Appendix 4E
Annual Financial Report

GUD Holdings Limited

(ABN 99 004 400 891)

30 June 2023

(Previous corresponding period: 30 June 2022)

Results for Announcement to the Market

For the year ended 30 June 2023

Results from operations		Change to/from $'000 prior year		$'000
Revenue	**Up**	**210,129**	**to**	**1,036,900**
Profit from continuing operations, net of income tax	**Up**	**70,581**	**to**	**98,617**
Reported operating profit from continuing operations before interest and tax	**Up**	**83,869**	**to**	**162,348**
Add back: impairment, restructuring and transaction costs, before tax				3,698
Underlying profit from continuing operations before interest and tax[1]	**Up**	**34,621**	**to**	**166,046**
Add back: Acquisition related inventory step up				3,532
Add back: Amortisation				21,516
Underlying profit from continuing operations before interest, tax, acquisition related inventory step up and amortisation[1]	**Up**	**40,624**	**to**	**191,094**
Reported net profit from continuing operations for the period attributable to members	**Up**	**70,581**	**to**	**98,617**
Add back: Restructuring and transaction costs and acquisition related inventory step up, after tax				3,772
Underlying profit from continuing operations after tax attributable to members[1]	**Up**	**68,454**	**to**	**103,687**
Operating cash flows	**Up**	**114,091**	**to**	**206,147**

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

		Year ended 30 June
Earnings per Share (EPS)	**2023 Cents per share**	**2022 Cents per share**
Earnings per share from continuing operations:		
Basic EPS	**70.0**	23.5
Diluted EPS	**69.3**	23.3
Underlying basic EPS[1]	**73.6**	67.9
Underlying diluted EPS[1]	**72.9**	67.4

1. Underlying basic EPS and underlying diluted EPS are non-IFRS measures that have not been subject to audit or review. "Underlying" results represent reported results adjusted for significant items.

Dividends	Amount per security	Percentage franked
Final dividend	**22 cents**	**100%**
Date the dividend is payable		**14 September 2023**
Record date for determining entitlements to the dividend		**28 August 2023**
Trading ex-dividend		**25 August 2023**
Interim Dividend		**Percentage franked**
Interim dividend in respect of the 2023 financial year	**17 cents**	**100%**
Interim dividend in respect of the 2022 financial year	**17 cents**	**100%**
Final Dividend		**Percentage franked**
Final dividend in respect of the 2023 financial year	**22 cents**	**100%**
Final dividend in respect of the 2022 financial year	**22 cents**	**100%**

		As at 30 June
Net debt	**2023**	**2022**
Net debt	**402,074**	467,068

		As at 30 June
Net Tangible Assets (NTA)	**2023**	**2022**
NTA	**(226,671)**	(283,048)
NTA per share	**(1.61)**	(2.00)

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

Contents

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 2023.

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:

Graeme A Billings

BCom FCA MAICD

Independent Non-Executive Director and Chair (appointed Non-Executive Director on 20 December 2011 and Chair on 1 October 2020)

Mr Billings has been a Chartered Accountant since 1980. He 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.

Committee Memberships

- Member of the Audit Committee
- Chair of the Nomination Committee (appointed 1 October 2020)
- Member of the Remuneration, People and Culture Committee
- Member of the Risk and Sustainability Committee

Directorships of other Australian listed companies held during the past three years

- Austco Healthcare Ltd – Non-Executive Director and Chairman (21 October 2015 to present)
- Clover Corporation Limited – Non-Executive Director and Chair of Audit Committee (20 May 2013 to present)
- DomaCom Limited – Non-Executive Director (2013 to 15 June 2021)
- Korvest Limited – Chairman (May 2013 to 31 August 2021)

David D Robinson

BSc MSc

Independent Non-Executive Director (appointed on 20 December 2011)

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.

Committee Memberships

- Member of the Audit Committee
- Member of the Nominations Committee
- Chair of the Remuneration, People and Culture Committee (appointed 15 November 2017)
- Member of the Risk and Sustainability Committee

Directorships of other Australian listed companies held during the past three years

- Nil

Jennifer A Douglas

BSc LLB(Hons) LLM MBA GAICD

Independent Non-Executive Director (appointed on 1 March 2020)

Ms Douglas is currently a Non-Executive Director of Judo Bank (appointed August 2021) and 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 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.

Committee Memberships

- Member of the Audit Committee
- Member of the Nominations Committee
- Member of the Remuneration, People and Culture Committee
- Chair of the Risk and Sustainability Committee (appointed on 10 February 2021)

Directorships of other Australian listed companies held during the past three years

- Judo Bank – Non-Executive Director and Chair of Remuneration Committee (August 2021 to present)
- Hansen Technologies Ltd – Non-Executive Director (2017 to 28 February 2022)
- OptiComm Limited – Non-Executive Director (21 August 2017 to late 2020)

Carole L Campbell

BEc FCA GAICD

Independent Non-Executive Director (appointed 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 Deputy Chair of the Australian Film, Television and Radio School.

Ms Campbell is a Fellow of Chartered Accountants Australia and New Zealand and a Graduate Member of the Australian Institute of Company Directors.

Committee Memberships

- Chair of the Audit Committee (appointed on 16 March 2021)
- Member of the Nominations Committee
- Member of the Remuneration, People and Culture Committee
- Member of the Risk and Sustainability Committee

Directorships of other Australian listed companies held during the past three years

- Southern Cross Media Group Limited – Non-Executive Director (1 September 2020 to current)
- Humm Group Limited – Non-Executive Director (May 2018 to 30 June 2022)
- IVE Group Limited – Non-Executive Director (21 November 2018 to 24 November 2020)

Prof John Pollaers OAM

BElecEng (First Class Hons) BSc MBA

Independent, Non-Executive Director (appointed on 23 June 2021)

Professor Pollaers has over 30 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, Independent Chair of the Australian Financial Complaints Authority and Chair of Brown Family Wine Group.

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.

Mr Pollaers was awarded the Medal of the Order of Australia (OAM) in June 2018, for service to the manufacturing sector, to education and to business. He holds an MBA from Macquarie University/INSEAD, a Bachelor of Computer Science, and Bachelor of Electrical Engineering from UNSW.

Committee Memberships

- Member of the Audit Committee
- Member of the Nominations Committee
- Member of the Remuneration, People and Culture Committee
- Member of the Risk and Sustainability Committee

Directorships of other Australian listed companies held during the past three years

- AGL – Non-Executive Director (15 November 2022 to current)

Graeme Whickman

B Bus MAICD

Managing Director and Chief Executive Officer (appointed on 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 in senior executive roles in Asia Pacific, Europe and North America.

Mr Whickman previously served on the Boards of Ford Credit Canada, The Canadian Marketing Association, Ford Motor Company Australia and the Federal Chamber of Automotive Industries (FCAI).

Directorships of other Australian listed companies held during the past three years

- Nil

Company Secretary

The Company Secretary and General Counsel of the Company during the year was Mr Malcolm Tyler, LLB BComm (Hons) MBA FGIA MAICD. Mr Tyler is an experienced lawyer, a fellow of Governance Institute Australia, a former partner with Freehills and previously the general counsel of Southcorp Limited. He has held a legal practicing certificate in Victoria for over 35 years. On 1 August 2023 Mr Tyler was succeeded by Anne Mustow, LLB, BCom, Grad Dip Applied Finance, GAICD.

Chief Financial Officer

The Chief Financial Officer of the Company during the year was Mr Martin 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.

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		Nominations Committee		Remuneration People & Culture Committee		Risk & Sustainability Committee	
Directors	**Held**	**Attended**	**Held**	**Attended**	**Held**	**Attended**	**Held**	**Attended**	**Held**	**Attended**
Graeme A Billings	11	11	4	4	1	1	7	7	4	4
David D Robinson	11	11	4	4	1	1	7	7	4	4
Jennifer A Douglas	11	11	4	4	1	1	7	7	4	4
Carole L Campbell	11	11	4	4	1	1	7	7	4	4
John C Pollaers	11	11	4	4	1	1	7	7	4	4
Graeme Whickman	11	11	-	-	-	-	-	-	-	-

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 2023**	**Total 30 June 2022**
Graeme A Billings	219	19,910	20,129	20,129
David D Robinson[1]	5,469	24,094	29,563	24,801
Jennifer A Douglas	-	8,154	8,154	8,154
Carole L Campbell[2]	4,450	11,301	15,751	7,814
John C Pollaers	-	9,050	9,050	9,050
Graeme Whickman	-	114,750	114,750	35,975

1. Mr Robinson indirectly held 2498 Share Rights at 30 June 2023 through a private company/trustee under the Non-Executive Director Equity Plan. Of these, 1162 were granted in March 2023 and are due to convert into Restricted Shares in September 2023 and 1336 were granted in June 2023 and are due to convert into Restricted Shares in December 2023.
2. Ms Campbell holds 4164 Share Rights at 30 June 2023 under the Non-Executive Director Equity Plan. Of these, 1937 were granted in March 2023 and are due to convert into Restricted Shares in September 2023 and 2227 were granted in June 2023 and are due to convert into Restricted Shares in December 2023.

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 manufacturing, importation, distribution and sale of automotive products, mostly for the after market and the fitment of accessories to new vehicles. The Group is also involved in manufacturing and sale of water hardware and treatment products. During the year the Group had operations in Australia, New Zealand, United States of America, Thailand, South Korea and France.

Other than as referred to in this report 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 2023, there were 140,894,696 (2022: 140,894,696) ordinary shares on issue.

Dividends

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

- 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 was paid on 13 September 2022, amounting to $30,996,833. The GUD Dividend Reinvestment Plan was not available for this dividend. This dividend was fully franked.
- An interim ordinary dividend of 17 cents per share in respect to the half year ended 31 December 2022 was determined on 15 February 2023 and paid on 10 March 2023, amounting to $23,952,098. The GUD Dividend Reinvestment Plan was not available for this dividend. This dividend was fully franked.
- A final ordinary dividend of 22 cents per share in respect of the year ended 30 June 2023 was determined on 15 August 2023 and is payable on 14 September 2023 to shareholders registered on 28 August 2023. This dividend will be fully franked. Shares will trade ex-dividend on 25 August 2023. 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 financial statements for the year ended 30 June 2023 which accompany this Report (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.

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. The Directors are satisfied 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 1,115,277 Performance Rights were granted to executives under the GUD Holdings 2023 Long Term Incentive Equity Plan. This included 92,336 Performance Rights granted to the Managing Director in October 2022, after receiving approval of shareholders at the 2022 Annual General Meeting.

As a result of the Company meeting in part the threshold performance under the 2019 LTIP, 254,344 Performance Rights vested as shares and the remainder, a total of 112,147 Performance Rights lapsed in August 2022. In addition, as a result of executives departing, or scaling back their working hours with, the Group during the year, a total of 69,288 Performance Rights were determined by the Board to have lapsed. As at 30 June 2023, there were 1,800,858 Performance Rights outstanding.

In respect of the Long Term Incentive Plan for the FY2021-2023 period in total, 358,888 Performance Share Rights were granted. Of these, a total of 36,103 lapsed due to retirement or resignation of staff. Subsequent to year-end, as a result of not meeting TSR targets in respect of the three year period to 30 June 2023, all remaining 322,785 Performance Rights which had been granted in 2020 lapsed in relation to the GUD Holdings 2023 Long Term Incentive Equity Plan.

Details of the Performance Rights held by key management personnel (KMP) are included in the accompanying 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 2023, there were 6,662 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 2023, there were 6,550 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 certain Executives of the Company and of 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

Dividends determined

On 15 August 2023, the Board of Directors determined a fully franked final dividend in respect of the 2023 financial year of 22 cents per share. Record date is 28 August 2023, and the dividend will be paid on 14 September 2023.

Divestment of Davey Water Products

On 5 August 2023, the Group entered into a sale and purchase agreement to divest Davey Water Products (Davey) for a total enterprise value of $64.9m. The sale is expected to complete on 1 September 2023 and is expected to yield net cash proceeds, post customary net working capital and net debt type adjustments of approximately $56 million before transaction costs.

Other

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

This Directors' 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.

Graeme A Billings
Independent Non-Executive
Director and Chair

Graeme Whickman
Managing Director
and Chief Executive Officer

15 August 2023

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 2023 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 2023

Operating and Financial Review

1. Overview

FY23 was a year of “managing the macro” and “delivering our Portfolio Vision” with the first full year of Vision X and APG ownership. We started the year with these two themes as the overriding drivers of our Group emphasis and efforts in the three categories of business fitness: Strategic, Operational and Cultural.

Strategic Fitness

“Delivering the Portfolio Vision” was centered on two key areas of work: integration and growth planning for the recent acquisitions; and a portfolio review of the business units in line with our Portfolio Vision GUD2025. That Vision sets out the direction for the Group through to 2025, and at a high level, through to 2030. Our acquisitions of APG and Vision X have been integrated and embedded in the Group during the year. Our strategic planning for these businesses has deepened with changes and upgrades proceeding well. The portfolio review led to a series of actions to realign business units, or divest, or plan to divest, business units from the GUD portfolio. We firmly believe these actions are favourable to our shareholders.

The Group also announced the sale of the Davey business after the end of the financial year (yet to be completed). Taking this into account, the portfolio review will result in the Group becoming an automotive "pure play".

Operational Fitness

Across the portfolio there are 3 operating segments with six categories: 4WD Accessories & Trailering, Lighting & Power Management, Electric Vehicles, Powertrain, Undercar, and Water.

"Managing the Macro" was all about balancing the day-to-day operating challenges of the continuing volatility experienced in the post-Covid world, with a clear purpose on deliverables at the earnings, cash, margin, and balance sheet levels. Challenges which remained in supply chain, logistics and manufacturing included long lead times, inventory disruption, inbound and outbound freight instability and labour shortages in our manufacturing operations. Despite these, we have been able to manage our businesses to deliver strong financial outcomes across the Group. We are very pleased with the results; particularly our outcomes of EBITA (~$191m, producing EBITA growth of ~27%), net working capital status (inventory reduction of ~$31m), cash conversion[1] (~113%) and debt leverage[2] (achieving ~2x EBITDA:Net Debt target).

Cultural Fitness

GUD’s culture is driven by a strong level of engagement, ownership, care, and accountability for the performance, safety, and well-being of our people. As a cornerstone of GUD’s cultural fitness; safety and employee engagement continued to perform strongly against global and local benchmarks in FY23.

The transformation of our business has continued over the past year following recent acquisitions. In FY23 this saw the establishment of the senior leadership group (SLG) comprising leaders from across the Group. Whilst accountability for the delivery of outcomes primarily lies with the BU leaders, the SLG gives additional impetus to the delivery of the Portfolio Vision and ESG objectives.

The formation of the SLG and development of the leaders within the SLG, builds on the leadership development framework established three years ago. This has seen the creation of a multi-layered programme for our established, emerging, and future leaders.

GUD businesses now represent a truly global footprint. The diversity, equity and inclusion plan which was updated during the year recognises this and brings focus to harnessing the diversity of thought present within our business today, in addition to introducing new talent, such as that within our inaugural graduate program, to the businesses.

Sustainability update

With clear linkage to our overarching Portfolio Vision, GUD’s ESG Strategy continues to see us make a positive impact on the environment and strengthen the communities we operate in, and allows us to better anticipate and meet our customers’ needs of tomorrow, today.

