,110
Other current financial assets		**-**	4,268
Non-current			
Loans receivable - third parties[2]	22	**3,939**	4,212
Other receivables		**1,755**	-
Other non-current financial assets		**5,694**	4,212

1. G4CVA did not achieve the revenue target as set out in the Sales and Purchase Agreement. As a result, GUD was refunded in full the escrow amount $2.110 million in FY22.
2. The loan receivable relates to a loan made to a majority shareholder in our filter supplier AFI Group. The loan is secured by property mortgage, a right of offset against trade payables owing to the AFI Group and lien over the shares held by that shareholder in AFI Group.

Other financial liabilities

This table summarises other financial liabilities at 30 June 2022 and at 30 June 2021:

	Note	**2022 $'000**	2021 $'000
Current			
Deferred consideration payable		**20,799**	-
Non-current			
Contingent consideration payable		**20,097**	-
Total other financial liabilities	22	**40,896**	-

Contingent consideration payable included in other financial liabilities is measured at fair value. Consideration payable at 30 June 2022 includes the contingent consideration payable to the vendors of Vision X Group.

22. 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 market values 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).

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

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value
Interest rate swaps	Swap models: The fair value calculated as the present value of the estimated future cash flows. Estimates of future floating-rate cash flows are based on quoted swap rates, futures prices and interbank borrowing rates. Estimated cash flows are discounted using a yield curve constructed from similar sources and which reflects the relevant benchmark interbank rate used by market participants for this purpose when pricing interest rate swaps. The fair value estimate is subject to a credit risk adjustment that reflects the credit risk of the Group and of the counterparty; this is calculated based on credit spreads derived from current credit default swap or bond prices.	*Not applicable.*	*Not applicable.*
Foreign exchange contracts	Forward pricing: The fair value is determined using quoted forward exchange rates at the reporting date and present value calculations based on high credit quality yield curves in the respective currencies.	*Not applicable.*	*Not applicable.*
Contingent consideration	Discounted cash flows: The valuation model considers the present value of the expected future payments, discounted using a risk-adjusted discount rate. The expected payment is determined by considering the possible scenarios of forecast revenue and EBITDA, the amount to be paid under each scenario and the probability of each scenario.	-The probability attached to each scenario - Forecast EBIT growth (2022: 0-30%,2021: 0-30%) - Risk adjusted discount rate (2022: 7.5% ,2021: 8.0%)	The estimated fair value would increase (decrease) if: - The EBITDA growth is (lower)/higher - The risk adjusted discount rate moves lower (higher).
Investments	The fair values of the non-listed equity investments have been estimated by benchmarking against the latest round of capital raises completed in the financial year or significant unobservable inputs.	- Recent capital raises - Internal management information	The estimated fair value various in line with equity prices established during capital raising and performance based on management results.

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.

Other financial assets - Contingent consideration payable

Level 3 fair values are based on the present value of expected receipt discounted using a risk adjusted discount rate.

There were no transfers between any of the levels of the fair value hierarchy during the year ended 30 June 2022.

Level 3 fair value reconciliation

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

	2022 $'000	2021 $'000
Opening balance	**-**	1,516
Contingent consideration payable[1]	**20,097**	(1,516)
Unwinding of discount	**-**	-
Closing balance	**20,097**	-

1. Contingent consideration relating to the acquisition of Vision X during the financial year (2021: Acquisition of IMG)

22. Financial Instruments (Continued)

As at 30 June 2022

		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							
Investment[2]	-	6,872	6,872	-	-	6,872	6,872
Derivatives - Foreign currency forward contracts	6,838	-	6,838	-	6,838	-	6,838
Derivatives – Interest rate swaps at fair value	-	246	246	-	246	-	246
Other financial assets	-	-	-	-	-	-	-
Total financial assets measured at fair value	**6,838**	**7,118**	**13,956**	**-**	**7,084**	**6,872**	**13,956**
Financial assets not measured at fair value							
Cash and cash equivalents [1]	59,426	-	59,426	-	-	-	-
Trade and other receivables [1]	202,622	-	202,622	-	-	-	-
Other financial assets [2]	-	5,694	5,694	-	-	-	-
Total financial assets not measured at fair value	**262,048**	**5,694**	**267,742**	**-**	**-**	**-**	**-**
Total financial assets	**268,886**	**12,812**	**281,698**	**-**	**7,084**	**6,872**	**13,956**
Financial liabilities measured at fair value							
Derivatives - Foreign currency forward contracts	18	-	18	-	18	-	18
Derivatives - Interest rate swaps at fair value	-	1,753	1,753	-	1,753	-	1,753
Other financial liability	-	20,097	20,097	-	-	20,097	20,097
Total financial liabilities measured at fair value	**18**	**21,850**	**21,868**	**-**	**1,771**	**20,097**	**21,868**
Financial liabilities not measured at fair value							
Unsecured borrowings and loans [1]	15,000	250,085	265,085	-	-	-	-
Fixed rate loan	-	261,409	261,409	-	250,585	-	250,585
Deferred consideration payable	20,799	-	20,799	-	20,799	-	20,799
Trade payables [1]	166,188	-	166,188	-	-	-	-
Lease liabilities	22,082	113,074	135,156	-	-	-	-
Total financial liabilities not measured at fair value	**224,069**	**624,568**	**848,637**	**-**	**271,384**	**-**	**271,384**
Total financial liabilities	**224,087**	**646,418**	**870,505**	**-**	**273,155**	**20,097**	**293,252**

1. 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
2. The financial asset relates to a loan made to a majority shareholder in our filter supplier AFI Group. The loan is secured by property mortgage, a right of offset against trade payables owing to the AFI Group and lien over the shares held by that shareholder in AFI Group.

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22. 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 [1]	42,594	-	42,594	-	-	-	-
Trade and other receivables [1]	146,355	-	146,355	-	-	-	-
Other financial assets [1]	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 [1]	-	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**

1. 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

23. Financial Risk Management

Overview

The Group's activities expose it to a variety of financial risks: market risks (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments within its policies described below as hedges to manage certain risk exposures.

Treasury policies have been approved by the Board for managing each of these risks including levels of authority on the type and use of financial instruments. Transactions are only undertaken if they relate to underlying exposures, i.e., the Group does not use derivatives to speculate. The treasury function reports regularly to the Audit Committee and treasury operations are subject to periodic reviews.

The Group has exposure to the following risks from their financial instruments:

- credit risk
- liquidity risk
- market risk

This note provides additional information about the Group's exposures to the above risks, its objectives, policies, and processes for measuring and managing the identified risk. It also outlines the objectives and approach to capital management.

Financial risk management objectives

The Group's Corporate Treasury function provides services to the business, co-ordinates access to domestic and international markets, and manages the financial risks relating to the operations of the Group.

The Group does not enter into or trade in financial instruments, including derivative financial instruments, for speculative purposes.

The use of financial derivatives is governed by the Group's policies approved by the Board of Directors, which provide written principles on the use of financial derivatives. Compliance with policies and exposure limits is reviewed by the Financial Risk Management Committee chaired by the Chief Financial Officer. Each month, the Chief Financial Officer provides the Board of Directors with a report outlining financial exposures, hedging levels, and financial risk management policy compliance.

The Group's activities expose it primarily to the financial risks associated with changes in foreign currency exchange rates, interest rates and commodity prices.

There has not been any change to the objectives, policies, and processes for managing risk during the current year.

Credit risk

Credit risk refers to the risk that a financial loss may be experienced by the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's risk is primarily in relation to receivables from customers and hedging transactions with third party counterparties and receivables from each of the Group's two largest customers represented 10-15% of the Group's total receivables, which is broadly consistent with the prior year.

The Group's exposure to credit risk is characterised by the following:

- the majority of customer sales transactions are domestic in nature,
- trade receivables are non-interest bearing and domestic trade receivables are generally on 30 to 180 day terms,
- the Group as a whole is exposed in a material way to several large Automotive parts resellers who are members of publicly listed companies, Original Equipment Manufacturer and a number of significant customers with individual businesses in the water and automotive aftermarket sectors,
- new customers are subjected to credit assessment by the specific business within the Group that they wish to transact with and are allocated credit limits which are managed according to the needs of the customer and the risk assessment of the relevant business,
- most businesses within the Group maintain credit insurance to lessen the credit risk,
- ageing of customer receivables is reviewed in detail each month by businesses within the Group and by the Company in an oversight capacity.

In order to manage credit risk, goods are sold subject to retention of title clauses and, where considered appropriate, are registered under the Personal Properties Securities Act, so that in the event of non-payment the Group may have a secured claim.

The Group maintains a provision account, described in the consolidated financial statements as an allowance for doubtful debts, which represents the estimated value of specific trade receivables that may not be recovered. A general provision for doubtful debts is not maintained. Uncollectable trade receivables are charged to the allowance for doubtful debts account. Identified bad debts are submitted to the Board of Directors for approval for write off in December and June of each year. Credit insurance is maintained to partially mitigate uncollectable amounts.

23. Financial Risk Management (Continued)

Credit risk (Continued)

The maximum exposure to credit risk is the sum of cash and cash equivalents (Note 18), the total value of trade and other receivables (Note 8) and other financial instruments (Note 21). The majority of credit risk is within Australia, United States of America and New Zealand.

A material exposure arises from forward exchange contracts, options and collars that are subject to credit risk in relation to the relevant counterparties. The maximum credit risk exposure on foreign currency contracts, options and collars is the full amount of the foreign currency the Group pays when settlement occurs, should the counterparty fail to pay the amount which it is committed to pay the Group. To address this risk, the Group restricts its dealings to financial institutions with appropriate credit ratings.

Liquidity risk

Liquidity risk refers to the risk that the Group will not be able to meet its financial obligations as they fall due. The Group undertakes the following activities to ensure that there will be sufficient funds available to meet obligations:

- prepare budgeted annual and monthly cash flows;
- measurement of actual Group cash flows on a regular basis with comparison to budget on a monthly basis;
- maintenance of standby money market facilities; and,
- maintenance of a committed borrowing facility in excess of budgeted usage levels.

The contractual maturities of financial liabilities, including estimated interest payments on bank loans, are as follows:

2022	Carrying amount $'000	Contractual cash flows $'000	Less than 1 year $'000	1 to 2 years $'000	2 to 5 years $'000	Beyond 5 years $'000
Financial liabilities						
Trade and other payables	166,183	166,183	166,183	-	-	-
Derivatives	1,771	1,771	449	537	785	-
Unsecured bank loans	526,520	619,264	30,477	161,419	131,588	295,780
Deferred consideration	20,799	21,419	21,419	-	-	-
Contingent consideration	20,097	23,935	-	-	23,935	-
Lease liability	135,156	152,169	22,777	19,840	59,874	49,678
Total financial liabilities	**870,526**	**984,741**	**241,305**	**181,796**	**216,182**	**345,458**

2021	Carrying amount $'000	Contractual cash flows $'000	Less than 1 year $'000	1 to 2 years $'000	2 to 5 years $'000	Beyond 5 years $'000
Financial liabilities						
Trade and other payables	97,863	97,863	97,863	-	-	-
Derivatives	162	162	27	135	-	-
Unsecured bank loans	189,158	201,578	3,210	3,210	143,497	51,661
Lease liability	88,591	117,301	15,062	14,087	45,303	42,849
Total financial liabilities	**375,774**	**416,904**	**116,162**	**17,432**	**188,800**	**94,510**

The inflows/(outflows) disclosed in the above table represent the contractual undiscounted cash flows relating to derivative financial liabilities held for risk management purposes and which are not usually closed out before contractual maturity. The disclosure shows net cash flow amounts for derivatives that are net cash-settled and gross cash inflow and outflow amounts for derivatives that have simultaneous gross cash settlement.

The Group has unsecured bank loans and fixed-term loans that contains a loan covenant. A future breach of covenant may require the Group to repay the loan earlier than indicated in the above table. Under the agreement, the covenant is monitored on a regular basis by the treasury department and regularly reported to Management to ensure compliance with the agreement.

Market risk

Market risk for the Group refers to the risk that changes in foreign exchange rates or interest rates will affect the Group's income or equity value.

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rates and foreign currency risk, including:

- forward foreign exchange contracts, options, and collars to hedge the exchange risk arising from the importation and sale of goods purchased in foreign currency (principally US dollars); and
- interest rate swaps, options, and collars to partially mitigate the risk of rising interest rates.

23. Financial Risk Management (Continued)
Market risk (Continued)

Foreign exchange risk management

The Group undertakes transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange contracts, options, and collars. The Board of Directors reviews the Group's foreign currency exposure on a monthly basis. The process includes a review of a rolling 12 month estimate of foreign currency exposure, an analysis of financial instruments contracted, an analysis of positions in relation to policy compliance and an analysis of the Group's sensitivity to movements in the exchange rates on an annualised basis.

Forward foreign exchange contracts provide certainty as specific rates are agreed at the time the contract is agreed. Purchased foreign currency options require a premium to be paid and provide a minimum (or maximum) rate at which the entity transacting will purchase (or sell) foreign currency. Foreign currency collars, being a combination of bought call and sold put options, provide the transacting entity with a minimum rate of exchange (call) and a maximum rate of exchange (put). The Group's policy is to enter into forward foreign exchange contracts, options and collars to cover specific and anticipated purchases, specific and anticipated sales and committed capital expenditure, principally in US dollars. The terms of the Group's commitments are rarely more than one year.

At 30 June 2022, the Group is exposed to $1.8 million (2021: $12.0 million net trade liabilities) of USD denominated net trade receivables, $10.9 million of NZD net trade receivables (2021: $12.9 million), $3.3 million of Euro net trade receivables (2021: $2.5 million) and $3.5 million of CNY net trade liabilities (2021: $1.6 million).

Forward foreign exchange contracts

The following table summarises the significant forward foreign currency contracts outstanding as at the reporting date:

		Average Exchange Rate		Foreign Currency		Contract Value[1]		Fair Value[1]	
		2022	2021	**2022**	2021	**2022**	2021	**2022**	2021
Buy	**Local currency**			FC'000	FC'000	$'000	$'000	$'000	$'000
United States Dollars	Australian Dollars	0.7510	0.7761	47,943	36,850	63,840	47,481	5,538	2,035
Chinese Renminbi	Australian Dollars	4.8783	4.9189	47,077	10,000	9,650	2,033	509	20
Thai Baht	Australian Dollars	25.0543	-	355,000	-	14,169	-	428	-
Euro	Australian Dollars	0.6574	-	1,489	-	2,265	-	(4)	-
United States Dollars	New Zealand Dollars	0.6892	-	2,245	-	3,257	-	356	-
Thai Baht	New Zealand Dollars	22.6091	-	24,115	-	1,067	-	33	-
Korean Won	United States Dollars	1240.4905	-	2,356,932	-	1,900	-	(67)	-

1. Contract and fair values calculated based on local currency

Sensitivity Analysis – Foreign exchange AUD:USD	**2022** **$'000**	2021 $'000
For every 1c decrease in AUD:USD rate, total exposures increase by:		
Income statement	1,444	844
Equity	(583)	(225)

Interest rate risk management

The Group is exposed to interest rate risk as it borrows funds at variable interest rates. The risk is managed by maintaining an appropriate mix between fixed and floating interest rates through the use of interest rate derivatives, swap contracts, options and forward interest rate swap contracts.

The Group, from time to time, enters into interest rate swaps and options, with expiration terms ranging out to three years, to protect part of the loans from exposure to increasing interest rates. Interest rate swaps allow the Group to swap floating rate borrowings into fixed rates. Maturities of swap contracts are principally between one and three years. The Group determines the level of hedging required each year based on an estimate of the underlying core debt which is represented by forecast June debt levels. The core debt level is hedged to levels ranging from a maximum of 80% in year one to a minimum of 20% in year three. The hedging of the core debt level is reviewed monthly by the Financial Risk Management Committee. These hedges are treated as cash flow hedges.

Under interest rate swap contracts, the Group agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. These contracts enable the Group to partially mitigate the risk of changing interest rates. The fair values of interest rate swaps are based on counterparty exit values at the reporting date.

The following table summarises the sensitivity of the Group as at the reporting date to movements in interest rates and does not take into account the offsetting impact of any hedging in place. It is important to note that this interest rate sensitivity analysis assumes that all other economic variables remain constant. The information presented includes the type of sensitivity analysis used when reporting to the Board of Directors. The table illustrates the impact of a change in rates of 100 basis points, a level that Management believes to be a reasonably possible movement.

23. Financial Risk Management (Continued)

Market risk (Continued)

Sensitivity Analysis – Interest rates	2022 $'000	2021 $'000
For every 100 basis points increase in interest rates:		
Income statement	(2,654)	(1,465)
Equity	-	-

The following table details the notional principal amounts and remaining terms of interest rate swap and option contracts outstanding at the reporting date.