With our ongoing focus on six key impact areas (which are described in detail in the Sustainability Review attached), the Group made good progress on its ESG Strategy during the year. This was recognised with several sustainability awards and reflected continuing care for our employees (including cultural fitness described above). We are proud of the Infinitev initiative launched during the year, which is already achieving milestones in repurposing and repairing electric vehicle batteries and research and development in that area. The Group is now purchasing green energy for most of its distribution businesses, aiding our contribution to the move away from fossil fuels and working towards our carbon neutral targets.

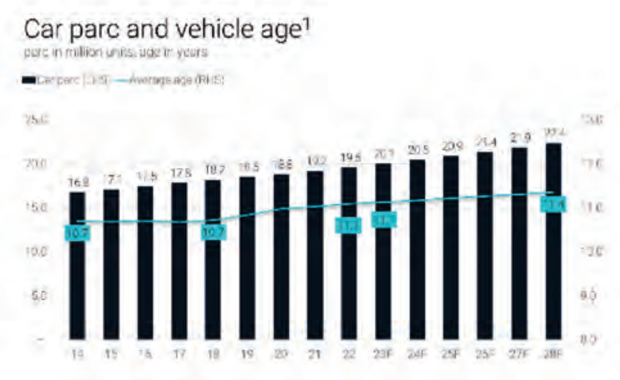
A detailed Sustainability Review for the year is provided on page 15.

1. Cash conversion is calculated using underlying EBITDA (underlying EBITDA is unaudited, non IFRS and excludes (non-cash) acquisition-related inventory step ups and significant items outlined in note 7 of Appendix 4E) on a pre lease accounting basis.
2. Leverage ratio considers net debt excluding lease liabilities and underlying EBITDA (underlying EBITDA is unaudited, non IFRS and excludes (non-cash) acquisition-related inventory step ups and significant items outlined in note 7 of Appendix 4E) on a pre lease accounting basis.

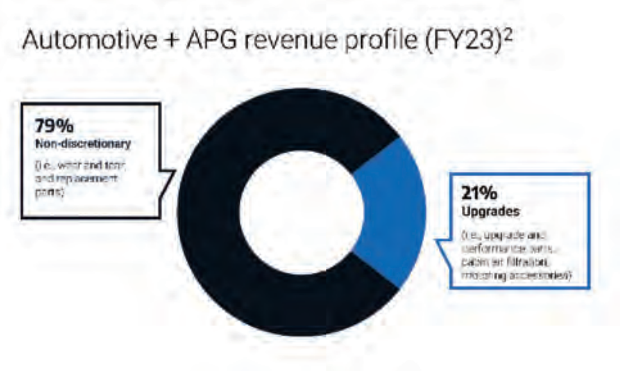
Automotive Segment

The automotive aftermarket is driven by the size of the "car parc" and average vehicle age. As shown below, the addressable car parc in Australia (registered vehicles excluding buses and motorcycles) grew to 19.6 million units in calendar year 2022, up from 19.1 million in 2021. Steady growth is projected to continue through to calendar year 2028, reaching 22.4 million units. This is a positive for the Automotive Segment. Further, the average vehicle age continues to support our wear and tear businesses. In calendar year 2022, the average vehicle age rose to 11.1 years, up from 10.7 years from only 5 years ago. Age is projected to rise to 11.4 years by calendar year 2028. Overall, the more vehicles which, on average, are older, the larger the total addressable market for GUD's Automotive businesses.

The car parc size, age and proliferation (there are ~60 vehicle brands and ~350 models sold in Australia and New Zealand, this is ~50% more brands than the US, at ~10% of the US volume) remains a compelling defensive moat. Importantly, GUD serves the car parc with a comprehensive range of SKUs (~90,000 plus). Management estimates the revenue generated from non-discretionary (wear, tear, repair and replacement) SKUs and services to be approximately 79% of total revenue.



1. ACA Research (Aug/23)



2. Management estimate

Auto Electrical, Lighting, and Power Management

Brown and Watson International (BWI) Australia achieved strong revenue growth. Projecta's Intelli-RV program continued to grow with the introduction of Intelli-Grid program, and we experienced early growth in new power products due to Projecta's catalogue launched in Q4 FY23. The team established a direct factory supply model for China-based RV customers, reducing lead time and supply-chain investment for BWI and its customers. This provides an ongoing customer conquest opportunity. BWI fully integrated the smaller AE4A business (previously part of G4CVA Group) into its operations. BWI maintained a high focus on new product development and was a proud recipient of a top 5 place in the AFR Most Innovative Companies Award (Manufacturing & Consumer Goods sector) for its Ultima IQ lightbar.

GEL in NZ performed well in a challenging market (revenue flat) supported by deeper penetration into the marine segment as well as growth in caravan and transport channels. The team achieved robust growth of KT (AE4A) branded product and we are looking forward to seeing the impact of the new Griffiths Equipment Catalogue launched in late FY23, showcasing a broad range of new and existing products. GEL was also recognised as the regional winner of the Westpac employer of the year award.

Vision X reported solid growth and delivered a respectable FY23 financial result after some strategic strengthening to support near term growth priorities. USA powersport, mining channel and Twisted Throttle sales contribution were a highlight for the year although international export sales remained flat and Automotive and Emergency products were down due to Original Equipment Manufacturer (OEM) vehicle supply shortages.

Substantial progress was made in launching several products from the BWI Australian product portfolio to the Vision X customer base including safety beacons, inspection lamps and scene lamps. Vision X also progressed a strong pipeline of compelling new Vision X products to be launched progressively through FY24. This was backed up with additional resources to accelerate the online marketing and sales of all brands to Vision X and Twisted Throttle customers and to support a deeper push into the mining sector on the east coast of USA.

Powertrain

The Ryco team drove solid revenue growth through strong trade and retail demand. The result was achieved across all major channels, with commercial vehicles continuing to deliver on its strong growth trajectory year-on-year. Ryco placed second in the AFR Most Innovative Companies award (Manufacturing & Consumer Goods sector), with its *Performance Racing Air Filter* and featured in the AFR innovation awards top 10 for the fourth consecutive year.

Wesfil delivered strong revenue growth with consistent performance across customer base and range. Wesfil's brand proposition and logistics capability presents further opportunities for growth in non-filtration product categories to independent parts resellers. Wesfil's warehouse in Sunshine is fully operational, covering incremental overhead and delivering value and service to local customers.

IMG experienced strong revenue growth across all business segments. Of note were remanufacturing and repair growth (+27%) and engine management growth (+18%), supported by strong growth in diesel /4WD product categories. IMG expanded its research and development capabilities, technical resources and footprint to enable new technology and market opportunities. This was evidenced by the new electronic repair service operations opened in NZ and WA, entering into industrial electronic repair segment, and expanding heavy-duty vehicle and marine electronic repair activities.

Electric Vehicles

We launched the Infinitev brand and business as a dedicated division within IM Group in November 2022. The business is an early leader in repair of hybrid batteries and repurposing of EV batteries, supported by extensive research and development. State-of-the-art facilities have been established in Melbourne and Auckland. A hybrid battery exchange program is showing double-digit growth (from a low base) in Australia, with New Zealand launched in June. This is relevant due to the growing number of hybrid EV's reaching replacement window (ageing vehicles, rise of low-emissions/fuel-efficient parallel imports). In New Zealand, the Company sold its first units in June 2023 through a soft launch, with a full program kicking off in August. The rapid rise of parallel imports of used hybrid vehicles and EVs into New Zealand represents a significant growth opportunity, with a memorandum of understanding signed with several OEMs. We are proud of Infinitev's contribution to the move toward electric vehicles and a circular economy.

Undercar

DBA delivered strong revenue growth in FY23 with domestic growth driven by existing and new products. Some export markets were impacted by the Russia/Ukraine conflict however other new markets were brought online making up for loss of Russia/Ukraine markets. The USA market continued its strong growth due to improved stock holdings and expanded range offering, combined with new distributors being onboarded and local customer service support in place late Q4 FY23.

This growth was supported by continued expansion of product portfolio development with launch of brake hoses and EV disc pads (Q2 FY23) and race performance disc pads (Q4 FY23) with brake pad wear sensors (early Q1 FY24).

Australian Clutch Services continued to perform strongly, with the X Clutch USA business growing ahead of projections, from a small base, via existing distributors with additional distributors to be onboarded in FY24.

APG Segment

4WD Accessories and Trailering (APG)

The acquisition of Auto Pacific Group (APG) was announced FY22, and when combined with GUD's existing businesses, created the second largest 4WD accessories and trailering business in ANZ, where the total addressable market for parts is circa $2.4 billion and growing. APG commands strong market share in towing across OEM, Original Equipment Supplier (OES), and aftermarket channels. It has three other pillars to its business with functional accessories, trailering, and cargo management—offering exciting growth opportunities for the mid and long term. As previously communicated the overall business results continue to be impacted by ongoing supply constraints of new vehicles which have been well documented globally and resulted in unmet demand and backorders at heightened levels. We expect these supply constraints to unwind as we move into 2024 and still believe the structural unmet demand will not meaningfully dissipate, even in an inflationary, lower-growth environment.

APG experienced revenue growth of 113%, reflecting an incremental 6 months' contribution in FY23. New vehicle supply remains constrained, with APG Top 20 vehicles (by volume) flat, showing ongoing customer mix volatility. Interestingly revenue growth of 4.7% half-on-half was above comparable new vehicle growth, largely reflecting original equipment 'share of wallet' and trailering new business wins.

Importantly for APG, demand is still strong, vehicle backorders remain at significantly elevated levels and there are well documented wait times for key vehicles.

APG delivered $54.9m in EBITA up 126% on the prior year, reflecting an incremental 6 months' contribution in FY23. 54% of underlying EBITA[1] was delivered in H2 vs. H1 compared with our expectation of approximately 55% which was noted at the time of the FY22 results announcement, and essentially in line with targets.

APG's margins reflected cost management initiatives and price rises in the retail channel (implemented July 1) which provided an offset to inflation and elevated absenteeism and turnover. Manufacturing efficiencies are improving with more stable raw materials and component supply; however the business continues to be impacted by lower volumes from new vehicle supply constraints.

Encouragingly for the future, since acquisition APG have secured 134 new business wins (representing ~$35m+ in revenue, of which ~$24m is incremental (new) revenue which will progressively come on line in the next 2 years). Functional Accessories growth was driven by leveraging existing OEM towbar relationships and increasing 'share of wallet'. This has resulted in $14m in new business servicing 3 new OEM customers who are existing Towbar OEM customers. APG have won the Landcruiser nudge bar, which is on sale now, and a second functional accessory with Toyota to start in 2024. Further to this notable new business is success in securing the appointment to supply Isuzu sport and nudge bars, and the Hyundai nudge bar – all good examples of the customer focus within the APG team.

It is with some satisfaction that Cruisemaster achieved a record result in H2, in line with expectations, as additional production capacity from APG's Thailand facility allowed further conversion of new customers and increased supply to existing customers, thereby increasing market share.

Finally, Cargo management growth continued to be strong as ROLA product sales grew 21% in FY23, driven by new product launches and online channel expansion and APG have added product development resources to support product range expansion and US vehicle fitments.

1. Underlying NPAT, underlying NPATA, underlying EBITA, underlying EBITDA and underlying EPSA (EPS pre-amortisation) are unaudited, non IFRS and exclude (non-cash) acquisition-related inventory step ups and significant items outlined in note 7 of Appendix 4E.

Water Segment

Davey

Davey revenue declined 5% over the prior year due to continued weakness in markets outside of Australia and NZ. Australia achieved modest growth as strength in the pumps and water treatment businesses was largely offset by weakness in both the Firefighter and Pool categories. NZ delivered modest growth, driven by high pressure systems and commercial pumps, despite softer economic conditions. Export and EU sales were down 25% (primarily Europe and Middle East) reflecting destocking activities as distributors and resellers recalibrated to a softer economic environment and normalised supply chains.

Strategic initiatives and active margin management drove a 28% increase in underlying EBITA[1]. Margins rebounded in the second half, reflecting price rises implemented in the second quarter of the financial year, a moderation in sea freight, tight cost control and improved operational planning.

Operational performance was supported by improving customer service levels, aided by the new National Distribution Centre in Brisbane, which delivered industry leading delivery-in-full on-time (DIFOT) rates.

2. Financial Overview

Introduction

The year had full year contributions from two substantial acquisitions made during the prior financial year. This contributed an incremental six months from APG and five months from Vision X.

The FY23 financial result contains "significant items" of $4.5 million which largely relate to the integration of Uneek into APG, and acquisition and disposal activity including the sale of CSM.

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 acquisition of APG made in the prior financial year.

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

Revenue

Total Group revenue from continuing operations increased 25% on prior year to $1,037 million, inclusive of acquisitions. The sales result includes a full year of revenue from the Vision X and APG acquisitions.

Automotive revenue grew by 12% including organic and acquired growth. APG's revenue increased 113% due to an additional six months contribution and increased 5% on the prior half year. Davey's revenue decreased 5% due to soft demand in export and European markets.

Statutory profitability

The Group reported a net profit after tax from continuing operations (NPAT) of $98.6 million, an increase of 252%, and Reported EBIT of $162.3 million, an increase of 107%, inclusive of:

1. A full-year contribution from Vision X, APG, and Christine Products which were acquired in FY22;
2. Contributions from the FY23 acquisition of Twisted Throttle in the USA and a part year contribution from Southern Country;
3. Amortisation of acquired intangible assets of $21.5 million up from the prior year's total of $11.8 million reflecting the full year of ownership of APG and Vision X;
4. A non-cash fair value adjustment to APG inventory which impacted net profit before tax by $3.5 million; and
5. Significant items of $4.5m pre tax ($3.7m pre tax from continuing operations), which largely relate to the integration of Uneek into APG, and aquisition and disposal activity including the sale of CSM.

Underlying operating results

Excluding the noted inventory revaluation impacts, amortisation and significant items, the Underlying Earnings Before Interest, Tax and Amortisation (underlying EBITA[1]) increased 27% to $191 million and Underlying NPATA[1] increased by 33% to $118.7 million.

The result reflects both strong automotive end-user demand through the year and contributions from the acquisitions. That said, supply chain disruptions continued to impact new car deliveries throughout FY23. APG's products are predominately sold at the point of new car delivery, therefore these supply chain disruptions flowed through to APG sales. Encouragingly, sales order backlogs are at significantly elevated levels. Therefore we continue to view these lower sales as a deferral rather than permanent loss of sales.

Cash Generation and Capital Management

Reported Net Cash Flow from operating activities was $206.1 million, an increase of 124% on the $92.1 million reported in FY22. A cash conversion result of 113% was achieved compared to 79% in the prior year reflecting inventory reductions achieved over the full year as a result of normalisation of global supply chains and more reliable sea freight and port clearance times.

During the year, we settled the deferred consideration of $20.8 million to the vendors of Vision X. Meanwhile, a three-year contingent earn out payment of USD $14.4 million is still anticipated in FY25.

At year end, net debt was $402.1 million, a decrease of $65.0 million over the prior year notwithstanding the settlement of the Vision X deferred consideration.

1. Underlying NPAT, underlying NPATA, underlying EBITA, underlying EBITDA and underlying EPSA (EPS pre-amortisation) are unaudited, non IFRS and exclude (non-cash) acquisition-related inventory step ups and significant items outlined in note 7 of Appendix 4E.