	Average contracted fixed interest rate		Notional principal amount		Fair value	
Outstanding floating for fixed contracts	2022 %	2021 %	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Less than 1 year	1.83	-	15,000	-	(431)	-
1 to 2 years	2.35	1.18	33,921	39,099	(537)	(158)
2 to 5 years	2.52	-	49,000	-	(785)	-
Total floating for fixed contracts			97,921	39,099	(1,753)	(158)

Capital management

The Board's policy is to maintain a strong capital base for the Group. This policy is predicated on the need to continue to present the Group favourably to various stakeholders including investors, employees, banks, suppliers, and customers. This enables the Group to access capital markets, attract talented staff and negotiate favourable terms and conditions with suppliers and customers. Capital is defined as total debt and equity of the Group.

The Group uses a Cash Value Added (CVA) approach when measuring returns achieved by each business. This approach involves comparing the cash profit achieved to the cost of the capital utilised by each business. This cost of capital represents a weighted average cost of debt and equity and allows a single measure to assess business performance. The Group has consistently achieved CVA returns in excess of its weighted average cost of capital resulting in positive shareholder returns.

The Group is not subject to any externally imposed capital requirements. The terms and the conditions of the main debt facilities contain four financial covenants: minimum interest cover, maximum debt to earnings, and Australia and NZ subsidiaries to Group asset and earnings ratios. All covenants have been satisfied during the 2022 and 2021 financial years. There were no changes to the Group's approach to capital management during the year.

24. Share Capital

Accounting policies

Share capital

The Company's fully paid ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of or repurchase (buy-back) of ordinary shares are recognised as a deduction from equity, net of any tax effects. Ordinary shares bought back by the Company are cancelled in accordance with the law.

	2022		2021	
	$'000	Number	$'000	Number
Balance at the beginning of the year	195,556	94,181,047	112,880	86,701,174
Performance share rights vested	-	-	-	-
Share issue	479,647	45,399,645	75,703	6,771,886
Issue costs	(9,943) [1]	-	(1,361)	-
Dividend reinvested	14,293	1,314,004	8,334	707,987
Balance at the end of the year	679,553	140,894,696	195,556	94,181,047

1. Issue costs are net of $3,218 of deferred tax asset recognised.

During the year, the Company issued 46,713,649 shares (2021: 7,479,873 shares).

During the year, no shares were bought back on market and cancelled by the Group (2021: nil). The Company operates a Dividend Reinvestment Plan (DRP) which allows eligible shareholders to elect to invest dividends in ordinary shares which rank equally with GUD ordinary shares. The Company does not have par value in respect of its issued shares, hence the dollar values above represent historical amounts contributed (if any) on the new issue of shares, amounts allocated to or from retained earnings, and any amount paid on the repurchase (buy back) of ordinary shares. Fully paid ordinary shares carry one vote per share and carry the right to dividends.

25. Reserves

Accounting policies

Hedging reserve

The effective portion of changes in the fair value (net of tax) of derivatives designated as hedges of highly probable forecast transactions (cash flow hedges) is recognised in other comprehensive income and accumulated in the hedging reserve and reclassified to the profit or loss in the same period when the impact of the hedged item affects profit or loss.

When the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, gains and losses previously deferred in the hedging reserve are transferred and included in the initial measurement of the cost of the asset or liability.

Gains or losses accumulated in the hedging reserve are reclassified to profit or loss on a prospective basis when hedge accounting is discontinued, when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting.

Equity compensation reserve

The Performance Rights Plan grants shares in the Company to certain employees. The fair value of performance rights granted under the Performance Rights Plan is recognised as an employee expense with a corresponding increase in the equity compensation reserve. The fair value is measured at grant date and is spread over the vesting period which is the period from the grant date to the end of the Plan period. The fair value of the performance rights granted is measured using a Monte Carlo simulation model, taking into account the terms and conditions upon which the performance rights were granted.

Translation reserve

Assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the Group's reporting currency at exchange rates at the reporting date. The income and expenses of foreign operations are translated into the Group's reporting currency at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the translation reserve, except to the extent that the translation difference is allocated to non-controlling interests.

When a foreign operation is disposed of in its entirety such that control or significant influence is lost, the cumulative amount in the translation reserve related to the foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of an associate while retaining significant influence, the relevant proportion of the cumulative amount is reclassified to profit or loss.

If settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, then foreign currency differences arising from such items form part of the net investment in the foreign operation. Accordingly, such differences are recognised in other comprehensive income and accumulated in the translation reserve.

Dividend reserve

The Company may from time to time set aside amounts in the dividend reserve for dividends. Any amounts set aside which are not applied to dividends are carried forward and may be applied to future dividends.

This table summarises the movement in reserves:

25. Reserves (Continued)

	2022 $'000	2021 $'000
Hedging Reserve		
Balance at the beginning of the year	**1,167**	(902)
Fair value adjustments transferred to equity - net of tax	**2,694**	(1,195)
Amounts transferred to inventory - net of tax	**(2,073)**	3,264
Balance at the end of the year	**1,788**	1,167
Equity Compensation Reserve		
Balance at the beginning of the year	**13,198**	11,291
Equity settled share based payment transactions	**2,239**	1,907
Balance at the end of the year	**15,437**	13,198
Fair Value Reserve		
Balance at the beginning of the year	**(598)**	(598)
Fair value adjustments	**(83)**	-
Balance at the end of the year	**(681)**	(598)
Translation Reserve		
Balance at the beginning of the year	**1,419**	1,210
Exchange differences on translating foreign operations	**(1,546)**	209
Balance at the end of the year	**(127)**	1,419
Dividend Reserve		
Balance at the beginning of the year	**-**	-
Transfer to retained earnings	**-**	-
Amounts set aside for dividends	**-**	-
Balance at the end of the year	**-**	-
Reserves at the end of the year	**16,417**	15,186

26. Retained Earnings

This table summarises the movement in retained earnings:

	2022 $'000	2021 $'000
Balance at the beginning of the year	**178,042**	150,904
Profit for the period	**27,338**	60,966
Transfer from dividend reserve	**-**	-
Dividends paid	**(53,982)**	(33,828)
Balance at the end of the year	**151,398**	178,042

27. Dividends

Accounting policies

Dividends

Dividends paid are classified as distributions of profit consistent with the balance sheet classification of the related debt or equity instruments.

Recognised amounts

	Cents per share	Total amount $'000	Date of payment	Tax rate	Percentage franked
2022					
Final dividend in respect of the 2021 financial year[1]	32	30,138	3 September 2021	30%	100%
Interim dividend in respect of the 2022 financial year[1]	17	23,844	4 March 2022	30%	100%
Total dividends	49	53,982			
2021					
Final dividend in respect of the 2020 financial year[2]	12	10,404	28 August 2020	30%	100%
Interim dividend in respect of the 2021 financial year[2]	25	23,424	28 February 2021	30%	100%
Total dividends	37	33,828			

1 Final dividend paid in respect of the 2021 and interim dividend paid in respect of the 2022 financial year, includes dividend reinvested of $6.96m and $7.33m respectively.

2. Final dividend paid in respect of the 2020 and interim dividend paid in respect of the 2021 financial year, includes dividend reinvested of $2.54m and $5.79m respectively.

Unrecognised amounts

					2022
	Cents per share	**Total amount $'000**	**Date of payment**	**Tax rate**	**Percentage franked**
Final dividend in respect of the 2022 financial year	22	30,997	13 September 2022	30%	100%

The Company operates a Dividend Reinvestment Plan (DRP) which allows eligible shareholders to elect to invest dividends in ordinary shares which rank equally with GUD ordinary shares. The GUD Dividend Reinvestment Plan will not be available for this dividend.

Dividend franking account

The available amounts are based on the balance of the dividend franking account at the reporting date adjusted for franking credits that will arise from the payment of the current tax liability.

	2022 $'000	2021 $'000
30% (2021: 30%) franking credits available to shareholders of GUD Holdings Limited for subsequent financial years	**89,782**	70,236

Taxation

This section outlines the tax accounting policies, current and deferred tax impacts, a reconciliation of profit before tax to the tax charge and the movements in deferred tax assets and liabilities.

28. Current Tax

Accounting policies

Current and deferred tax expense

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by the reporting date. Current and deferred tax is recognised as an expense or income in the Income Statement, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Tax consolidation

The Company and its wholly owned Australian resident subsidiaries have formed a tax-consolidated group under Australian taxation law and are taxed as a single entity with effect from 1 July 2003. The head entity within the tax-consolidated group is GUD Holdings Limited. The members of the tax consolidated group are identified in Note 30b.

Nature of tax funding arrangements and tax sharing agreements

Entities within the tax-consolidated group have entered into a tax-funding arrangement and a tax-sharing agreement with the head entity. Under the terms of the tax funding arrangement, GUD Holdings Limited and each of the entities in the tax-consolidated group have agreed to pay a tax equivalent payment to or from the head entity, based on the current liability or current asset of the entity. The tax sharing agreement entered into between members of the tax-consolidated group provides for the determination of the allocation of income tax liabilities between the entities, should the head entity default on its payment obligations. No amounts have been recognised in the consolidated financial statements in respect of this agreement as payment of any amounts under the tax sharing agreement is considered remote.

Income tax expense recognised in the income statement	**2022 $'000**	**2021 $'000**
Prima facie income tax expense calculated at 30% (2021: 30%) on profit	**17,861**	26,092
Increase/(decrease) in income tax expense / (benefit) due to:		
Non-deductible expenditure	**13,601**	466
(Over)/under provision of income tax in prior year	**2,704**	220
Research and development incentives	**(472)**	(314)
Tax rate differences for overseas entities	**(1,228)**	-
Non-assessable income	**(267)**	(456)
Income tax expense	**32,199**	26,008
Tax expense / (benefit) comprises:		
Current tax expense	**35,727**	30,320
Adjustments recognised in the current year in relation to tax of prior years	**2,704**	220
Deferred tax expense from origination and reversal of temporary differences	**(6,232)**	(4,532)
Total tax expense	**32,199**	26,008

Income tax expense recognised in other comprehensive income

Income tax on items that may be subsequently reclassified to profit or loss	**Before tax**	**Tax (expense) / benefit**	**Net of tax**
2022			
Exchange differences on translating results of foreign operations	(1,546)	-	(1,546)
Fair value adjustments transferred to hedging reserve	3,849	(1,155)	2,694
Net change in fair value of cash flow hedges transferred to inventory	(2,962)	889	(2,073)
Income tax expense recognised in other comprehensive income	(659)	(266)	(925)
2021			
Exchange differences on translating results of foreign operations	209	-	209
Fair value adjustments transferred to hedging reserve	(1,707)	512	(1,195)
Net change in fair value of cash flow hedges transferred to inventory	4,663	(1,399)	3,264
Income tax expense recognised in other comprehensive income	3,165	(887)	2,278

29. Deferred Tax

Accounting policies

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amount of assets and liabilities in the consolidated financial statements and the corresponding tax base of those items.

Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affect neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company/subsidiary expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Company/subsidiary intends to settle its current tax assets and liabilities on a net basis.

2022	Opening balance $'000	Acquisition through business combinations $'000	Recognised in Profit and Loss $'000	Recognised in Equity $'000	Closing balance $'000
Deferred tax assets					
Employee benefit provisions	5,411	4,043	(1,435)	-	**8,019**
Restructuring provisions	(5)	-	5	-	**-**
Warranty provisions	175	-	819	-	**994**
Doubtful debts	405	393	(241)	-	**557**
Inventory	3,388	972	1,915	-	**6,275**
Accrued expenses	3,854	-	(242)	-	**3,612**
Derivative liabilities	155	-	141	538	**834**
Property, plant and equipment	1,061	2,428	27	-	**3,516**
Other intangible assets	3,631	2,106	(1,387)	-	**4,350**
Other	460	-	92	2,635	**3,187**
Total deferred tax asset	18,535	9,942	(306)	3,173	**31,344**
Set off of tax	(18,535)				**(31,344)**
Net deferred tax asset	**-**				**-**
Deferred tax liabilities					
Property, plant and equipment	-	-	-	-	**-**
Other intangible assets	45,471	109,673	(3,375)	-	**151,769**
Derivative assets	622	686	13	793	**2,114**
Other	3,163	602	(1,145)	-	**2,620**
Total deferred tax liabilities	49,256	110,961	(4,507)	793	**156,503**
Set off of tax	(18,535)				**(31,344)**
Net deferred tax liability	**30,721**				**125,159**
Net deferred tax assets/(liabilities)	**(30,721)**				**(125,159)**

29. Deferred Tax (Continued)

2021	Opening balance $'000	Acquisition through business combinations[1] $'000	Recognised in Profit and Loss $'000	Recognised in Equity $'000	Closing balance[1] $'000
Deferred tax assets					
Employee benefit provisions	4,026	714	671	-	5,411
Restructuring provisions	15	-	(20)	-	(5)
Warranty provisions	139	-	36	-	175
Doubtful debts	302	-	103	-	405
Inventory	3,427	-	(39)	-	3,388
Accrued expenses	1,532	158	2,164	-	3,854
Derivative liabilities	715	-	(560)	-	155
Property, plant and equipment	24	-	2,810	-	2,834
Other intangible assets	1,718	475	1,438	-	3,631
Other	21	16	(160)	583	460
Total deferred tax asset	11,919	1,363	6,443	583	20,308
Set off of tax	(11,919)				(20,308)
Net deferred tax asset	**-**				**-**
Deferred tax liabilities					
Property, plant and equipment	331	4,052	(2,610)	-	1,773
Capitalised product development	3	-	(3)	-	-
Other intangible assets	38,519	8,018	(1,066)	-	45,471
Derivative assets	164	-	458	-	622
Other	603	186	2,374	-	3,163
Total deferred tax liabilities	39,620	12,256	(847)	-	51,029
Set off of tax	(11,919)				(20,308)
Net deferred tax liability	**27,701**				**30,721**
Net deferred tax assets/(liabilities)	**(27,701)**	**-**	**-**	**-**	**(30,721)**

1. 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 30a

Business Combinations

This section outlines the Group's structure and changes thereto.

30. Investment in Subsidiaries

Accounting policies

Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment (Note 16). Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

Basis of consolidation

These consolidated financial statements are the financial statements of all the entities that comprise the Group, being the Company and its subsidiaries as defined in Accounting Standard AASB 10 *Consolidated Financial Statements*.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Transactions eliminated on consolidation

Intra-group balances and transactions arising from intra-group transactions are eliminated.

Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interest and other components of equity. Any resulting gain or loss is recognised on profit or loss. Any interest retained in the former subsidiary is measured at fair value when the control is lost.

Discontinued operation

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- represents a separate major line of business or geographic area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographic area of operations; or
- is a subsidiary acquired exclusively with a view to re-sale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale.

When an operation is classified as a discontinued operation, the comparative statement of profit or loss and Other Comprehensive Income is re-presented as if the operation had been discontinued from the start of the comparative year.

30a Acquisitions

1 Acquisition of APG Group

On 4 January 2022, the Company acquired 100% of the shares in AutoPacific Group. The total estimated consideration for AutoPacific Group is $742.1 million, subject to customary purchase price adjustments and working capital adjustments.

Included in the identifiable assets and liabilities acquired at the date of acquisition of AutoPacific Group are inputs (a head office, several factories, patented technology, inventories, and customer relationships), production processes and an organised workforce. The Group has determined that together the acquired inputs and processes significantly contribute to the ability to create revenue. The Group has concluded that the acquired set is a business.

The acquisition firmly establishes GUD as a leader in 4WD Accessories and trailering in Australia and New Zealand.

For the six months ended 30 June 2022, AutoPacific Group contributed revenue of $132.7 million, profit before tax of $9.3 million and EBITA pre significant items and acquisition related non-cash inventory value step up (refer note 7) of $24.565 million to the Group's results. If the acquisition had occurred on 1 July 2021, management estimates that consolidated revenue would have been $274 million, profit before tax of $40 million, EBITDA pre significant items and acquisition related non-cash inventory value step up of $60 million and EBITA pre significant items of $56 million. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 July 2021.

Consideration paid

The total consideration for the acquisition of AutoPacific was $742.125 million. $744.271 million was paid on 4 January 2022 and $2.146 million was received upon receipt of the completion accounts.

Acquisition-related costs

During the year ended 30 June 2022, GUD Holdings incurred approximately $2.911 million of acquisition related costs including legal fees, due diligence, and other advisory fees. This amount has been included in administrative expenses in the Consolidated Profit and Loss Statement and reported as part of the unallocated segment in Note 7.