The FY23 Net Debt to underlying EBITDA[1] ratio stands at 2.0 times on a pre-lease (AASB 16) accounting basis down from the prior year's result of 2.5 times (including the deferred vendor payment for Vision X), before any consideration of the sale of Davey which was announced on August 5, 2023.

The reported basic earnings per share of 70.0 cps an increase of 198% from the pcp reflecting the prior year impairments, 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, in line with the prior year, and full year pay-out ratio of 53% of underlying NPAT[1].

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

External Financing Capacity

During the year, the Company reduced its core debt facilities by $15 million given the expected reduction in inventories and borrowings over the year. Some minor additional lines were added offshore to support offshore organic growth. All the debt facilities which were due to expire in January 2024 were renewed in June 2023 on favourable terms. In addition, all but $50 million of the facilities due to expire in December 2024, were also renewed in June 2023. The balance of the December 2024 loan lines of $50 million will be renewed closer to expiry and may be repositioned to banking facilities outside Australia to support our offshore organic growth aspirations.

With unused core borrowing facilities of $223 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.

3. Strategy

During the year, the Board and Management remained focused on ensuring the strategic fitness of the Group. 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.

Portfolio Vision and GUD2025

At the Group level, our actions and decisions are guided by our Portfolio Vision. Following the completion of the announced sale of the Davey business (expected 1 September 2023), the Group will be an automotive pure play, positioned for continued growth. GUD holds industry-leading brands that aim to be future-ready; delivering automotive technical products and services that people rely on every day.

We are close to achieving a key objective of the GUD2025 Plan which was to double the size of the FY21 portfolio. 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.

Our team is committed to making a positive impact and creating value for all stakeholders. We target top-quartile performance in key impact areas, from employee engagement to EV transition. We invest in our people, a sustainable supply chain and in smart ways to manage our footprint. And we want to deliver strong shareholder returns.

1. Underlying NPAT, underlying NPATA, underlying EBITA, underlying EBITDA and underlying EPSA (EPS pre-amortisation) are unaudited, non IFRS and exclude (non-cash) acquisition-related inventory step ups and significant items outlined in note 7 of Appendix 4E.

FY23 achievements

During FY23, GUD made significant progress on its strategic imperatives and metrics:

- Strengthened the Group portfolio with:
  - the small bolt-on acquisition of Twisted Throttle, an online retailer of motorcycle accessories in North America and the owner and distributor of the Denali brand of motorcycle driving lights
  - the acquisition of Southern Country to extend Fully Equipped's presence in New Zealand
  - merging Uneek into APG
  - merging AE4A into BWI
  - the sale of CSM
  - the agreement to sell Davey (announced after the financial year and due to complete on 1 September 2023)
- Further increased our Automotive/APG revenue from products that do not rely on internal combustion engines (ICE) from 69% in FY22 to 75% in FY23
- Continued to broaden our geographic revenue base with revenue from offshore operations at ~11.5% of group revenue
- Opened Hybrid battery repair facility in New Zealand
- Launched and EV battery and circular economy business in Australia
- Expanded the automotive electronic component repair activity with new sites in Perth and Auckland
- Further reduced customer concentration through a mix of organic and acquisition activities, with no one customer representing in excess of 10-13% of GUD revenue
- Launched more than 6,000 new Automotive SKUs in FY23

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 strategic plans. After completing our portfolio review in FY23 the Board remains confident in our current portfolio of businesses. With the appropriate prioritisation of balance sheet strength and reinvestment in business unit strategies, we remain willing to make logical bolt on automotive acquisitions which bolster the competitive strength of our portfolio and increase long-term shareholder value.

4. Risk

FY23 represented the fifth year since the Board created a separate Board committee to focus on risk. This year's risk reviews continue to build on, mature and respond to evolving industry and global risks including, but not limited to, sustainability and climate change, customer risks, supply chain risks, macro-economic and 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
Sustainability and 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. Implementation of SEDEX ethical sourcing platform within GUD business and their suppliers. Development of our carbon-neutral road map.
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. GUD's portfolio vision strategy has diversified GUD's customer base in both segment and geography.
Production and Supply Chain risks	Over reliance on suppliers resulting in 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. Increasing safety stock levels in periods of diminished supply chain reliability was also a mitigating action adopted in FY21 & FY22 and largely unwound in FY23 as supply chain and logistics conditions normalised.
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.

Risk Themes	Key Risks	Examples of Mitigating Actions
Disruptive Technology risks	Product technical obsolescence such as brought on by 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 framework, 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 has adopted continuous safety and wellbeing improvement initiatives such as the introduction of psychosocial injury plans, ongoing hazard reduction improvements and employee wellbeing improvement plans. Those actions are reinforced with numerous safety walks by peers and group staff including selective KMP site visits.
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. Continued uplift of GUD's cyber security response and maturity. GUD is well progressed in implementing its cyber security and technology blueprint that is being adopted by all existing business units and will be established in future acquisitions.
Macro-economic risks	Government or regulatory changes leading to loss of sales and impacting products segments.	GUD has diversified its customer and product segment. The vast majority of products within the portfolio are powertrain agnostic (ICE, Hybrid or Non-ICE). GUD is also a member of industry bodies such as the Australian Automotive Aftermarket Association (AAAA) and Electric Vehicle Council. Through IM Group, we are also members of the Australian Battery Recycling Initiative (ABRI) and Battery Stewardship Council (BSC).

GUD 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 Executives 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 Risk and Sustainability Committee.

5. Trading Update

APG

July sales were strong relative to the pcp and forward indicators for August are in line with the improving supply constraints.

While OEM vehicle supply is improving, the gains are not consistent between OEMs and models, meaning that the APG Top 20 models have not grown at the same pace as the total industry. We view this as transitional until supply chains fully stabilise.

July sales for the Trailering business increased on the prior year reflecting new business wins. We are watching for any signs of industry softness.

Automotive (ex APG)

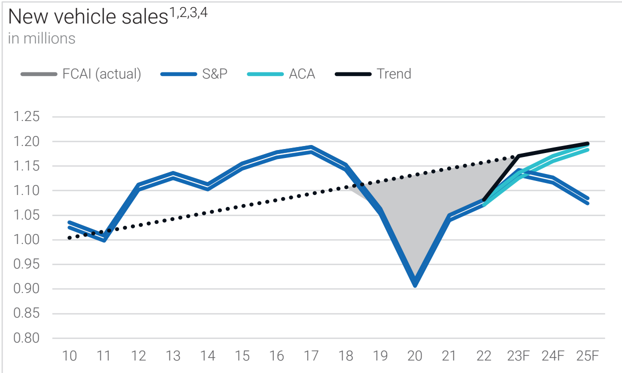
July Automotive sales reflect a solid start to the financial year across all key automotive businesses noting that growth was not consistent across all businesses and geographies. However, demand was largely consistent across GUD's independent and large resellers.

Independent workshops continue to have strong bookings (circa 2 weeks) which is supportive of continued stability of wear and repair demand.

6. Outlook

APG – positive outlook as sales and vehicle supply improves through FY24

- OEM order backlogs remain at significantly elevated levels
- Signs of improving OEM supply into Q1 FY24, including APG Top 20, but supply is not expected to return to normal levels until late FY24
- GUD remains confident in APG's ability to deliver its business case targets when OEM supply constraints and mix (APG Top 20) normalise
- Expecting further revenue and EBITA growth in FY24



1. FCAI: Vfacts database. 2. S&P Global/IHS Markit, S&P Connect Light Vehicle Sales (Aug/23). 3. ACA Research (Aug/23). 4. Simple linear regression using 2010-2022 Vfacts data.

Automotive (ex APG) – continued resilience and re-investment

- The Auto aftermarket is expected to remain robust in FY24 given further aging of the car parc, new product development and margin management activities
- Further disciplined investment (total of c.$6m opex and $1m in capex) in FY24:
- Projecta (power management) launch in US and Europe
- BWI's organic specialist lighting entrance into new markets
- Infinitev Hybrid, PHEV, and Electric Vehicle battery repair program

GUD Group

- FY24 cash conversion expected to revert to 85-90% given the strong organic growth aspirations/greenfield opportunities and seasonally lower H1 cash conversion (reflecting usual NWC pattern)
- Core currencies approximately 80% hedged in H1 (USD, Thai Baht, NZD, KRW)

Sustainability Review

Jennifer Douglas

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

Graeme Whickman

Managing Director and Chief Executive Officer

Message from the Chair of the Risk and Sustainability Committee, and our Managing Director and Chief Executive Officer

On behalf of the Board of Directors (the Board), we are pleased to present the GUD FY23 Sustainability Review. The annual Sustainability Review is an important opportunity to inform shareholders about our progress and the positive impacts GUD and our businesses are generating for our people, the environment, and the broader community. The Sustainability Review also identifies and discusses the longer-term sustainability-related risks and opportunities facing the Group.

The Board and Executive team are fully committed to establishing strategic and governance frameworks that encourage, and reward actions which build more sustainable and more successful GUD businesses. We are building a culture that values Environmental, Social and Governance (ESG) performance as integral to our identity, our operations and how we partner with our customers and suppliers. We have deliberately embedded ESG goals within our Portfolio Vision which guide the strategic direction of our businesses and their day-to-day operations.

At the core of our ESG Strategy is a clear commitment to valuing our people, improving practices in our supply chain, caring for the environment and serving our customers sustainably. We see strategic value in taking genuine action in ESG areas as a means to inspire our people, attract outstanding talent, build business resilience, strengthen customer partnerships, and pursue commercial advantage. Furthermore, our ESG strategy aligns with the Board's objectives of effectively managing risks and capturing commercial opportunities in a rapidly changing landscape - in particular, shifts in consumer trends and the transition to clean energy sources.

GUD has continued to make substantial progress on our ESG journey over the last year - with businesses now collectively working toward a common set of ESG goals in our key impact areas: Health, Safety and Wellbeing, Thriving People, Sustainable Sourcing, Energy and Emissions, Electric Vehicle Transition and Waste. We take great pride in our focus on safety. Many of our businesses have been rated in the top quartile globally for their safety culture, demonstrating the strong commitment we have made to ensuring safety throughout our operations. We aspire to this 'top quartile' level of performance across all our ESG impact areas.

We have further work to do in FY24, focusing on the achievement of our stated 2025 ESG goals while building towards our long-term 2030 goals. We are implementing GreenPower purchase agreements in our distribution businesses as a step towards decarbonisation and will undertake further steps towards a carbon-neutral roadmap in our manufacturing operations. We are actively pursuing opportunities to build a competitive advantage by leveraging our ESG investments. In particular, we aim to be at the forefront of creating a circular economy solution for the repair, reuse and recycling of Electric Vehicle (EV) batteries. Additionally, FY24 will see GUD continue to evolve its sustainability and climate-related reporting to align with the newly released IFRS climate and sustainability disclosure standards.

Progress and Performance Highlights

Further rebalancing of non-ICE revenue to 75% of the Automotive portfolio achieving GUD's 2025 target	• Full-year impact of strategic acquisitions (AutoPacific Group and Vision X) has further grown the non-ICE share of GUD's Automotive Revenue to 75% for FY23 (up from 69% in FY22) achieving GUD's 2025 target
Launched the Infinitev business unit to create a circular economy for EV batteries	• IM Group launched Infinitev — a startup business with a dedicated team and facilities to create a circular economy for hybrid and EV batteries • The Infinitev program was successfully awarded $500,000 by the Victorian Government, Circular Economy Business Support Fund to progress the commercialisation of a circular economy solution by repurposing EV batteries for energy storage systems
Commenced onsite social audit program with priority suppliers applying the SMETA standard	• Commenced an on-site social audit program with high-priority suppliers to assess and improve social and environmental practices and identify modern slavery risks in the supply chain • Adopted the Sedex Members Ethical Trade Audit (SMETA) standards, a globally recognised social audit methodology which assesses standards of labour, health and safety, environmental performance, and ethics within the supply chain
Distribution businesses moving to 100% renewable electricity purchase agreements	• GUD's distribution businesses are shifting to 100% renewable electricity during FY24 as a key step towards meeting GUD's 2025 Carbon Neutral target for distribution businesses (ahead of schedule) • Brown & Watson International (BWI) is planning a ~200kW solar system for installation at its Melbourne headquarters in FY24
Davey 6-star energy rating pump recognised in Pool and Spa industry Sustainable Product Awards	• The Davey ProMaster400BT 6-star energy rating variable speed pool pump has been named the winner of the 2023 Sustainable Product Award at the Swimming Pool and Spa Association (SPASA) state-based awards for New South Wales, Queensland, South Australia, Western Australia, Northern Territory, ACT and New Zealand. The national award winner will be announced in September 2023.
Fully integrated acquired businesses into the GUD Safety program	• Fully integrated APG and Vision X's global operations into GUD's Health, Safety and Wellbeing program • No high-consequence injuries of an ongoing nature were sustained in FY23 • Elevated focus on Psychosocial Safety risk with the development of a Psychosocial Safety framework and training for our people leaders
Launched GUD Graduate Program and Future Leaders Program	• GUD Graduate Program commenced in March 2023 with four graduates placed across the Ryco, Davey and IM Group (IMG) businesses • New Future Leaders program launched, broadening GUD's leadership and talent development programs
Inaugural GUD Sustainability Excellence Award presented	• A specific Sustainability category was added to the annual GUD Excellence Awards for the first time to recognise and reward outstanding performance in our ESG impact areas

Scope of this Review

This Sustainability Review discusses GUD's sustainability strategy, initiatives and performance across our global operations (including Australia, New Zealand, Thailand, South Korea, and the USA) for the year ended 30 June 2023.

ESG Strategy

The Board and Executive team are committed to the responsible and sustainable management of our businesses and their supply chains. To ensure that ESG considerations remain at the forefront of our thinking, GUD continually reviews and evolves the key ESG risks and opportunities that could materially impact its businesses and stakeholders. In doing so, GUD considers a broad range of factors, including regulatory and legislative changes, global and industry standards, reporting frameworks, peer benchmarking, macroeconomic trends and stakeholder feedback about our prior-year disclosures.

Over the last 12 months, the Board has placed significant emphasis on integrating our ESG strategy, impact areas, risks and opportunities with the Group's broader approach to strategy development, decision-making, target setting, risk management, management priorities, and incentive structures. Our ESG Strategy is designed to leverage the unique capabilities of our businesses and to competitively position them to best serve the evolving needs of customers and consumers for sustainable, resource efficient and high-quality products and services. Our commitment to ESG is now embedded within our corporate strategy and Portfolio Vision, underpinned by the Group's ambition to build businesses that are innately more sustainable and more successful.

The GUD ESG strategy is built upon six key Impact Areas that GUD considers are likely to be most important to our stakeholders and where GUD can have the most impact. These six impact areas are: Health and Safety, Thriving People, Sustainable Sourcing, Energy and Emissions, Electric Vehicle Transition and Waste. They guide our actions, investments and reporting around ESG. GUD has set ambitious short and mid-term targets for 2025 and 2030 to drive tangible action and inspire our people. The Board notes the work that has been done which underpins these targets and continues to believe that the Group can meet these targets.

The Group will continue to review and evolve the impact areas and action plans as appropriate for the businesses within the Group and for stakeholders.