Identifiable assets acquired, and liabilities assumed

The following table summarises the recognised amounts of assets and liabilities assumed at the date of acquisition with subsequent adjustment for identified intangible assets arising from the purchase price allocation exercise:

$'000	4 January 2022	Fair value adjustments	30 June 2022
Cash and cash equivalents	11,122	-	**11,122**
Trade and other receivables	30,679	(124)	**30,555**
Inventories	56,287	7,263	**63,550**
Other assets	7,810	(40)	**7,770**
Intangible assets	81,384	257,116	**338,500**
Property, plant and equipment	31,618	(6,715)	**24,903**
Right of Use asset	-	34,922	**34,922**
Deferred tax assets	6,444	3,463	**9,907**
Trade and other payables	(58,403)	7,120	**(51,283)**
Lease liability	-	(34,996)	**(34,996)**
Deferred tax liabilities	(22,074)	(81,250)	**(103,324)**
Total identifiable net assets acquired	**144,867**	**186,759**	331,626

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.

30. Investment in Subsidiaries (Continued)

Goodwill

Goodwill arising from the acquisition has been recognised as follows:

	$'000
Total consideration	742,125
Less Fair value of identifiable net assets	331,626
Goodwill	**410,499**

The goodwill is largely attributable to AutoPacific Group's:

- Expanded customer channels including OEMs, fleets, car dealerships and specialist independent 4WD resellers and entry into the fast-growing product category of 4WD accessories
- Exposure to fast growing pick up and SUV vehicle segments
- Portfolio of market leading brands
- Extensive operational footprint across ANZ and addition of manufacturing capabilities

2 Acquisition of Vision X

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 $91.365 million, subject to customary purchase price adjustments and capital expenditure adjustments, including contingent consideration.

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

For the seven months ended 30 June 2022, Vision X Group contributed revenue of $35.141 million, profit before tax of $5 million and EBITA pre significant items of $9.950 million (excluding acquisition related non-cash inventory value step up of $1.939 million, refer note 7) to the Group's results. If the acquisition had occurred on 1 July 2021, management estimates that consolidated revenue would have been $56.522 million, profit before tax of $15.3 million, EBITA pre significant items of $17.5 million excluding acquisition related non cash inventory value step up of $1.939 million (refer note 7). In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 July 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 $91.365 million. Excluding the cash acquired, the total estimated total consideration is $89.018 million. The estimated consideration includes an estimated contingent consideration as outlined in the paragraph above.

The table below reconciles the total cash outflow for the Vision X acquisition in FY22:

	$'000
Total estimated consideration	91,365
Less cash acquired	2,347
Less 12 month deferred payment	20,802
Less estimated contingent consideration	20,097
Total cash paid at 30 June 2022	**48,119**

Acquisition-related costs

During the year ended 30 June 2022, the Company incurred approximately $1.752 million of acquisition related costs including legal fees, due diligence, and other advisory fees. This amount has been included in administrative expenses.

30. Investment in Subsidiaries (Continued)

Identifiable assets acquired, and liabilities assumed

The following table summarises the recognised amounts of assets acquired, and liabilities assumed at the date of acquisition.

$'000	30 November 2021	Fair value adjustments	30 June 2022
Cash and cash equivalents	2,347		**2,347**
Trade and other receivables	16,000		**16,000**
Other assets	1,769		**1,769**
Deferred tax assets	2,872	342	**3,214**
Inventories	19,788	218	**20,006**
Property, plant and equipment	1,754		**1,754**
Right of Use asset	12,360		**12,360**
Intangible assets	22	33,299	**33,321**
Trade and other payables	(6,744)		**(6,744)**
Loan payable	(9,687)		**(9,687)**
Lease liability	(12,364)		**(12,364)**
Deferred tax liabilities	(2,684)	(7,379)	**(10,063)**
Total identifiable net assets acquired	25,433	**26,480**	**51,913**

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	91,365
Less Fair value of identifiable net assets	51,913
Goodwill	**39,452**

3 Acquisition of Christine Products Limited

On 31 January 2022, the Company acquired the assets, liabilities and related business processes of Christine Products Limited. The total estimated consideration for Christine Products is $6.39 million, subject to customary purchase price adjustments and capex adjustments.

Included in the identifiable assets and liabilities acquired at the date of acquisition of Christine Products are inputs (a head office, several factories, patented technology, inventories and customer relationships), production processes and an organised workforce. The Group has determined that together the acquired inputs and processes significantly contribute to the ability to create revenue. The Group has concluded that the acquired set is a business.

The acquisition is expected to provide the group with an expanded presence in 4WD Accessories and trailering in New Zealand.

For the five months ended 30 June 2022, Christine Products contributed revenue of $1.5 million and profit before tax of $0.2 million to the Group's results. If the acquisition had occurred on 1 July 2021, management estimates that consolidated revenue would have been $3.5 million, and profit before tax for the year would have been $0.4 million. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 July 2021.

30. Investment in Subsidiaries (Continued)

Consideration paid

The total consideration for the acquisition of Christine Products was $6.39 million. $6.39 million (including $0.5 million paid into escrow) was paid on 31 January 2022.

Acquisition-related costs

During the year ended 30 June 2022, the Company incurred approximately $0.048 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 and liabilities assumed at the date of acquisition with goodwill subsequent adjustment for identified intangible assets arising from the purchase price allocation exercise:

$'000	31 January 2022	Fair value adjustments	30 June 2022
Cash and cash equivalents			
Trade and other receivables	-	234	**234**
Inventories	1,540	(176)	**1,364**
Other intangible assets	-	2,759	**2,759**
Property, plant and equipment	870	-	**870**
Right of Use asset	-	467	**467**
Deferred tax assets	-	217	**217**
Trade and other payables	(48)	(131)	**(179)**
Lease liability	-	(467)	**(467)**
Deferred tax liabilities	-	(969)	**(969)**
Total identifiable net assets acquired	**2,362**	**1,934**	**4,296**

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	6,390
Less Fair value of identifiable net assets	4,296
Goodwill	**2,094**

4 Impact of Fair Value Adjustments in Relation to Prior Year Acquisitions

The balance sheet as at 30 June 2021 has been restated to reflect the fair value adjustments as per the requirements of AASB 3 Business Combinations. The table below summarises the impact of the restatement to the balance sheet.

	30 June 2021 reported	Fair value adjustments	Restated 30 June 2021
Inventories	153,842	(489)	153,353
Other intangible assets	140,273	7,188	147,461
Goodwill	210,545	(4,543)	206,002
Deferred tax liability	28,565	2,156	30,721

30. Investment in Subsidiaries (Continued)

30b Shareholdings

	Country of incorporation	% ownership interest 2022	2021
Parent entity			
GUD Holdings Limited [1]	Australia		
Subsidiaries			
AA Gaskets Pty Ltd [2,3]	Australia	**100**	100
ACAD Limited [2,3]	Australia	**100**	100
AECAA Pty Ltd [2,3]	Australia	**100**	100
Australian Clutch Services Pty Ltd [2,3]	Australia	**100**	100
AutoPacific Australia Pty Ltd [2,3]	Australia	100	-
AutoPacific Group Bidco Pty Ltd [3]	Australia	100	-
AutoPacific Group Holdco Pty Ltd [3]	Australia	100	-
AutoPacific Group Holdings Pty Ltd [3]	Australia	100	-
AutoPacific Group Midco Pty Ltd [3]	Australia	100	-
AutoPacific Group Topco Pty Ltd [3]	Australia	100	-
Brown & Watson International Pty Ltd [2,3]	Australia	**100**	100
Cruisemaster Australia Pty Ltd	Australia	100	-
Davey Water Products Pty Ltd [2,3]	Australia	**100**	100
Disc Brakes Australia Pty Ltd [2,3]	Australia	**100**	100
E C B Pty Ltd [2,3]	Australia	**100**	100
Innovative Mechatronics Group Pty Ltd [2,3]	Australia	**100**	100
Parkside Towbars Pty Ltd	Australia	100	-
Ryco Group Pty Ltd [2,3]	Australia	**100**	100
Service Body Manufacturing Australia Pty Ltd [2,3]	Australia	**100**	100
Uneek 4x4 Australia Pty Ltd [2,3]	Australia	**100**	100
Vehicle Components (2018) Pty Ltd	Australia	100	-
Wesfil Australia Pty Ltd [2,3]	Australia	**100**	100
Vision X Global Co Ltd	China	100	-
ACS NZ Pty Ltd	New Zealand	**100**	100
Fully Equipped Group Limited (formerly Fully Equipped Holdings Limited)	New Zealand	**100**	100
Davey Water Products S.A.S.	France	100	100
Brown and Watson International Limited	Korea	100	-
Vision X Global Co Ltd	Korea	100	-
ACS NZ Pty Ltd	New Zealand	100	100
AutoPacific New Zealand Limited	New Zealand	100	-
Fully Equipped Limited	New Zealand	**100**	100
Fully Equipped (Wellington) Limited	New Zealand	**100**	100
Fully Equipped Auckland Limited	New Zealand	**100**	100
Griffiths Equipment Limited	New Zealand	**100**	100
GUD NZ Holdings Limited	New Zealand	**100**	100
NZ Gaskets Limited	New Zealand	**100**	100
Trimotive Asia Pacific Limited	Thailand	100	-
GUD North America Inc	USA	100	-
Vision Motor Sports Inc	USA	100	-
Vision X Offroad LLC	USA	100	-
XClutchUSA, Inc	USA	100	100