GUD ESG Impact Areas

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

Thriving People

We invest in our people to develop a high-performing, highly-engaged, and diverse workforce

Ambition
Generate top quartile level of staff engagement in our businesses

Targets and metrics
Top quartile staff engagement

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 tiered ethical sourcing framework - high and medium risk geographies

Energy and Emissions

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

Ambition
Reduce emissions in our businesses and the value chain

Targets and metrics
Carbon neutral Distribution by 2025
Carbon neutral Manufacturing by 2030

Carbon neutral for GUD scope 1 and 2 emissions

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

Waste

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

Ambition
Enhance the sustainability of our packaging design and materials

Targets and metrics
Advanced level in packaging (APCO) by 2025
Leading level in packaging (APCO) by 2030

Appropriate corporate governance underpins our ESG approach

GUD is committed to practising high standards of business conduct and corporate governance. GUD has a clear set of behavioural expectations that complement a culture of strong corporate governance, responsible business practices and good ethical conduct. These are incorporated in its Code of Conduct and other policies which can 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

7.7 Lost Time Injury Frequency Rate

5.5 below industry

Safe Work Australia industry benchmark of 13.2

FY23	**7.7**
FY22	8.0
FY21	5.7
FY20	2.7

86% Safety Commitment Score

-5 to top quartile

IBM all orgs top quartile 91%

Overall · Preexisting BUs

FY23 (Overall)	**86%**
FY23 (Preexisting BUs)	**94%**
FY22	93%
FY21	94%

GUD's 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 meetings to ensure safety is top of mind.

The annual employee engagement survey is a key tool for GUD to measure and track employees' views on safety culture, commitment and practices in the workplace. This year, employees from businesses acquired in FY22 completed the survey for the first time.

GUD's commitment to safety continues to be rated highly by its employees. In FY23, the employee engagement survey reported the top two most favourable feedback responses from employees as '*This company is committed to employee safety*' and '*My direct supervisor is committed to safety*'. Overall, 86% of respondents felt that there was a strong commitment to safety, equal to the global benchmark average. Of note, safety was rated at 94% in the survey, for those businesses that were within the group in FY22[1], ranking in the global top quartile for the seventh consecutive year.

During FY23 our HSW approach continued to be underpinned by safety leadership, employee engagement and participation, robust HSW plans and initiatives, a focus on critical risk, safety audits and Board safety walks. GUD Senior Leaders, including those from recently acquired businesses, participate in a Safety Development Program which ensures awareness of and commitment to their safety obligations. Our emerging leaders participate 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.

Bowties for Critical Risk

During FY23 our Australian safety leads participated in a Critical Control Management Program facilitated by HSE Global, a specialist Health and Safety consultancy. Critical control management provides a disciplined approach to the identification, effective implementation and verification of critical health and safety risk controls using the Bowtie Analysis methodology. Following an initial training program, the safety leads were engaged in a series of Bowtie Analysis Workshops to identify causes, consequences and controls for a set of eight material events.

GUD Bowtie Analysis Workshop participants

Case study

Infinitev battery testing station

Infinitev – Safe site setup from day one

Driven by the growing demand for EV batteries and services, IMG recently moved its Infinitev business into a dedicated site in southeast Melbourne. In preparation for the site move, the team completed training in critical risk management and developed a comprehensive Bowtie Analysis to identify the critical risks related to the site move and lithium battery storage and handling.

A safety business plan was developed, capturing key risks and mitigations including emergency response plans, equipment needs, training requirements and clear responsibilities for setting up the site, moving equipment and ensuring the safety of staff. A Job Safety Analysis was created for each key task in the site move to assess specific hazards (e.g. manual handling, electrical, slips and trips) and implement controls. This robust process resulted in no safety incidents during the move and the new site was set up for safe operation from day one.

1. Pre-existing business units exclude APG and Vision X to provide a like-for-like comparison for the business units participating in the engagement survey in prior years

Bringing greater focus to psychosocial risks and mental wellbeing

In 2020 GUD implemented its GUD Peer Support Program with the support of Benestar, our employee assistance program provider. In FY23 the Program continued to grow with an additional cohort of 'peer supporters' undertaking training taking their number to over 70 employees across the Group. The Program provides valuable mental health and wellbeing support to our employees, and where appropriate guides employees to find appropriately qualified help and support if needed. Our Peer Support network members are themselves supported through quarterly check-in and educational sessions with Benestar counsellors.

In 2023 a focus group of Safety and Human Resources personnel from several of our businesses was formed to review our approach to psychosocial risk and mental wellbeing at work, including risks of sexual harassment and gendered workplace violence. The review considered changes made to the Victorian Occupational Health and Safety Regulations by the Victorian Government around psychosocial risk, and the recently released SafeWork Australia Code of Practice "Managing psychosocial hazards at work". The Group's work included defining our aims in respect of wellbeing and mental health and creating risk management protocols and procedures to ensure psychosocial risks are identified and mitigated. Additionally, investigation procedures and protocols for incidences of psychosocial harm were defined to ensure both compliance with the new regulations and, importantly, care of those involved across our global business.

Our safety metrics and performance

As a Group we maintained our performance of zero high-consequence injuries[1] during the year.

We benchmark the safety performance of each of GUD's businesses against an industry-specific Lost Time Injury Frequency Rate (LTIFR) benchmark published by Safe Work Australia (SafeWorkAU) for the applicable industries: Wholesale Trade-Motor Vehicle and Motor Vehicle Parts, Fabricated Metal Manufacturing, and Manufacturing

Overall GUD recorded a LTIFR of 7.7 for FY23, an improvement on the prior year. At an industry segment level:

- GUD's Wholesale trade (non-manufacturing) businesses' LTIFR of 2.6, continues to compare favourably to the Wholesale Trade-Motor Vehicle Parts benchmark of 13.2
- GUD's Fabricated Metal Manufacturing businesses' LTIFR of 9.4 FY23 has improved from 12.1 in FY22 and compares favourably to the SafeWork AU benchmark of 25.0
- GUD's Manufacturing businesses' LTIFR of 15.1 is unfavourable to the SafeWork AU Manufacturing benchmark of 11.1

GUD's lost time injuries are predominately musculoskeletal in nature, requiring the injured person to rest their injury. A concerted effort has been placed on improving manual handling activities in the last 12 months with a particular focus on our recently acquired manufacturing businesses.

Considering all injuries, the majority involve abrasions and small cuts (61% of injuries in FY23), in response there are initiatives across the Group to replace knives and sharps with suitable auto-retract versions. Further information on our safety performance and metrics are detailed in the Sustainability Profile and Performance Data section of this review.

Case study

Assessing manual handling risks with new technology

During FY23 GUD invested in specialist technology to improve our approach to the prevention of manual handling injuries. This technology utilises wearable sensors to analyse the body movements of workers enabling 'real time' video and analytical feedback to improve work practices and reduce the risks, impacts and costs of musculoskeletal injuries. The system's analytics use the exposure intervals and duration definitions from the Hazardous Manual Tasks Code of Practice (Safe WorkAU) to calculate an objective risk score for comparative analysis. Training has been provided to the Australian based safety leads to inform them how best to deploy the technology within their business.

Case study

Demonstrating care and respect for others

Charmaine Dymock of Griffiths Equipment has a huge passion for HSW ensuring that all team members and visitors are thoroughly inducted and feel welcomed and included. As the Griffiths Equipment HSW Coordinator, Charmaine leads by example in her contribution to health and safety leadership and her care and respect for others. Charmaine also assists other GUD businesses with understanding and optimising the Group's incident reporting portal.

Charmaine is a key influencer in uplifting the safety culture of the business which led to Griffiths Equipment scoring 99% in the FY22 GUD engagement survey for health and safety and attaining a score of 93% in the GUD WHS Compliance and Management System Audit

1. High-consequence work-related injury: Work-related injury that results in a fatality or in an injury from which the worker cannot, does not, or is not expected to recover fully to pre-injury health status within six months (Source: GRI 403 Occupational Health and Safety)

Thriving People

We invest in our people to develop a high-performing, highly-engaged, and diverse workforce

Ambition
Generate top quartile level of staff engagement in our businesses

Targets and metrics
Top quartile staff engagement

Performance

72% Staff Engagement Score

↓ incl. acquisitions

Global top quartile 79%

Overall | Preexisting BUs

FY23	72%
FY23	77%
FY22	76%
FY21	79%

68% Staff Wellbeing Score

↓ incl. acquisitions

FY23	68%
FY23	77%
FY22	76%

Prioritising people is fundamental to GUD's values

At the core of our decision-making processes are GUD's core values: 1) *People are at the heart of all we do,* 2) *True to who we are* and 3) *We give our all*. These values guide our day to day interactions and strategic initiatives.

GUD Values

People are at the heart of all we do
We care deeply about our team, our customers, our suppliers, our communities & our partners .

True to who we are
We are courageous, authentic, transparent, and honest. We always act with integrity.

We give our all
We are entrepreneurial, curious, driven and commercially strong. We create value through our products, our services and our actions .

We strive for a culture of highly engaged people contributing to the GUD team

In 2023, GUD conducted an Employee Engagement Survey which encompassed all businesses within the Group, including those recently acquired. Pleasingly 80% of our employees took part in the survey.

Employee engagement for the entire Group (i.e. including recent acquisitions) was 72%, which is at the global average benchmark. Notably, six out of the 17 dimensions measured by the survey met or exceeded the global average.

When comparing the survey results to last year on a 'like for like' business unit basis (i.e. excluding APG and Vision X), employee engagement increased 1ppt to 77%, which is within two percentage points of GUD's global top-quartile ambition.

Leading for high performance in a global context

Recognising the growth of the GUD Group, 2023 saw the establishment of the GUD Senior Leaders Group (SLG) with a quarterly forum to equip the SLG with the strategic context, thought leadership and tools to enhance the leadership of each of our businesses.

Our Diversity, Equity and Inclusion strategy is focused on building and harnessing greater diversity of thought

During FY23 we developed our 2023-2025 Diversity, Equity, and Inclusion (DE&I) strategy. This strategy revolves around four pillars: 1) *Growing flexibility*, 2) *Fostering diversity of thought*, 2) *Ensuring equitable remuneration*, and 4) *Harnessing diversity* which solidify our commitment to being an employer of choice. An action plan for each pillar outlines key initiatives and timelines at both a GUD group level and a business unit level.

Our work in respect of DE&I is a component of our broader people strategy to build and support the GUD culture. Over the past three years we have created the foundation for a culture which encourages greater diversity of thought through the following focus areas and actions:

- Ensuring that physical safety is paramount in creating and maintaining safe workplaces
- Creation of workplaces where mental health and wellbeing are valued in the same way as physical safety
- Aspiring to upper quartile performance in employee engagement
- Establishment of speak-up processes and pathways
- Creation of forums, and an environment of psychological safety where people can, and do, speak up and ask questions, and seek to understand other perspectives
- Strategically hiring people who are different to those we have hired in the past where doing so is possible and supports the culture and diversity of thought that we seek
- Developing and implementing leadership programs that upskill and develop our leaders
- Enhancing our employee value proposition through the provision of greater employee benefits and support programs

The diagram below shows the key pillars of GUD's DE&I Framework for FY23-FY25, and the broader people-related levers which underpin the *Thriving People* pillar of our ESG Strategy.

Diversity, Equity and Inclusion Strategy Framework

Grow flexibility	Grow diversity of thought (DOT)	Ensure equitable remuneration	Harness diversity
• Leverage flexibility as a retention and attraction enabler • Establish competitive parental support	• Increase the pool from which we draw talent • Purposeful development and hiring • Use of broad measures for DOT	• Fair and equitable treatment of all our people	• Grow D&I capabilities and competency. • Celebrate & recognise our diverse & inclusive workplaces

Leadership Learning & Development
- Established Leader program
- Emerging Leader program
- Future Leader program

Culture Foundation
- Zero Harm – active care
- People cycle planning
- Engaged employees
- Strong & visible EVP
- Competitive remuneration
- Celebration of excellence

GUD's Equal Employment Opportunity Policy highlights our commitment to fair and equal treatment in employment and reinforces the importance GUD places on diversity and inclusion. There have been no incidents of discrimination reported in FY23; hence our GRI Indicator 406-1 is zero. If there is an incident, we will seek to apply best practice investigation procedures, including ensuring that the complainant is supported throughout the process.

At the Board level, GUD's gender diversity exceeds its target of 30% minimum female representation. At the Senior Management level (i.e. direct reports to the Managing Director and direct reports of Chief Executives of the principal business units) GUD's female representation has remained at 14%. During FY23 a Senior Leadership Group was established comprising the business leader, finance, operations and people and culture leader of each business. 17% of this group are female.

The action plans of GUD's 2023-25 DE&I strategy further extend our focus on achieving greater diversity of thought within all businesses.

We continue to maintain strong and productive partnerships with employees and unions

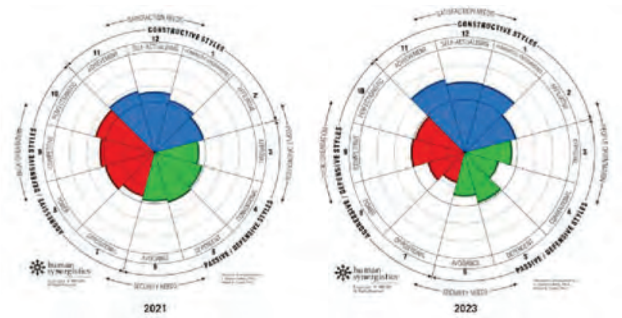
Relationships between employees, unions and GUD businesses are constructive and highly valued. There are six collective agreements in place across the Group, one is due for negotiation in 2023 and the remainder are due for negotiation during 2024 or 2025.

We are extending our leadership development programs to further enhance our people capabilities and culture

During FY23 two additional leadership and development programs were launched. The first, the Future Leaders Program complements the Established and Emerging Leaders Programs we have had in place for several years. The second new program, the GUD Graduate Program is aimed at boosting the new talent pipeline into the Group.

In June 2023 the first two cohorts of the Emerging Leaders Program completed their two-year program covering eleven modules. One of the measures of the program's effectiveness is derived from the Human Synergistics LSI (Life Styles Inventory) tool which draws on 360° feedback and self-assessment to assess and evaluate participant's leadership styles and behaviours at the start and the end of the program. This measurement of leadership behaviours shows a notable shift towards more constructive leadership styles and behaviours. Encouraged by the success of these programs, GUD is expanding the Future Leaders cohort in 2023 and plans to commence further cohorts for both programs in 2024.

Growth in constructive leadership behaviours (blue) from 2021 to 2023



Source: LSI tool, Huyman Synergistics, 2023

Case study

Griffiths Equipment Employer of the Year Award

Employer of the Year - Auckland Central Business Awards - Griffiths Equipment

The Griffiths team were proud to be announced as the Employer of the Year in the 2022 Westpac Central Auckland Business Awards. Griffiths was recognised for its efforts in constantly looking at ways to create a positive and supportive workplace whilst driving product innovation and efficient customer support.

Case study

2023 Graduates learning about our businesses

Inaugural GUD Graduate Program

Consistent with our investment in "Thriving People", we successfully launched our inaugural GUD Graduate Program in 2023, welcoming four talented Engineering and Marketing graduates to Ryco, Davey, and IM Group. The structured program provides mentorship, regular learning opportunities, career development and engagement across GUD's business units.

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 tiered ethical sourcing framework - high and medium risk geographies

Performance

678 Suppliers engaged in Ethical Sourcing Program

+ 113 suppliers

FY23	**678**
FY22	565
FY21	242
FY20	111

89% Of product spend at Bronze level (or above)

FY23	**89%**
FY22	88%

GUD partners with suppliers to improve ethical business practices in our supply chain

GUD is committed to partnering with suppliers to assess and improve working conditions, employee safety and labour practices in its international supply chains, as well as commitments to positive ethical and environmental practices. GUD's Ethical Sourcing Program - now in its 5th year - is implemented across the Group by the GUD Quality and Supplier Council. The Council develops protocols across the group to aid the implementation of GUD's Ethical Sourcing Code[1]. GUD released its third Modern Slavery Statement during FY23, which provides a comprehensive overview of the progress and actions taken by GUD to address modern slavery risks in the supply chain.[2]

GUD's tiered assessment approach promotes ongoing improvement beyond compliance

GUD's supplier assessment methodology sets three standard levels - Bronze, Silver and Gold. The foundational Bronze tier aligns with the standards behind Modern Slavery legislation. Whereas the Silver and Gold tiers layer additional standards associated with health and safety, sound environmental practices and ethical standards.

GUD Ethical Sourcing Code – Three standards of compliance

BRONZE

PART A Slavery
- Recruitment
- Slavery
- Child Labour
- Debt bondage
- Human trafficking
- Hazadous work
- Forced labour

PART B Labour
- Working conditions
- Disciplinary actions
- Payment conditions
- Working hours
- Documentation
- Transparency

SILVER

PART C Health & Safety
- ISO certification
- Safety audits
- Working conditions
- Dormitory condtions
- OHS reps
- First aid training
- Emergency response
- Safety data sheets
- Hazardous materials
- Drinking water

PART D Discrimination
- Equal opportunity
- Working conditions
- Equal pay
- Job training
- Collective barganing
- Form trade unions

GOLD

PART E Environment
- ISO certifications
- Impact assessments
- Self audit
- Waste management
- Recycling
- Energy
- Water
- Hazardous waste

PART F Ethics
- Business conduct
- Policy development
- Corruption
- Bribery
- Extortion
- Information security
- Intellectual property

1. GUD's Ethical Sourcing Code is available online at https://gud.com.au/corporate-governance
2. GUD's annual Modern Slavery Statement is available online at https://gud.com.au/corporate-governance

At a minimum, GUD expects supplier adherence to the Bronze tier, which prohibits any slavery-type practices and requires compliance with international labour standards and appropriate wage payments. GUD businesses also aim to progress their suppliers to achieve Silver and Gold levels where possible. These levels reflect GUD's broader social objectives including a commitment to safe, non-discriminatory, environmentally responsible, and ethical business practices.

The quantity of suppliers engaged in the ethical sourcing program has increased year on year

GUD's Ethical Sourcing Program involves supplier evaluation against the GUD Ethical Sourcing Code and equivalent standards. The Program applies to every single supplier to the GUD businesses, including 11 GUD businesses which supply to others within the group. The engagement of suppliers in the Program involves direct communication with each supplier seeking due diligence assurance, which is a resource intensive process but provides optimum engagement and commitment. Given our large supply base, implementation of the Program with suppliers is prioritized by spend and perceived modern slavery risk based on factors such as country location.

The number of suppliers engaged in GUD's Ethical Sourcing Program has increased significantly over the last three years from 111 in FY20 to over 670 product and service suppliers in FY23. This increase has been driven by each business increasing coverage of their suppliers and the incorporation of suppliers associated with GUD's new acquisitions, such as APG and Vision X into the program. The program now covers 89% of GUD businesses' spend on tier 1 suppliers of finished products, components and raw materials[1]. Measured against increased business spend in FY23, and improved data analytics of supplier engagement in the Ethical Sourcing Program, there has been a continued expansion of the Ethical Sourcing Program.

To drive continual progress towards our ethical sourcing goals, we reset progress objectives each year which are linked to executives' non-financial Short Term Incentive (STI) metrics. The addition of APG and Vision X into the program involved a concerted effort from the team to onboard their suppliers to the program while increasing the product supplier spend by a further 1ppt to 89% of Group spend[1] at Bronze level and above over a much larger supplier base. The team continue to work towards the goal of having all product suppliers achieve Bronze level or above by the end of 2025.

The Sedex platform improves our processes to assess and improve supply chain practices

Sedex (Supplier Ethical Data Exchange) is a globally recognised platform that supports companies to better manage their social and environmental performance, and protect people working in the supply chain. Sedex's ethical sourcing standards are strongly aligned with GUD's Ethical Sourcing Code.

During FY23 we on-boarded all GUD businesses to the Sedex platform with each business completing the comprehensive Sedex SAQ (Self Assessment Questionnaire). The Sedex SAQ enables businesses to demonstrate their business profile and practices in the areas of Labour, Health & Safety, Environment, and Business Ethics to customers. As the GUD business onboarding stage is now complete, the focus of the Sedex roll-out will shift to working with priority suppliers (i.e. high risk and/or high spend) to promote greater adoption of the Sedex program and to conduct onsite social compliance audits to validate practices and SAQ responses within the workplace.

As such, we are transitioning major suppliers over time to report on the Sedex platform. During FY23 GUD established Sedex SAQ reports with over 50 suppliers and third-party SMETA audits conducted by Sedex-approved auditors at five supplier sites. Sedex may not be best suited to small-scale suppliers, as such these smaller suppliers will continue to be managed outside Sedex applying the established approach of the GUD Ethical Sourcing Program.

Case study

Newly installed weld fume and dust extraction system at an APG supplier

Enhancing workplace practices in the supply chain - AutoPacific Group

APG's dedicated supplier development team work directly with their international supply chain partners to communicate requirements, monitor performance, conduct on-site audits and support continuous improvement initiatives.

An on-site audit at one of APG's metal fabrication suppliers in China identified a key opportunity to create a safer work environment by improving the extraction of fumes within the weld bays. The recommendations from this audit led to the installation of a new fit for purpose fume and dust extraction system delivering significant improvement in working conditions and operator safety including:

- Extraction of weld fumes and enhanced workstation lighting
- Improved product workflow output and efficiency
- Process improvements to higher levels of quality control and inspection

1. Inclusive of Tier 1 product, component and material suppliers, however not all service providers are included in this figure. A tier 1 supplier is a supplier directly engaged by a GUD business (including intercompany supplier-customer relationships).

Energy and Emissions

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

Ambition
Reduce emissions in our businesses and the value chain

Targets and metrics
Carbon neutral Distribution by 2025
Carbon neutral Manufacturing by 2030

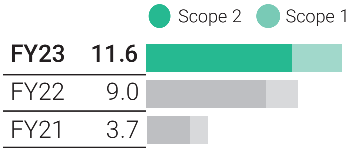
Carbon neutral for GUD scope 1 and 2 emissions

Performance

11.6 Scope 1 & 2 Emissions (ktCO2e)

↑With acquisitions

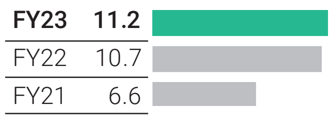
Scope 1 & Scope 2 (location based)



11.2 Emissions Intensity Ratio (tCO2e/A$mill Rev .)

↑Manufacturing

Scope 1 & Scope 2 (location based)



GUD is working towards our carbon neutral goals

Climate change is clearly a major environmental threat facing our planet and economies. GUD acknowledges its responsibility to act and demonstrate leadership in decarbonising its energy sources and operations. While GUD is not amongst the larger greenhouse gas emitters in Australia, we believe all organisations, large and small, have an important role to play in the collective action required to limit the extent of global warming.

Accordingly, GUD has set a two-phased goal for its businesses to achieve carbon neutral for Scope 1 and Scope 2 emissions - taking into account the greater scale and complexity of decarbonising manufacturing operations:

- Distribution (non-manufacturing) businesses[1]: Carbon Neutral[2] for Scope 1 and Scope 2 emissions by 2025
- Manufacturing businesses[1]: Carbon Neutral[2] for Scope 1 and Scope 2 emissions by 2030

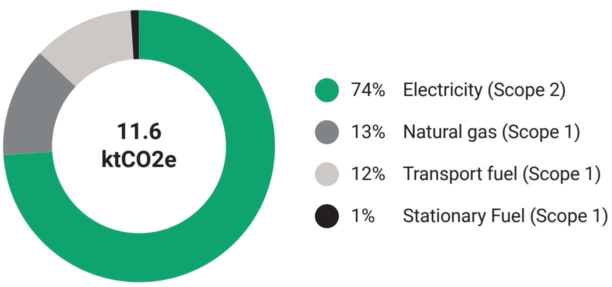
Based on the Group's current portfolio of businesses, the work it has done on understanding its current carbon footprint, the mitigation options currently available and the plans which are in place for reducing its footprint, after considerable consideration, the Board believes that these goals are currently reasonable and achievable.

GUD's FY23 Scope 1 & 2 emissions now incorporate APG and Vision X on a full-year basis

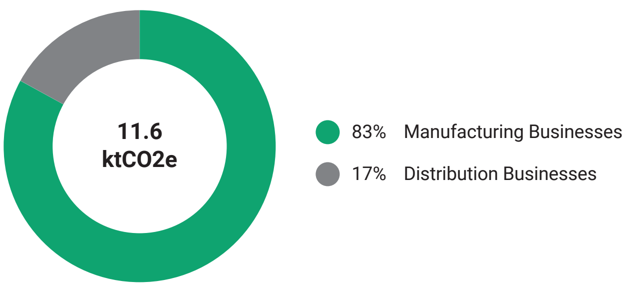
GUD's annual energy and emissions assessment program has now been in place for its third year since FY21. This assessment process is a vital tool to understand the profile and trends of energy consumption and emissions at the Group, business, geography and site levels. Combined with GUD's electricity dashboard which draws on smart meter and retailer invoice data this information provides a rich data set to inform strategic decisions about where to focus our efforts, identify improvement opportunities and measure the reduction efforts.

Based on the Group's internal estimates, GUD's total scope 1 and 2 emissions for FY23 are 11.6ktCO_2e, an increase of 2.6kt on FY22. This increase in Group emissions for FY23 is primarily due to the full-year inclusion of APG and Vision X's manufacturing operations across Australia, Thailand, New Zealand and South Korea and China. Combined, these facilities contribute an estimated 7.0tkCO_2e of Scope 1 and 2 emissions, 60% of total GUD emissions.

GHG Emissions Profile by Source
(KtCO_2e, Scope 1 and 2, FY23)



GHG Emissions Profile by Business Activity
(KtCO_2e, Scope 1 and 2, FY23)



1. GUD categorises its businesses into Manufacturing and Distribution. Manufacturing businesses include APG, ECB, DBA, Vision X and Davey. Distribution businesses include Australian Clutch Services, BWI, Griffiths Equipment, IMG, Parkside Towbars, Ryco and Wesfil.
2. To become carbon neutral, organisations calculate the greenhouse gas emissions generated by their activity and endeavour to reduce these emissions where practical by changing the way they operate, investing in new technology and purchasing renewable energy. Any remaining emissions can be 'cancelled out' by purchasing carbon offsets. Carbon offset units are generated from activities that prevent, reduce or remove greenhouse gas emissions from being released into the atmosphere. When the offsets purchased by an organisation equal the emissions produced they are carbon neutral.

Purchased electricity is the main source of GUD's Scope 1 and 2 emissions

An internal assessment performed by the Group indicates that approximately 74% (8.6 ktCO_2e) of GUD's total Scope 1 and Scope 2 greenhouse gas emissions arise from purchased electricity; with smaller contributions from natural gas and transport fuel. With an emissions profile heavily linked to purchased electricity the Group is focused on three material decarbonisation efforts:

1. Energy Efficiency: review the electricity profile of sites and identify opportunities to reduce electricity consumption at the source
2. Renewable Electricity Procurement: purchase of (grid-connected) certified renewable electricity (e.g. GreenPower)
3. On-site Renewables: installation of on-site solar generation to reduce the consumption of grid-connected electricity

We are actively working with our businesses to assess key opportunities in these areas.

GUD's distribution businesses are shiting to renewable electricity purchase agreements commencing in FY24

The purchase of renewable electricity is a key step in GUD's progress towards its carbon neutral goals.

GUD has worked with each of its distribution businesses: BWI, Ryco, Wesfil, Australian Clutch Services, and Parkside Towbars to implement GreenPower agreements to cover their electricity requirements - in total, over 1,500MWh of renewable electricity each year which is estimated to reduce 1,000 tCO_2e of greenhouse gas emissions. The GreenPower program is an Australian government accredited scheme that audits off-site renewables and ensures electricity providers feed certified renewable energy into the grid to match a customer's energy consumption and supports greater investment in new generation of renewable energy in Australia.

Griffiths Equipment, being a New Zealand based business has contracted the purchase of New Zealand Energy Certificates (NZECs) in order to consume 100% verifiable renewable electricity and to support increasing levels of renewable generation development within New Zealand.

Following the implementation of renewable energy purchase agreements, GUD will extend its emissions reporting methodology to report on both market-based and location-based Scope 2 emissions and the percentage of renewable electricity from FY24 onwards.

BWI are installing a 200kW Solar system and six EV chargers

During FY23 BWI worked in partnership with its building owner and specialist engineers to plan an approximately 200kW solar system plus six electric vehicle charging stations to power its Melbourne warehouse and office facility. The electrical and structural engineering design studies are nearing completion with the system expected to be installed and fully operational by the end of FY24. The 200kW system at BWI adds to the existing solar generation capacity installed at Australian Clutch Services and IM Group.

During FY24 we expect to assess further opportunities to install on-site solar generation capacity at other sites over the coming years.

Case study

Davey ProMaster pool pump

Davey ProMaster 400BT 6-star energy rating pump wins industry sustainability awards

The Swimming Pool and Spa Association Australia (SAPSA) Awards of Excellence are the swimming pool and spa industry's most prestigious awards, showcasing industry achievements across a range of categories including design, products and manufacturing. The Davey ProMaster400BT 6-star energy rating variable speed pool pump has been named the winner of the 2023 Sustainable Product Award at the state-based awards for New South Wales, Queensland, South Australia, Western Australia, Northern Territory, ACT and New Zealand. The national award winner will be announced in September 2023.

Case study

Energy efficiency at BWI - GUD Sustainability Award winner

BWI was awarded the 2022 GUD Sustainability Excellence Award for their Minor Changes Massive Impact initiative. A group of BWI staff were curious to understand the electricity usage and spend at their Melbourne distribution centre and what was causing various spikes in consumption during the day and week. Following their investigation, the team were armed with a deeper understanding of the key drivers of consumption and started testing and implementing improvement actions which reduced the site's electricity spend by around 20% 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

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

75% Non-ICE Revenue[1] in Automotive Portfolio

+6 ppts
Automotive portfolio only

FY23	**75%**
FY22	69%
FY21	60%
FY20	59%

78% Non-ICE Revenue[1] in total Group

+4 ppts
Including Water portfolio

FY23	**78%**
FY21	74%
FY20	68%
FY19	69%

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

GUD is focused on building industry leadership in the EV aftermarket in Australia and New Zealand and pursuing specific opportunities to establish an early-mover competitive advantage.