All overseas subsidiaries except for Davey Water Products S.A.S. and Trimotive Asia Pacific Limited are audited by an associate firm of KPMG Australia. All entities carry on business only in the country of incorporation.

1. GUD Holdings Limited is the head entity within the Australian Tax Consolidated group.
2. Member of the Australian Tax Consolidated group while 100% owned directly or indirectly by GUD Holdings Limited.
3. Relieved from the need to prepare audited financial reports under ASIC Corporations (Wholly owned Companies) Instrument 2016/785 as party to a Deed of Cross Guarantee with GUD Holdings Limited, while 100% owned directly or indirectly by GUD Holdings Limited.

30c Deed of Cross Guarantee

Set out below are the financial statements for the Group entities which form the 'closed group' under the Deed of Cross Guarantee:

Income Statement	2022 $'000	2021[1] $'000
Revenue	**716,562**	521,842
Net finance costs	**(14,374)**	(9,125)
Impairment of intangibles – Davey	**(37,459)**	-
Other expenses	**(621,692)**	(427,470)
Profit before income tax	**43,037**	85,247
Income tax expense	**(27,997)**	(25,417)
Profit for the year	**15,040**	59,830
Retained earnings at the beginning of the year	**119,443**	93,441
Dividends paid	**(53,982)**	(33,828)
Retained earnings at the end of the year	**80,501**	119,443
Balance Sheet		
Current assets		
Cash and cash equivalents	**41,985**	36,897
Trade and other receivables	**172,338**	138,129
Other assets	**15,835**	16,173
Inventories	**211,642**	132,882
Total current assets	**441,800**	324,081
Non-current assets		
Other financial assets	**4,511**	228
Property, plant and equipment	**128,439**	83,704
Deferred tax assets	**24,910**	18,015
Goodwill	**553,480**	175,557
Investment	**166,503**	48,395
Other intangible assets	**473,983**	145,055
Total non-current assets	**1,351,826**	470,954
Total assets	**1,793,626**	795,035
Current liabilities		
Trade and other payables	**136,625**	91,697
Borrowings	**-**	99
Current tax payables	**517**	3,718
Provisions	**28,857**	16,071
Other financial liabilities	**37,943**	11,767
Total current liabilities	**203,942**	123,352
Non-current liabilities		
Borrowings	**499,996**	171,941
Other financial liabilities	**252,610**	107,514
Provisions	**4,646**	4,872
Total non-current liabilities	**757,252**	284,327
Total liabilities	**961,194**	407,679
Net assets	**832,432**	387,356
Share Capital	**679,553**	195,556
Reserves	**72,378**	72,357
Retained earnings	**80,501**	119,443
Total equity	**832,432**	387,356

1. 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 resulting in the restatement of the Balance Sheet as at 30 June 2021. Refer to note 30a

Other Notes

31. Superannuation Commitments

The Group contributes to several defined contribution superannuation funds (the accumulating benefit type) for which no actuarial assessments are required to be made and which were established to provide benefits for employees or their dependants on retirement, resignation, disablement or death. Benefits are provided in the form of lump sum payments subject to applicable preservation rules. The Group contributes a percentage of individual employees' gross income and employees may make additional contributions on a voluntary basis. The Group has no further obligations beyond the payment of the contributions which have been settled on time. For the year ended 30 June 2022 the group paid $7.7 million (2021: $6.1 million) in superannuation contributions.

32. Key Management Personnel

The key management personnel (including Non-Executive Directors) of GUD Holdings Ltd, and its subsidiaries, during FY22 and FY21 have been identified as the following persons:

- G A Billings (Chairman) (Non-executive)
- A L Templeman-Jones (Non-executive) – Resigned 31 August 2021
- D D Robinson (Non-executive)
- J A Douglas (Non-executive)
- C L Campbell (Non-executive)
- J C Pollaers (Non-executive)
- G Whickman (Managing Director)
- M A Fraser (Chief Financial Officer)

Key management personnel compensation policy

The aggregate compensation of the key management personnel of the Group is set out below:

	2022 $	2021 $
Short-term employment benefits	**3,709,034**	3,236,390
Long-term benefits	**32,261**	28,716
Post-employment benefits	**139,477**	110,348
Share based payments	**434,186**	409,933
Total key management personal compensation	**4,314,958**	3,785,387

Compensation of the Group's key management personnel includes salaries, short term and long-term incentives, and contributions to post-employment defined contribution superannuation plans.

Performance rights arrangements

Long Term Incentive bonuses are provided as performance rights, granted at the commencement of the relevant three-year performance measurement period, which will convert to an equivalent number of GUD shares if the performance hurdle is achieved over the relevant three-year performance measurement period. No amount is payable for the issue of performance rights, or for the shares received upon vesting or exercise of those performance rights.

The grant-date fair value of performance rights granted to employees is generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. The valuation of rights was completed by an independent consultant using a hybrid trinomial option pricing model with a relative TSR hurdle.

32. Key Management Personnel (Continued)

Performance rights arrangements (Continued)

The inputs used in the measurement of the fair values at grant date of the FY22 equity-settled share-based payment plans were as follows.

	Performance rights programme			
	Managing Director		Senior Executives	
	2022	2021	**2022**	2021
Fair value at grant date	**4.75**	8.21	**5.77**	6.26
Share price at grant date	**11.09**	12.52	**11.70**	11.55
Expected volatility (weighted average)	**30.00%**	28.00%	**30.00%**	28.00%
Expected dividends	**6.20%**	4.00%	**5.90%**	4.00%
Risk free interest rate (based on government bonds)	**1.50%**	0.09%	**1.16%**	0.29%

Expected volatility has been based on an evaluation of the historical volatility of the Company's share price, particularly over the historical period commensurate with the expected term. The expected term of the instruments has been based on historical experience and general option holder behaviour.

Expense recognised in profit or loss

For details of the Group employee benefit expenses, see Note 3.

33. Related Parties

Directors

Details of Directors' compensation is disclosed in Note 32.

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 30 June 2022, key management personnel held directly, indirectly or beneficially 134,462 ordinary shares (2021: 101,702) in the Group. Performance rights issued under the 2022 plan will partially vest. Key management personnel were issued 68,045 (2021: 70,090) shares for performance rights issued under the 2022 long term incentive plan.

Loans to KMPs

The Company entered into an Equity Loan Agreement in the amount of $227,893 with the Managing Director and CEO, Mr Graeme Whickman which enabled him to acquire 25,000 shares in the Company in September 2019 and an additional loan of $86,424 in December 2021 which enabled him to acquire 8,310 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, as disclosed in Note 30b.

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 $466,224 excluding GST (2021: $465,066 excluding GST). The Group's policy is that related party lease arrangements are undertaken with commercial terms and conditions.

34. Parent Entity Disclosures

As at and for the financial year ending 30 June 2022 the parent company of the Group was GUD Holdings Limited.