EV sales in Australia continue to gain traction off a relatively low base led by the success of Tesla models. For the twelve months to 30 June 2023, new vehicle sales of battery electric vehicles (BEV) doubled to 67 thousand units in addition to 10% growth in Plug in Hybrid Electric Vehicles (PHEV) sales to 6.5 thousand units (source VFacts). Hybrid EV sales remained relatively steady at 79 thousand units as did petrol and diesel vehicles.

In April 2023 the Federal Government published Australia's first National Electric Vehicle Strategy, which aims to increase the uptake of EVs via three key objectives: increase the supply of affordable and accessible EVs; establish the infrastructure for rapid EV uptake; and encourage increased EV demand.

In New Zealand, several government programs are already in place - for example, the Clean Car Programme is designed to tackle transport sector CO_2 emission levels and help address climate change. As a result of this programme and related initiatives, New Zealand has witnessed a significant shift in sales of new and imported used vehicles towards low-emissions profiles, thus accelerating the adoption of hybrid and plug-in electric vehicles.

GUD has become a member of the Electric Vehicle Council in Australia—the national peak body representing businesses involved in producing, powering and supporting EVs. Membership allows GUD to stay at the forefront of industry developments and leverage the forum to shape relevant policies. Through IM Group, we are also members of the Australian Battery Recycling Initiative (ABRI) and Battery Stewardship Council (BSC). These industry associations promote a circular economy for EV batteries and closely align with IMG's Infinitev business model

Collectively our automotive businesses now generate 75% of Non-ICE Revenue[1]

The share of GUD's revenue which is ICE Revenue has reduced as we have incorporated the Vision X and APG acquisitions (full-year impact in FY23) and focused on product development for powertrain-agnostic and EV categories. The Non-ICE Revenue from the automotive divisions within the Group (i.e. excluding Davey Water) rose to 75%, an increase of 6 ppts compared to the prior financial year - thus achieving GUD's 2025 goal ahead of schedule. On an overall company basis (including Davey Water) revenue from Non-ICE Products now represents 78% of total revenue in FY23, up 3ppts from FY22. Within Non-ICE Product categories (being, categories of products which do not depend on an ICE for their operation), a particular SKU may apply to a specific vehicle model, whether an ICE model, EV or hybrid model. As the mix of models in the car parc evolves over time, the particular SKUs offered and sold by the relevant GUD business will be altered to apply to those models.

In 2022 the Board amended the structure of the Long Term Incentive Plan (LTIP) for FY23-FY25 and beyond including an ESG-related target for the percentage of Non-ICE Revenue.

Creating a circular economy for EV batteries

In November 2022, IM Group launched Infinitev—a start-up business dedicated to creating a circular economy for hybrid and EV batteries. To facilitate growth, Infinitev established a fit-for-purpose facility in Melbourne, Australia and opened a dedicated facility in Auckland, New Zealand. There are three distinct segments of the Infinitev product and service offering:

- Hybrid battery exchange program: In Australia, the business has experienced double-digit growth year on year in customer demand for hybrid battery remanufacturing and replacement. In New Zealand, the company sold its first units in June 2023 through a soft launch, with a full program kicking off in August. The rapid rise of parallel imports in New Zealand represents a significant growth opportunity
- EV Battery lifecycle management services: Infinitev works closely with EV OEMs with a view to offering them a "one-stop-shop" service for all their EV battery needs including in-depth battery diagnostics and the repair and safe storage of EV batteries. The company has signed a Memorandum of Understanding (MoU)s with several automotive OEMs in Australia and New Zealand.
- Battery energy storage system (BESS): EV batteries that are no longer suitable for use in EVs are repurposed for energy storage systems for commercial and industrial applications such as automotive dealerships and EV charging stations. Building on a successful pilot program, IM Group successfully secured an additional $500,000 in grant funding from Sustainability Victoria to commercialise the BESS initiative.

GUD's automotive businesses are actively pursuing early-mover opportunities in electric vehicle products

With a clear mandate to lead the ANZ aftermarket in the EV transition, GUD brought together business, engineering and

1. ICE means internal combustion engine. ICE Products are those in categories of automotive parts, accessories and services that can only be applied to ICE vehicles (ie they are dependent on an ICE for their operation). ICE Revenue is revenue derived from sales of ICE Products. Non-ICE Products are those in categories of parts, accessories and services that are not ICE Products; ie are not dependent on an ICE for their operation. For example, products in the category of brakes are considered Non-ICE Products because all vehicles can use brakes, regardless of whether the vehicle has an ICE. Another example is products in the category of hybrid drive batteries are Non-ICE Products; whereas categories of products which depend on the ICE part of a hybrid vehicle, like ignition coils, are ICE Products. Non-ICE Revenue is revenue derived from sales of Non-ICE Products.

product leaders from across the Group for the second GUD EV Summit held in the first half of FY23. The summit proved a valuable forum to build greater understanding of the shift towards EV uptake globally, trends in vehicle powertrain design, repair and service rates, government policy and related implications and opportunities. Business leaders shared examples of GUD brands readying themselves for EVs including:

- Disc Brakes Australia (DBA) launching an EV specific braking product range - The Street Series EV brake pad range
- BWI's Projecta brand establishing and growing its range of EV charging cables and accessories
- APG leveraging its research, development and engineering capabilities to lightweight the design of towing and functional accessories including the release of a towbar range to suit Tesla vehicles. The company is also working closely with newer EV brands to the Australian market such as BYD to deliver a suite of accessories
- Ryco launching an oil filter to suit Tesla drive units for Tesla Models 3, Y, S & X

Case study

Infinitev establishes state-of-the-art EV battery facility

To facilitate the growth of Infinitev's hybrid battery exchange program and value-add engineering services for battery EVs, Infinitev established a state-of-the-art facility in Melbourne's Southeast. This dedicated site is built with sustainability in mind - using solar power combined with on-site microgrid energy storage, a Level 2 EV charger, and rainwater tanks for irrigation and grey water use. Any electricity not provided by solar (either direct generation or via the battery energy storage system) is certified 100% renewable through GreenPower. Services offered at the facility include controlled storage of new warranty batteries under strict temperature and humidity conditions, diagnosis of battery failure using sophisticated test equipment, and design and development of BESS from repurposed EV batteries. The commercialisation and expansion of the Infinitev operations is supported by a $500,000 grant from Sustainability Victoria.

In addition to the Australian site, Infinitev has established a similar facility in Auckland, New Zealand. The Onehunga-based facility is home to Infinitev's hybrid battery exchange program for New Zealand customers and provides a base for its emerging EV battery services and energy storage systems.

Case study

DBA Street Series EV Brake Pads

Disc Brakes Australia launches EV specific range

As the fleet of Electric and Hybrid Vehicles on the road grows, the engineers at DBA have taken up the challenge to develop an EV specific brake pad design – the Street Series EV range.

The higher weight, quieter operation, and regenerative braking capability of EVs demand a uniquely formulated brake pad friction material to deliver optimal and quieter performance. DBA has developed and tested a higher friction co-efficient, ceramic brake pad material optimised for the friction, temperature and operating characteristics specific to EV applications. With 45 SKUs launched to date and 10 more in development, DBA's EV branded range is rapidly expanding to cover the growing list of EV models available in the market.

Waste

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

Ambition

Enhance the sustainability of our packaging design and materials

Targets and metrics

Advanced level in packaging (APCO) by 2025
Leading level in packaging (APCO) by 2030

Performance

7 Signatories to the Australian Packaging Covenant

↑ 2 on prior year

FY23	**7**
FY22	5
FY21	2
FY20	2

3 Businesses at APCO Leading level or above

↑ 1 on prior year

FY23	**3**
FY22	2
FY21	2
FY20	1

GUD businesses are adopting sustainable packaging principles to reduce packaging waste

Much of the waste generated in our value chain occurs outside of GUD's facilities, particularly in the downstream disposal of product packaging at customer and end-user sites. GUD can have a meaningful influence on reducing the total volume of waste and increasing recyclability by ensuring products leave our facilities with packaging designed with sustainability in mind by using recyclable materials, phasing out single-use plastics and optimising material efficiency.

Additional businesses completed the 2023 APCO sustainable packaging reporting program

Our goal is for all Australian businesses to actively participate in membership of the Australian Packing Covenant Organisation (APCO). To drive progress in packaging sustainability, APCO members are required to develop and publish an annual sustainability progress report and action plan aligned with the Sustainable Packaging Guidelines[1]. Over the last two years we have increased the number of APCO signatory businesses from two (Ryco and BWI) to seven with Davey, DBA, IMG, Wesfil and APG completing APCO sustainable packaging reporting for the first time in FY23. GUD has engaged an external sustainable packaging expert to work with these businesses to prepare a current state assessment, conduct on-site reviews of packaging materials and develop improvement plans.

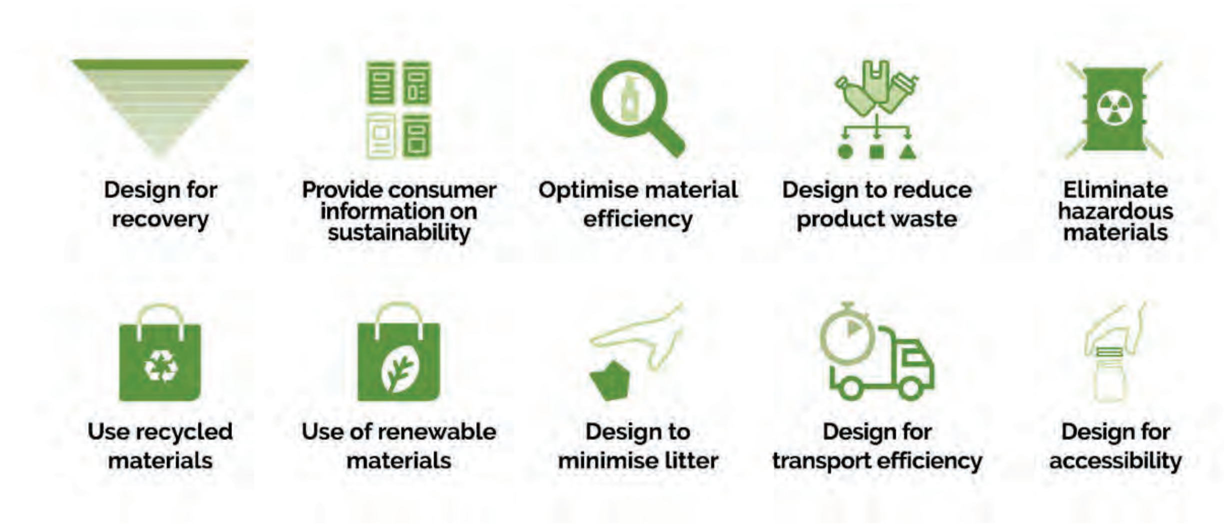
Australian businesses are targeting achievement of APCO 'Advanced' level by 2025

The APCO reporting framework provides a benchmark to measure progress in implementing the sustainable packaging guidelines. GUD's goal is for all its Australian businesses to achieve an APCO 'Advanced' level rating by 2025. This requires demonstration of tangible progress in improving outcomes in packaging sustainability. The number of businesses at APCO 'Advanced' level increased to three in FY23 (up from two in the prior year). With the progress underway and more businesses engaging in the APCO process, we expect to increase the number of businesses at 'Advanced' level next year and again in 2025 to meet our goal.

During FY24 we aim to coach our businesses in the application of the Sustainable Packaging Principles

Throughout FY24 GUD's sustainable packaging program will be focused on building a stronger understanding of the Sustainable Packaging Principles (SPPs) across a broader set of functional areas in our businesses (product design, marketing, procurement, supply chain). GUD aims to coordinate a series of sustainable packaging workshops, led by an external expert, to increase the understanding of the SPPs and examine good-practice case studies. These workshops are expected to enable the businesses to identify key opportunities for improvement and pragmatic action plans to improve the design, material selection and sourcing of packaging materials.

Sustainable Packaging Principles



Source: Australian Packaging Covenant Organisation 2020

1. The Sustainable Packaging Guidelines (SPGs) is a comprehensive document to assist in the sustainable design and manufacture of packaging available at https://apco.org.au/sustainable-packaging-guidelines

Case study

Packing material converted from waste cardboard

Sustainable packaging from waste cardboard – IMG

IM Group representing the Injectronics, Goss and MAP brands is a leading supplier of quality automotive electronic components, and repair and remanufacturing services for electronic and mechatronic parts.

IM Group faced two key waste challenges: disposing of the cardboard boxes they receive each day and reducing the use of plastic bubble wrap to protect products during transport.

The warehouse team at IM Group developed a fix for both of these issues with one simple, cost-effective solution. With the addition of a specialised cardboard shredder, IM Group now converts their waste cardboard into a versatile packing material to protect products during shipment - eliminating the use of plastic bubble wrap and reducing costs. IM Group has recycling in its DNA - with a business model built on remanufacturing and repair of electronic components saving them from landfill. This ethos is now extended to sustainable packaging design.

Case study

Rola Titan Tray MKIII - Elimination of plastic packaging materials

Rola, one of Australia's leading Roof Rack & Cargo Management solution providers, recently released the MKIII Titan Tray, the Rola brand's flagship roof-mounted cargo management system. Alongside re-engineering the tray, the Rola team set about rethinking the packaging with a sustainability-first mindset. Setting an ambitious target to eliminate all plastics from the Titan Tray packaging Rola team has:

1) Eliminated plastic shrink wrap replacing it with paper pulp moulded inserts to separate and protect the surface of each tray plank

2) Switched to paper bags for hardware components such as nuts and bolts, replacing the use of plastic bags

3) Used 100% recyclable packaging materials for retail boxes, internal inserts and bags

4) Created online fitting instructions, animated assembly videos and QR code links to reduce the volume of paper-based instructions

GUD Excellence Awards

The GUD Excellence Awards celebrate the truly extraordinary people and teams that make up GUD and the outstanding efforts that they put in to create value for our customers, suppliers, community, and partners. In FY23 APG and Vision X participated in the Excellence Awards for the first time.

The Excellence Awards were expanded to include a stand-alone Sustainability Award in addition to the established Health and Safety, and Innovation categories. The quality of the top-3 finalist awarded in each category was truly outstanding and a credit to the capabilities within each GUD business – Special congratulations to the 2022 GUD Excellence Award winners:

Health, Safety and Wellbeing

- The Individual Award for Safety
  - Charmaine Dymock of Griffiths Equipment Limited
- The Team Award for Safety
  - Barden Fabrications (Uneek 4x4 Australia) for their 'Robotic Solution'
- The Business Award for Safety (this year there were joint winners)
  - Wesfil's 'Wellness Program'; and
  - AAG and RYCO's 'Wellness Calendar'

Innovation

- Best Product Innovation
  - Vision X: Boeing cockpit utility light development
- Best Process Innovation
  - DBA: End to end re-boxing process
- Best Innovation Partnership:
  - IM Group: Creating a sustainable model for retired electric vehicle batteries

Sustainability

- Impact in Sustainability:
  - Brown & Watson International: *Minor Change, Major Impacts* energy efficiency program

Corporate Governance

GUD's governance systems play a critical role in helping the company deliver on its ESG strategy. They provide the structure through which business objectives are set, performance is monitored, and risks are managed. Through enhancing the culture, these systems enable effective decision making across the Group and provide 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 set an incentive structure with non-financial metric targets, encouraging and rewarding executives for efforts focused on specific ESG priorities. For FY23, consistent with the approach in FY22, emphasis was placed upon safety, employee engagement, ethical sourcing and the addition of a tranche tied to deriving a lower percentage of Group revenues from ICE product categories.