GUD Holdings Limited	2022 $'000	2021 $'000
Results of the parent entity		
Profit/(loss) for the period	**83,652**	56,284
Other comprehensive income	**-**	-
Total comprehensive income/(loss) for the period	**83,652**	56,284
Financial position of the parent entity at the year end		
Current assets	**7,732**	7,009
Investments	**1,188,510**	65,401
Total assets	**1,269,288**	356,753
Current liabilities	**29,282**	7,022
Total liabilities	**549,779**	210,422
Net assets	**719,509**	211,732
Total equity of the parent entity comprising of:		
Share capital	**679,553**	194,973
Retained earnings / (accumulated losses)	**33,800**	4,130
Other reserves	**6,156**	12,629
Total equity	**719,509**	211,732

The parent entity is party to two guarantees relating to subsidiaries. The bank borrowing facility described in Note 19 requires the parent entity to guarantee the bank borrowings of GUD NZ Holdings Limited of $17.6 million (2021: $17.2 million) which in turn guarantees the obligations of the parent entity, i.e., a cross-guarantee. No liability is recognised by the parent entity as GUD NZ Holdings Limited is expected to be able to meet its debts as they fall due.

The parent entity is also party to a Deed of Cross Guarantee as described in Note 30c. The entities included in the Deed of Cross Guarantee have liabilities of $413.7 million (2021: $227.6 million). There is no expectation of a liability to the parent entity as a result of this guarantee.

As a result of the above assessments, the fair value has been deemed to be nil and no liability has been recorded.

Other than noted above the parent entity has no material contingent liabilities at 30 June 2022.

35. Contingent Liabilities

The Group had no material contingent liabilities at 30 June 2022 (2021: Nil). The group holds no other guarantees other than those disclosed in note 34.

36. Subsequent Events

Dividends declared

On 15 August 2022, the Board of Directors declared a fully franked final dividend in respect of the 2022 financial year of 22 cents per share. Record date is 29 August 2022, and the dividend will be paid on 13 September 2022.

Other

Other than the item 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 consolidated financial statements and notes and the remuneration disclosures that are contained in the Remuneration Report included in the Directors' report 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 30 June 2022 and of its performance for the financial year ended on that date;
2. complying with Australian Accounting Standards and the Corporations Regulations 2001; 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.

There are reasonable grounds to believe that the Company and the Group entities identified in Note 30b will be able to meet any obligations or liabilities to which they are or may become subject to by virtue of the Deed of Cross Guarantee between the Company and those Group entities pursuant to ASIC Class order 98/1418.

The Directors' draw attention to the basis of preparation (Note 1) of the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.

The Directors have been given the declarations required by section 295A of the *Corporations Act 2001* from the Managing Director and the Chief Financial Officer for the financial year ended 30 June 2022.

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

Dated at Melbourne, 15 August 2022

KPMG

Independent Auditor's Report

To the shareholders of GUD Holdings Limited

Report on the audit of the Financial Report

Opinion

We have audited the ***Financial Report*** of GUD Holdings Limited (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the ***Group's*** financial position as at 30 June 2022 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The ***Financial Report*** comprises:

- Consolidated Balance Sheet as at 30 June 2022
- Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity, and Consolidated Cash Flow Statement for the year then ended
- Notes including a summary of significant accounting policies
- Directors' Declaration.

The ***Group*** consists of the Company and the entities it controlled at the year-end or from time to time during the financial year.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Group in accordance with 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 Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Key Audit Matters

The ***Key Audit Matters*** we identified are:

- Recoverability of goodwill and other intangible assets
- Valuation of inventory
- Acquisition accounting

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of the current period.

These matters were addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Recoverability of goodwill ($620.1 million)

Refer to Note 12 Goodwill and Note 16 Impairment testing to the Financial Report.

The key audit matter	How the matter was addressed in our audit
The recoverability of goodwill and other intangible assets is a key audit matter due to the inherent complexity associated with auditing the forward looking assumptions incorporated in the Group's "value in use" (VIU) models. The Group's VIU models are internally developed and use a range of internal and external data as inputs. Forward looking assumptions may be prone to greater risk for potential bias, error and inconsistent application. Significant judgement is involved in establishing these assumptions. Where the Group has not met prior year forecasts in relation to a specific CGU or individual asset, we factor this into our assessment of forecast assumptions. The key assumptions in the VIU models include forecast cash flows, forecast growth rates during the forecast period, terminal growth rates and discount rates. We involved valuation specialists to supplement our senior audit team members in assessing this key audit matter. In addition to the above, the Group recorded an impairment charge of $37.5m against goodwill and intangible assets in relation to Davey, resulting from declined business performance, increasing the sensitivity of the model to small changes. This further increased our audit effort in this key audit area.	Our procedures included: • assessing the Group's VIU models and key assumptions by: - evaluating the appropriateness of the VIU models against accounting standard requirements; - assessing the integrity of the models used, including the accuracy of the underlying calculation formulas; - comparing significant inputs into the relevant cash flow forecasts to the Board approved budgets and projections; - assessing the Group's underlying methodology and documentation for the allocation of corporate costs to the forecast cash flows contained in the value in use model, for consistency with our understanding of the business and the criteria in accounting standards; - assessing the Group's allocation of corporate assets to CGUs for reasonableness and consistency based on the requirements of accounting standards; - assessing the accuracy of previous Group forecasts to inform our evaluation of forecasts incorporated in the models, including assessing the impact of business changes; - comparing forecast growth rates and terminal growth rates to published studies

	of industry trends and expectations, and considered differences for the Group's operations. We used our knowledge of the Group, their past performance, business and customers, and our industry experience. We applied increased scepticism to cash flow forecasts in the areas where previous forecasts were not achieved; and - working with our valuation specialists, we independently developed a discount rate range considered comparable using publicly available market data for comparable entities, adjusted by risk factors specific to the Group. • considering the sensitivity of the models by varying key assumptions, such as forecast growth rates, terminal growth rates and discount rates, within a reasonably possible range, to identify those assumptions at higher risk of bias or inconsistency in application. We also assessed the related impairment breakeven points for these assumptions in order to identify those assets at higher risk of impairment and to focus our further procedures; • checking the consistency of the growth rates to the Group's stated plans and strategies, past performance, and our experience regarding the feasibility of these in the economic environment in which the CGUs operate; • working with our valuation specialists we compared the implied multiples from the Group's models to multiples derived from comparable companies; • recalculating the impairment charge against the recorded amount disclosed; and • assessing the disclosures in the financial report using our understanding of the recoverability assessment obtained from our testing and against the requirements of accounting standards.

Valuation of inventory ($274.1 million)	
Refer to Note 9 Inventories to the Financial Report.	
The key audit matter	**How the matter was addressed in our audit**
The audit of inventory valuation is a key audit matter due to the extent of judgement involved in assessing the recoverable value, particularly in relation to any slow moving or excessive stock. The key judgment involved is the write down rates of inventory within the Group accounting for valuation of inventory policy. Such judgements may have a significant impact on the Group's provision for slow moving inventory and therefore the overall carrying value of inventory, necessitating additional audit effort. The Group has a diverse and broad product range, and sells to different market segments, which increases the amount of judgement required by us in assessing the carrying value of inventory. We involved senior audit team members in assessing this key audit matter.	Our procedures included: • assessing the appropriateness of inventory valuation accounting policies applied by the different business units within the Group against the requirements of accounting standards; • understanding processes and testing key controls relating to inventory provisioning, standard costing, weighted average costing and valuation; • attending a sample of cycle or year-end inventory counts across the Group to ascertain the existence and condition of inventory; • assessing the integrity of the inventory valuation models used, including the mathematical accuracy of the underlying calculation formulas; • evaluating the completeness of at-risk slow moving or excess stock items identified by the Group, by comparing the Group's inventory listings against historical sales information to identify any additional at-risk items; • comparing individual inventory carrying values against current selling prices (as a proxy for expected selling price of inventory and net realisable value) to identify individual products at risk of being recorded in excess of their net realisable value; • challenging the Group's judgements relating to the provision for slow moving inventory (including excess stock), in particular the write down rates of inventory. We assessed the level of provision for slow moving inventory in light of our knowledge of the industry and businesses the Group operates in, the Group's business strategy with respect to maintaining a wide range of products, the aging of inventory and from further inquiries with key personnel; and • assessing the disclosures in the financial report against the requirements of accounting standards.