The Board has adopted policies and charters, including a general policy on corporate governance, a code of conduct, a share trading policy and charters for the Board and its Committees, which together provide guidance to employees and Directors on matters such as conflicts of interest and dealings in Company shares, obtaining of independent professional advice and Director access to information necessary 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's governance framework and main governance practices for the year ended 30 June 2023 are detailed in our 2023 Corporate Governance Statement, which aligns with the 4th edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (the ASX Principles and Recommendations). 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, Corporate Report and website, is lodged with the ASX.

Next steps FY24 and beyond

GUD continues to assess and evolve its ESG related strategic priorities and actions, taking into account stakeholder expectations, regulatory and legislative changes, global and industry standards, ESG reporting frameworks, peer benchmarking and macroeconomic trends. The recently published IFRS Climate and Sustainability Disclosure Standards, are expected to provide a more consistent and global baseline of sustainability-related disclosures about how sustainability factors affect companies' prospects. The IFRS standards are expected to provide a basis on which GUD can further develop and extend its sustainability reporting. To prepare for future reporting, GUD has established a Sustainability Reporting working group to prepare the Group to meet these standards in line with the emerging time-frame for adoption with Australia.

With our ESG strategy and targets now in place and STI and LTI incentive structure encouraging and rewarding executives for efforts focused on ESG priorities, we look forward to updating shareholders on our progress over the coming year in the FY24 Sustainability Review.

Appendix: Sustainability Profile and Performance Data

Reporting Notes

GUD seeks to continuously enhance its disclosures by 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 and Wellbeing

GRI Indicator 403-9-a Work-related injuries for employees[1]

	FY21		FY22		FY23	
	Number	Rate[2]	Number	Rate[2]	Number	Rate[2]
Fatalities as a result of work-related injury	0	0	0	0	0	0
High consequence work-related injuries	2	1.13	0	0	0	0
Lost Time Injuries (LTI) GUD total[3]	10	5.7	21	8.0	32	7.7
LTI Wholesale trade motor vehicle BUs[4]	n/a	n/a	3	2.4	4	2.6
LTI Fabricated metal manufacturing BUs[5]	n/a	n/a	10	12.1	20	9.4
LTI Manufacturing BUs[6]	n/a	n/a	8	15.2	8	15.1
Recordable work-related injuries[7]	45	25.5	52	19.8	62	14.9
Main types of work-related injuries	Sprains, strains, cuts, slips/trips and falls		Sprains, strains, cuts, slips/trips and falls		Sprains, strains, cuts, slips/trips and fall	
Number of hours worked	1,766,697		2,623,190		4,149,705	

1. Employees include all workers (including contractors and apprentices) in an employment relationship with GUD business units.
2. Rates are per 1,000,000 hours worked
3. The breakdown of LTIs by industry segment are only reported from FY22 onwards
4. Lost time injuries for business units included in the 'Wholesale trade motor vehicle' category': AA Gaskets, NZ Gaskets, Australian Clutch Services, Brown & Watson International, Griffiths Equipment, Vision X USA, Disc Brakes Australia, IMG, Ryco, Wesfil and GUD Holdings
5. Lost time injuries for business units included in the 'Fabricated metal manufacturing' category business units: APG, ECB, CSM, Vision X Asia
6. Lost time injuries for business units included in the 'Manufacturing' category: Davey and Fully Equipped
7. FY22 and FY23 'Recordable work-related injuries' include total lost time injuries and medical treatments that are outside of the standard GRI Recordable injury definition.

403-9-c Work-related hazards that pose a risk of high-consequence injury

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

Employee Engagement Survey Scores

	FY19	FY20	FY21	FY22	FY23
Employee Engagement Score					
All business units[1]	75%	77%	79%	76%	72%
Pre-existing business units[2]	n/a	n/a	n/a	n/a	77%
Global 75th Percentile[3]	77%	77%	79%	79%	79%
Employee Wellbeing Score					
All business units[1]	n/a	n/a	n/a	76%	68%
Pre-existing business units[2]	n/a	n/a	n/a	n/a	77%
Safety Commitment Score					
All business units[1]	95%	94%	94%	93%	86%
Pre-existing business units[2]	n/a	n/a	n/a	n/a	94%
Safety Global 75th Percentile[3]	89%	89%	89%	89%	91%

1. All business units inclusive of APG and Vision X that were included in the Engagement Survey for the first time in 2023
2. Pre-existing business units exclude APG and Vision X to provide a like-for-like comparison for the business units participating in the engagement survey in prior years
3. Global 75th Percentile values are Qualtrics/IBM all organisations benchmark values updated each year

GRI 2-7 and 2-8 Information on employees and workers who are not employees by gender[1,2]

	FY21				FY22				FY23			
	Male	Female	Non-binary	Total	Male	Female	Non-binary	Total	Male	Female	Non-binary	Total
Total employees	883	276	1	1,160	1,620	434	1	2,055	1,600	445	1	2,046
By contract type												
Permanent employees	865	266	1	1,132	1,511	410	1	1,922	1,554	416	1	1,971
Temporary employees	18	10	0	28	109	24	0	133	11	6	0	17
Non-guaranteed hours	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	35	23	0	58
By hours												
Full-time	852	244	1	1,097	1,492	378	1	1,871	1,555	389	1	1,945
Part-time	13	22	0	35	19	32	0	51	45	56	0	101
By age												
Under 30 years old	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	237	77	0	314
30 - 50 years old	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	884	224	1	1,109
Over 50 years old	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	479	144	0	623
Workers who are not employees	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	125	60	0	185

1. Employee numbers are reported in headcount at the end of the reporting period as an aggregate of all GUD businesses and regions
2. Breakdown data not recorded in prior years is marked as n/a

GRI 2-7 and 2-8 Information on employees and workers who are not employees by region[1]

	Australia	Thailand	NZ	Asia[2]	N. America	Europe[3]	Other	Total
Number of employees	1,414	251	275	46	51	8	1	2,046
By contract type								
Permanent employees	1,359	251	258	46	49	8	0	1,971
Temporary employees	12	0	2	0	2	0	1	17
Non-guaranteed hours	43	0	15	0	0	0	0	58
By hours								
Full-time	1,335	251	254	46	50	8	1	1,945
Part-time	79	0	21	0	1	0	0	101
By age								
Under 30 years old	233	18	44	8	9	2	0	314
30 - 50 years old	671	226	142	33	32	5	0	1,109
Over 50 years old	510	7	89	5	10	1	1	623
Workers who are not employees	43	63	4	68	7	0	0	185

1. Employee numbers are reported in headcount at the end of the reporting period as an aggregate of all GUD businesses and regions
2. Asian region excluding Thailand - Predominately employees based in China and South Korea
3. Europe including the United Kingdom

GRI 405-1.a Board Composition[1]

	FY20		FY21		FY22		FY23	
	Number	%	Number	%	Number	%	Number	%
By Gender[2]								
Male	4	67%	4	57%	4	67%	4	67%
Female	2	33%	3	43%	2	33%	2	33%
By Age								
Under 30 years old	0	0%	0	0%	0	0%	0	0%
30 - 50 years old	0	0%	0	0%	0	0%	0	0%
Over 50 years old	6	100%	7	100%	6	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

	FY20		FY21		FY22		FY23	
	Number	Rate[1]	Number	Rate[1]	Number	Rate[1]	Number	Rate[1]
Employee new starters - Total	**100**	**12%**	**224**	**19%**	**397**	**19%**	507	**25%**
Employee new starters by gender								
Male	76	76%	175	78%	294	74%	371	73%
Female	24	24%	49	22%	103	26%	136	27%
Employee new starters by age group								
Under 30 years old	25	25%	72	32%	141	36%	179	35%
30 - 50 years old	58	58%	121	54%	187	47%	240	47%
Over 50 years old	17	17%	31	14%	69	17%	88	17%
Employee new starters by region[2]								
Australia	79	79%	202	90%	314	79%	389	77%
Thailand	n/a	n/a	n/a	n/a	16	4%	20	4%
New Zealand	21	21%	22	10%	65	16%	67	13%
Asia (exl. Thailand)	n/a	n/a	n/a	n/a	n/a	n/a	7	1%
North America	n/a	n/a	n/a	n/a	n/a	n/a	23	5%
Europe & UK	n/a	n/a	n/a	n/a	n/a	n/a	1	0%
Other	n/a	n/a	n/a	n/a	2	1%	0	0%

1. For gender, age group and region breakdowns the new starter rate is the percentage of total new hires. For the total new starter rate the percentage is of total employees
2. Breakdown data not recorded in prior years is marked as n/a

Sustainable Sourcing

Ethical Sourcing Program metrics[1,2]

	FY20	FY21	FY22	FY23
Number of suppliers in the Ethical Sourcing Program	111	242	565[3]	628
Product suppliers at Bronze or above (% of spend)[4]	n/a	79%	88%	89%
High Risk	n/a	98%	98%	97%
Medium Risk	n/a	90%	57%	86%
Low Risk	n/a	58%	79%	82%

1. Further FY23 data will be published in the 2023 GUD Modern Slavery Statement, you will be able to view a copy of this report in the Governance section of our website at https://gud.com.au/corporate-governance when it is published
2. Ethical Sourcing metrics are measured in accordance with GUD's ethical sourcing program methodology and high, medium, and low risk country classifications
3. The FY22 Sustainability Review published 450 suppliers assessed in the Ethical Sourcing Program, however this figure rose to 565 suppliers engaged in the program after further analysis undertaken for the FY22 period for the GUD Modern Slavery Statement 2022
4. Inclusive of Tier1 product, component and material suppliers, however not all service providers are included in these figures. A tier 1 supplier is a supplier directly engaged by a GUD business

Energy and Emissions

Energy Consumption and GHG Emissions[1]

	FY21	FY22	FY23
Energy Consumption[2]			
Total energy consumed [GJ]	26,800	66,820	102,200
Total electricity consumed [MWh]	3,000	10,330	14,378
Estimated GHG Emissions			
Scope 1 GHG Emissions [tCO_2e][3]	1,050	1,820	3,020
Scope 2 GHG Emissions [tCO_2e][4]	2,620	7,130	8,570
Scope 1 + Scope 2 GHG emissions [tCO_2e]	3,670	8,950	11,590
GHG Emissions Intensity Ratio (tCO_2/$m revenue)[5]	6.59	10.71	11.18

1. Energy consumption (and calculated GHG emissions) are an aggregate of the reported energy consumption of each business. The electricity invoices of Australian sites are collated into a central database to aggregate the electricity consumption figures. Where invoices for the full financial year period (July to June) are not yet fully available, the calculation is based on the most recent 12 month period available (e.g. April to March) and/or a 12 month run-rate
2. The reported electricity and energy consumed excludes electricity from on-site solar generation. Total electricity consumed is reported as the quantity of grid electricity invoiced by the electricity retailer
3. Scope 1 refers to direct GHG emissions which include combustion of natural gas, LPG and transport fuel for company operated vehicles. Fuel combustion emission factors from the National Greenhouse Energy Reporting (Measurement) Determination are used to calculate Scope1 greenhouse gas emissions expressed as tonnes of CO_2 equivalent (tCO_2e).
4. Scope 2 refers to indirect GHG emissions from the generation of purchased or acquired electricity. Scope 2 emissions have been calculated using location based methodology. State based scope 2 electricity emission factors from the National Greenhouse Energy Reporting (Measurement) Determination 2022-23 update were used in calculations for Australian sites. Emission factors collated and reported by the Carbon Footprint Initiative were used in calculations for international sites.
5. GHG intensity ratio is calculated as the Scope 1 plus Scope 2 emissions (numerator) per million Australian dollars of revenue (denominator)

EV Transition

Non-ICE Revenue Mix[1]

	FY19	FY20	FY21	FY22	FY23
Non-ICE revenue % (Automotive portfolio)	59%	59%	60%	69%	75%
Non-ICE revenue % (Total portfolio)	69%	69%	68%	74%	78%

1. ICE means internal combustion engine. ICE Products are those in categories of automotive parts, accessories and services that can only be applied to ICE vehicles (ie they are dependent on an ICE for their operation). ICE Revenue is revenue derived from sales of ICE Products. Non-ICE Products are those in categories of parts, accessories and services that are not ICE Products; ie are not dependent on an ICE for their operation. For example, products in the category of brakes are considered Non-ICE Products because all vehicles can use brakes, regardless of whether the vehicle has an ICE. Another example is products in the category of hybrid drive batteries are Non-ICE Products; whereas categories of products which depend on the ICE part of a hybrid vehicle, like ignition coils, are ICE Products. Non-ICE Revenue is revenue derived from sales of Non-ICE Products.

Waste

Australian Packaging Covenant Organisation metrics[1]

	FY19	FY20	FY21	FY22	FY23
Signatory Businesses	2	2	2	5	7
Business at APCO Leading level (or above)	0	1	2	2	3

1. APCO annual reports and action plans for each business are published online at https://apco.org.au/apco-members

Product Recalls and Legal Action

Safety is held in very-high regard at all GUD businesses, our focus on safety extends beyond walls of our businesses to those who use, install and handle our products. One way we monitor our product safety record is by actively managing product recalls. During FY23 there were five product recalls published across the Davey, Cruisemaster, BWI, and IMG businesses.

Product Recalls[1]

	CY18	CY19	CY20	FY22	FY23
Quantity of product recalls	0	1	0	2	5

1. Product recall reporting was updated to align with the financial year period from FY22 onwards to provide a consistent reporting period for all information. Prior year data is reported by Calendar Year (CY18 to CY20). There was zero product recalls related to GUD businesses during the six months from the end of calendar year 2020 (CY20) to the beginning of financial year 2022 (FY22).

GRI 206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices

There are no legal actions pending or completed during FY23 regarding anti-competitive behavior and violations of anti-trust and monopoly legislation in which GUD has been identified as a participant; hence our GRI Indicator 206-1 is zero.

Remuneration Report

Remuneration, People & Culture Committee Chair's letter

As Chair of the Remuneration, People & Culture Committee (RPCC or the Committee), I am pleased to present our Remuneration Report for the year ended 30 June 2023, which has been refreshed and updated.

On behalf of the Board I extend our thanks to all Group employees for their commitment, hard work and dedication to serving our shareholders and customers over the past year. People are at the heart of all that we do, and the Board genuinely appreciates the hard work and dedication of our employees.

Business Performance

The resilience of the Automotive Aftermarket, and of our brands within that market, is evident in the FY23 business performance. Our established Aftermarket businesses performed strongly. These posted record results and demonstrated positive delivery of our strategy whilst continuing strong operational fitness disciplines. The AutoPacific business performed in line with expectations delivering an improvement in revenue and underlying EBITA[1] in the second half of the year.

At the Group level, underlying EBITA[1] (pre inventory step-up from continuing operations) increased 27% driven by strong performance from the core automotive businesses along with recent acquisitions. The volatility in new vehicle supply showed early signs of normalising over the year, although new vehicle demand and backlogs remain at historical highs. The business is well prepared to grow revenue as these backlogs abate.