KPMG

Acquisition accounting	
Refer to Note 30a Acquisitions to the Financial Report.	
The key audit matter	**How the matter was addressed in our audit**
On 4 January 2022, the Group completed the acquisition of the AutoPacific Group, for a consideration of $744.6 million. In addition, on 30 November 2021 the Group acquired the Vision X Group, for a consideration of $90.9 million. Accounting for the acquisition of these businesses is a key audit matter due to the: • size of the acquisitions and therefore the impact on the financial report requiring significant audit effort and senior team involvement; • significant judgement required to be exercised by us in assessing the Group's determination of the fair value of the assets acquired and allocation of the purchase price, in particular the identification and determination of fair value of brand names and customer contracts acquired; and • judgement required to be exercised by the Group in assessing the nature and amount recognised for obligations to make future payments (post-acquisition payments) based on income generated. We focused on the forecast cash flows assumptions, which is forward-looking and tends to be prone to greater risk for potential bias. We involved valuation specialists to supplement our senior audit team members in assessing this key audit matter.	Our procedures included: • reading the acquisition agreements and other related transaction documents to understand the structure, key terms and conditions; • evaluating the provisional acquisition accounting against accounting standard requirements; • assessing the mathematical accuracy of the underlying calculation formulas, comparing the transactions for goodwill compared to the Group goodwill balance recorded at acquisition; • evaluating the scope, competence and objectivity of the Group's external experts; • working with our valuation specialists we: - evaluated the valuation methodology used to determine the fair value of assets acquired, considering accounting standard requirements and observed industry practices; - challenged the assumptions in the Group's determination of the fair value of the assets acquired and allocation of the purchase price. We assessed the feasibility of these assumptions and consistency of application to industry trends and expectations, and considered differences for the Group's operations. We used our knowledge of the Group, past performance, business and customers, and our industry experience. - challenged the Group's valuation of brand names and customer contracts, including assessing the useful life of key customer contracts by using our industry experience and knowledge of the terms and conditions of the underlying agreements and against accounting standard requirements. • challenging forecast cash flows assumptions, as the basis for post-acquisition payments having regard to historical performance; and • assessing the disclosure in the financial report using our understanding of the acquisitions,

	obtained from our testing, against the requirements of accounting standards.

Other Information

Other Information is financial and non-financial information in GUD Holdings Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001;*
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- assessing the Group and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf This description forms part of our Auditor's Report.

Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of GUD Holdings Limited for the year ended 30 June 2022 complies with *Section 300A* of the *Corporations Act 2001*.

Directors' responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with *Section 300A* of the *Corporations Act 2001*.

Our responsibilities

We have audited the Remuneration Report included in pages 40 to 55 of the Directors' report for the year ended 30 June 2022.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with *Australian Auditing Standards*.

KPMG

KPMG

Maritza Araneda

Partner

Melbourne

15 August 2022

The issued shares of the Company are of the one class with equal voting rights and are all quoted on the ASX.

Distribution of Shareholdings as at 15 August 2022

Shares held	No. of Shareholders	%	Shares	%
1 – 1,000	4,204	34.91	1,991,593	1.40
1,001 – 5,000	5,639	46.82	14,140,222	10.04
5,001 – 10,000	1,326	11.01	9,420,509	6.69
10,001 – 100,000	843	7.00	16,198,597	11.50
100,001 and over	31	0.26	99,143,775	70.37

There are 532 shareholders holding less than a marketable parcel of shares. A marketable parcel is $500.00.

Twenty Largest Shareholders as at 15 August 2022	No. of Shares	%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	36,186,070	25.68
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	18,450,615	13.10
CITICORP NOMINEES PTY LIMITED	16,279,055	11.55
NATIONAL NOMINEES LIMITED	7,542,619	5.35
ARGO INVESTMENTS LIMITED	4,442,067	3.15
BNP PARIBAS NOMS PTY LTD <DRP>	3,879,964	2.75
PACIFIC EQUITY PARTNERS V GP (JERSEY) LTD <PEP FUND V LP A/C>	3,231,979	2.29
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <NT-COMNWLTH SUPER CORP A/C>	1,738,848	1.23
PACIFIC EQUITY PARTNERS V GP (JERSEY) LTD <PEP FUND V-A LP A/C>	1,441,193	1.02
WASHINGTON H SOUL PATTINSON AND COMPANY LIMITED	1,240,000	0.88
PACIFIC EQUITY PARTNERS V GP (JERSEY) TD <PEP FUND V-C LP A/C>	881,300	063
WOODROSS NOMINEES PTY LTD	657,057	0.47
CITICORP NOMINEES PTY LIMITED <COLONIAL FIRST STATE INV A/C>	337,666	0.24
PACIFIC EQUITY PARTNERS V GP (JERSEY) LTD <PEP FUND V-B LP A/C>	288,469	0.20
AUSTRALIAN EXECUTOR TRUSTEES LIMITED <NO 1 ACCOUNT>	286,910	0.20
NETWEALTH INVESTMENTS LIMITED <WRAP SERVICES A/C>	224,581	0.16
BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD <DRP A/C>	210,329	0.15
NETWEALTH INVESTMENTS LIMITED <SUPER SERVICES A/C>	199,891	0.14
BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	178,727	0.13
KULANDRA PTY LIMITED	171,116	0.12
Total Twenty Largest Shareholders of Ordinary Fully Paid Shares	97,868,456	69.46
Total Remaining Holders Balance	43,026,240	30.54

Substantial Shareholders of GUD Holdings Limited As at 15 August 2022, the current notices of substantial shareholders were:	No. of Shares	%
Aware Super Pty Ltd as trustee for Aware Super	11,115,009	7.92
Franklin Resources Inc and its affiliates	7,245,365	5.14

Dividend Reinvestment Plan (DRP)

The GUD Holdings Limited DRP Plan was reinstated on 29 July 2020, however, is currently suspended. Shareholders wishing to nominate participation in the DRP and receive all or some of their dividend in additional shares in GUD, when the DRP is again offered, can make that election by accessing the share registry Investor Centre at www.investorcentre.com/au.

Direct Payments to a Bank, Building Society or Credit Union

Shareholders are encouraged to have cash dividends paid directly into any bank, building society or credit union account in Australia or New Zealand. You can update your account details by accessing the share registry Investor Centre at www.investorcentre.com/au.

Uncertified Issuer Sponsored Holdings

The Company register contains uncertificated holdings under the Australian Securities Exchange (ASX) CHESS system. Share certificates are not issued and shareholders receive regular statements of their holdings under the Company-sponsored scheme.

Securities Exchange Listing

GUD is listed on the Australian Securities Exchange (ASX) in the name of GUD Holdings Limited and under the code GUD.

Change of Address or Name

It is important that shareholders notify the share registry or their broker in writing immediately when there is a change in their address or name.

For issuer sponsored holdings: please notify the share registry in writing and indicate the details of your new/previous name, your new/previous address and your security reference number (SRN) or change the details online at their website at www.investorcentre.com/au.

For CHESS/broker sponsored holdings: please notify your broker in writing if you change your name and/or address.

Shareholding Consolidation

Shareholders are encouraged to consolidate shareholdings into one name and identification number. Please download a 'Request to Consolidate Holdings' form from the share registry Investor Centre at www.investorcentre.com/au under Company Information. Alternatively, an application should be made to the share registry – Computershare Investor Services Pty Limited (see address below). Shareholders with broker sponsored holdings must contact their broker.

Annual Report Mailing List

Shareholders are encouraged to access and view the Company's Annual Report online at www.gud.com.au. Shareholders who do not wish to receive reports should advise the share registry in writing or by accessing the share registry Investor Centre at www.investorcentre.com/au. Shareholders can select the method by which they receive shareholder information, including dividend advice, Notice of Annual General Meeting and Proxy.

Tax File Number (TFN)

While it is not compulsory for shareholders to provide a TFN, the Company is obliged to deduct tax from non-fully franked dividends paid to residents in Australia who have not supplied such information. Shareholders can update their TFN by accessing the share registry Investor Centre at www.investorcentre.com/au.

Continuous Disclosure

The Company complies with the requirements of the ASX Listing Rules. Shareholders may view all Company announcements at www.asx.com.au. Shareholders may also obtain updated information and recent announcements concerning the Company by visiting the Company's website at www.gud.com.au.

Enquiries

Shareholders with questions about their shareholding should contact Computershare Investor Services Pty Limited who maintains the share register on behalf of the Company.

Enquiries should be addressed to:

Computershare Investor Services Pty Limited
Postal Address – GPO Box 2975, Melbourne Vic 3001
Yarra Falls, 452 Johnston Street, Abbotsford Vic 3067
Enquiries Within Australia – 1300 850 505
Enquiries Outside Australia – 61 3 9415 4000
Investor Enquiries Facsimile Number – 61 3 9473 2500
Website – www.investorcentre.com/au
Email – www.investorcentre.com/au/contact

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