The Board recognises some very positive elements of the FY23 overall performance, however the CVA targets were not achieved and hence later in the report we describe the remuneration outcomes for executives within this context.

FY23 Remuneration Outcomes

Our remuneration policy and practice aims to support the Group's strategy and attract, motivate, and retain high performing employees, in the best interest of shareholders.

Over recent years, the Board has sought to modernise executive and senior management incentives. In respect of the Short-Term Incentive Plan (STIP), we have enhanced the Board's discretion, and have included in the STIP a deferred equity element and non-financial metrics (NFMs). A positive absolute total shareholder return (TSR) hurdle has been introduced under the Long-Term Incentive Equity Plan (LTIP) and the inclusion of additional financial Underlying Earnings per Share pre-amortisation (Underlying EPSA[1]) and Environmental Social Governance (ESG) related metrics from the 2023-2025 LTIP period. These changes have been received well, are market competitive, and serve to align executive and senior management focus with the portfolio vision, our ESG strategy, and shareholders interests.

There has been no discretion applied by the Board in respect of Executive Key Management Personnel (EKMP) remuneration outcomes in FY23.

Fixed remuneration

A benchmarking review of the EKMP fixed remuneration was carried out by an independent consultant in December 2022. The review showed that EKMP fixed remuneration is competitive with peer group comparators. The 4% increase to fixed remuneration applied for the FY23 year was consistent with the increase provided to the overall GUD employee population.

Short term Incentives

While the established Automotive businesses have performed strongly in FY23, performance at the Group level has been impacted by new vehicle supply constraints. The resulting impact was that the FY23 STI financial targets have not been fully met. Further, given the financial targets serve as a 'gateway' for the successful award of NFMs, EKMP will receive no STIP award for FY23.

The FY23 STIP continued our long standing key financial measure of Cash Value Added (CVA), along with three NFMs, which were introduced in FY22. These NFMs are aligned with our strategy and ESG aspirations. The selection and setting of targets for the STIP is thoughtfully considered by the Board. Further detail on these is included in section five of this report. Targets for the FY23 STIP were set incorporating all businesses within the Group.

In addition to the extra requirements imposed on the FY22 STI (i.e. further 1-year deferral and GUD meeting a minimum share price of $10.40) the Board has also imposed a further condition that, in addition to these requirements being met, the holding lock that precludes these shares from being traded, will not be removed until the Board is satisfied with the Group's performance and determines it appropriate to remove the holding lock. These qualifying factors have not yet been met.

1. Underlying NPATA, underlying EBITA and underlying EPSA (EPS pre-amortisation) are unaudited, non IFRS and exclude (non-cash) acquisition-related inventory step ups and significant items outlined in note 7 of Appendix 4E.

Long Term Incentive Equity Plan FY2021-2023

GUD's Total Shareholder Return (TSR), including dividends reinvested, for the three-year performance period to 30 June 2023 was tested and failed to meet the minimum performance thresholds. Accordingly the TSR metric has not been met and all performance share rights (Rights) for the FY21-23 LTIP will lapse.

Explanation and discussion as to the principles behind the measures for the LTIP and the Board's target setting methodology is included in section five of this report.

Strike Response

The Board acknowledges the 'strike' received against the FY22 Remuneration Report. The Board has given significant thought and consideration to the feedback received and action has been taken. This report outlines below the actions taken.

The Board recognises the concerns expressed by Shareholders about the earnings downgrade in June 2022, and the subsequent assessment of the FY22 STIP on a historical basis (which traditionally excluded acquisitions occurring during that year).

The Board has determined that in future, acquisitions occurring mid-year will be taken into account in both the setting of STIP targets and measurement against targets. Further, the Board will consider the exercise of discretion to ensure the appropriateness of incentive outcomes relative to performance outcomes. To assist the Board, a set of principles around the application of discretion has been developed and adopted.

Shareholders also queried whether FY22 incentive targets presented enough stretch. In response, this Remuneration Report provides greater clarity as to the principles and rationale behind the targets set by the Board. The Board seeks to provide transparency whilst being cognisant of the commercial sensitivity of precise targets.

From FY24, the financial metric for the STIP will change from the single measure of CVA, to two measures: Underlying EBITA[1] and net working capital (NWC). This change will facilitate greater transparency of outcomes achieved. There will remain three NFMs, with these continuing to reflect the current areas of strategic focus with the award for the NFMs component being settled in deferred equity (if achieved). The financial measures of the STIP will continue to act as a 'gateway' in respect of payment of the NFMs (i.e. both financial and NFMs must be met in order for Executives to receive the deferred equity aligned with achievement of the NFMs).

For the LTIP, in the period FY24-26, there will remain three measures (TSR, underlying EPSA[1] growth (the measure being underlying EPSA[1]) and ESG), with 80% weighting toward the first two (financial) measures. Additionally, achievement of the underlying EPSA[1] growth metric is a gateway for the ESG tranche.

The baseline against which the underlying EPSA[1] growth targets within the FY23-25 LTIP are measured has been set taking into account the annualised impact of the two acquisitions made in FY22. This ensures that the underlying EPSA[1] growth targets for the FY23 -25 LTIP present appropriate 'stretch' for executives. In future years where an acquisition occurs, incremental earnings from an acquisition which occurs mid cycle will be excluded when determining the extent to which targets (which were set pre-acquisition) have been met. This ensures an 'apples with apples' measurement of achievement against targets set. In the case of divestitures the same will be true, with the re-baselining of targets to enable fair assessment of performance outcomes in respect of the divested business.

In the case of both the LTIP and STIP, the Board will consider applying discretion to ensure that windfall gains or unforeseen 'headwinds' are taken into account and that the outcome aligns with the purposes of the plan and with shareholder interests.

Review of Non-Executive Director Remuneration

The Board has reviewed Non-Executive Director fees having regard to benchmarking data, market position of the Group and relative fees. Following the review, no changes will be made to the Chair and Non-Executive Director base fees for the 2024 financial year. A market adjustment has been made to the Board Committee Chair and member fees to ensure these are sufficiently competitive to attract and retain high calibre directors.

Alignment of Stakeholder Interests

Participation in the Non-Executive Director and Executive salary sacrifice share plans continues to be strong. The positive uptake of the general employee salary sacrifice share plan (which was established in FY23), is aimed at aligning employee and shareholder interests.

The remuneration outcomes experienced by EKMP in FY23 are considered by the Board to be appropriately reflective of the performance outcomes of the business. I commend to you the detailed Remuneration Report which follows.

David Robinson

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

1. Underlying NPATA, underlying EBITA and underlying EPSA (EPS pre-amortisation) are unaudited, non IFRS and exclude (non-cash) acquisition-related inventory step ups and significant items outlined in note 7 of Appendix 4E.

Table of Contents

This report forms part of the Directors' Report for the year ended 30 June 2023, 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

As defined by AASB 124, Related Party Disclosures, GUD's KMP are those leaders with the authority and responsibility for planning, directing and controlling the activities of the Group.

The Board has determined that the Key Management Personnel (KMP) are Board members and the Group Managing Director & Chief Executive Officer and the Group Chief Financial Officer. The latter two roles are Executive Key Management Personnel (EKMP) because they have significant input into decisions of the Group regarding strategy, structure and strategy implementation.

This report covers the key management personnel (KMP) of GUD Holdings Limited, and its subsidiaries, for the year ended 30 June 2023 as follows:

- 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)

(Collectively, the Non-Executive Directors)

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

(Collectively, the Executive KMP (EKMP))

Each member of KMP was KMP for the whole of the year ended 30 June 2023.

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

2. Strike Response

The following Section has been added to this year's report to assist readers in understanding the actions taken in response to the strike received in 2022.

Issue raised	Board's Action/Response
Why weren't STI outcomes moderated to take into account the performance of businesses acquired mid STI cycle?	The Board's practice was to exclude acquisitions made within the financial year once that financial year has commenced. This practice ensured that management have been measured against the targets set at the beginning of the year and that they have neither benefited nor been negatively impacted due to acquisition activity. Additionally, the delay in inclusion of a newly acquired business in incentive targets has afforded the setting of incentive targets to be better informed through a period of GUD ownership. The FY22 STI outcome was moderated by the Board by the addition of a holding lock that precludes these shares from being traded until the share price reaches the price at which capital was raised for the APG acquisition. In response to shareholder feedback the Board have determined that additional discretion shall be applied by the Board as to when the holding lock is removed. The Board has also determined that, in future, the targets for 'on-foot' STI incentives will be correspondingly increased in the case of acquisitions (or decreased in the case of divestiture). This will result in the financial performance of significant acquisitions made during the year being reflected in the financial component of the STIP for that year. The Board will consider the exercise of discretion (both the exercise and non-exercise thereof) for the purpose of ensuring the appropriateness of incentive outcomes relative to performance.
Disclosure of targets should be sufficient to assess the stretching nature of Short Term Incentive targets set by the Board.	Section five of this Remuneration Report provides clarity as to the principles and rationale behind the targets set by the Board. The Board seeks to demonstrate that incentive targets are set at challenging levels, and providing transparency with respect to the level of performance achieved against targets, while also being cognizant of the commercially sensitive nature of these targets. The CVA metric used within the STI has to date served well in focusing Executives on cash generation. There is however a degree of complexity in regard to the measure. In responding to stakeholder feedback and to focus Executives on current short term priorities, the Board will change the STIP financial targets from CVA to underlying EBITA[1] and NWC with effect from FY24. Both measures being more readily known and understood, as key drivers of the Group's business. These financial measures will continue to act as a 'gateway' for the NFMs.
How stretching are the targets set for the Long Term Incentive?	TSR is measured independently and requires both absolute TSR over the three year period to be positive and TSR to be at the 50th percentile of above of the comparator group. The underlying EPSA[1] growth target was previously set including incremental earnings from acquisitions made subsequent to the start of the measurement period, with the following years incentive targets taking into account the new businesses. The Board always intended to annualise these earnings. This was not as effectively communicated in the FY22 Remuneration Report as the Board would have wished, hence led to some confusion. For the LTIP for the FY23-25 grant the underlying EPSA[1] base will be a modified statutory underlying EPSA[1] for FY22, to include a full year of expected earnings from the two acquisitions made during FY22. The ESG related target of percentage of non-ICE revenue requires growth of non-ICE revenue to be 50% greater than the growth in ICE revenue.
How will Board discretion be applied in ensuring performance outcomes and incentive outcomes are aligned going forward?	The Board retains the ability to make discretionary adjustments to all elements of remuneration. This ability extends to upward and downward discretion and to clawback incentive outcomes. The Board will consider exercising its discretion where the 'measurement formula' applied does not result in an outcome considered appropriate; for example where there are windfall gains or 'headwinds' that were unforeseen. Where this occurs disclosure of discretion applied, or not, will occur. During the course of FY23, the Board established a set of guiding principles that it will consider to determine whether it will apply discretion to remuneration outcomes, and the factors it will take into account when applying its discretion. The overarching objective of the discretion framework is to ensure that any Board discretion adjustments are aligned with shareholder interests, as well as being fair and reasonable. Circumstances in which the Board may consider discretion are discussed in section four of this report.

1. Underlying NPATA, underlying EBITA and underlying EPSA (EPS pre-amortisation) are unaudited, non IFRS and exclude (non-cash) acquisition-related inventory step ups and significant items outlined in note 7 of Appendix 4E.

3. Financial Performance and Relationship to Remuneration

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

Financial year end date	Underlying EBITA[1]	Underlying basic EPSA[1]	Total DPS	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
	$m	cents	cents	$	$	$	%	%	%
30-Jun-23	191.1	84.3	39.0	7.99	8.82	8.65	4.4	34.97	-10.27
30-Jun-22	130.4	74.8	39.0	11.99	7.99	9.43	4.9	59.7	8.82
30-Jun-21	101.6	67.0	56.0	11.51	11.99	12.17	4.7	38.8	-1.12
30-Jun-20	82.3	56.6	37.0	10.01	11.51	11.21	3.2	47.2	-1.2
30-Jun-19	88.9	70.4	56.0	14.61	10.01	10.16	5.6	59	26.69

1. Underlying NPATA, underlying EBITA and underlying EPSA (EPS pre-amortisation) are unaudited, non IFRS and exclude (non-cash) acquisition-related inventory step ups and significant items outlined in note 7 of Appendix 4E.
2. Volume Weighted Average Price over the month of June.

Overview of KMP remuneration outcomes in relation to the performance of the business

Remuneration Element	Outcome
EKMP FY23 Fixed Remuneration	Messrs Whickman and Fraser's fixed remuneration increases as disclosed in the FY22 Remuneration Report, became effective in FY23. Both EKMP received a 4% increase to fixed remuneration at the start of the financial year. This increase was consistent with the increase provided to the general employee population.
EKMP FY23 STIP	The Group financial STI target was set taking into account the businesses acquired during FY22 within the Group. The Group underlying EBITA[1] pre inventory step-up of $191.1 million was below the level required to achieve the minimum STI threshold. The shortfall was driven by the impact on APG profitability from constrained new vehicle supply in the market. The Board noted the external factors associated with new vehicle supply constraints and determined that no application of discretion was warranted. Consequently zero% of the STI financial target related award has been realised by EKMP. One of the three NFMs was achieved in FY23. It is a requirement that the financial target 'gateway' be achieved in order for the award of deferred equity attributable to the NFMs to be awarded. As the 'gateway' of the financial target had not been met, no award was made in accordance with STIP rules. The Board believes this outcome reflects the challenging nature of the targets set by the Board.
EKMP LTIP vesting in FY23	LTIP metrics for the period FY21 to FY23 were tested at 30 June 2023 in line with LTIP rules. TSR requirements were not met, resulting in the lapse of the Rights for this period.
Non-Executive Director Fees	The total amount paid by the Company to Non-Executive Directors in FY23 was $1,000,694. This is below the aggregate fee pool of $1,300,000 approved by shareholders at the Annual General Meeting (AGM) in 2017. No portion of NED fees are related to the performance of the business.

1. Underlying NPATA, underlying EBITA and underlying EPSA (EPS pre-amortisation) are unaudited, non IFRS and exclude (non-cash) acquisition-related inventory step ups and significant items outlined in note 7 of Appendix 4E.

4. 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.

During the financial year the Remuneration, People and Culture Committee consisted of the five Non-Executive Directors. The Committee is responsible for determining a framework and the Group's remuneration policies. Amongst other things, it advises the Board on remuneration policies and remuneration practices in general, and makes specific recommendations on fees, remuneration packages, incentives and other terms of employment for Executive Key Management Personnel (EKMP).

The Remuneration, People and Culture Committee Charter has been updated in the past year and is available under the Corporate Governance section of the Company's website.

Culture and Risk Management

Through actively supporting the sustaining of our high performing and open culture, including effective risk management protocols, the Board enables strategic execution over the long term.

GUD Board

- Has overall accountability for GUD's remuneration approach
- Determines the quantum and structure for executive and non-executive KMP having regard for the recommendations made by the Remuneration People and Culture Committee
- Considers the exercise of discretion, both positive and negative, in determining the outcomes of incentive plans, taking into consideration the performance of the business and the shareholder experience
- Can exercise discretion to clawback in the case of malus
- Considers shareholder and key stateholder inputs

GUD Remuneration, People & Culture Committee

Met 7 times during FY23 including to:

- Review and determine the effectiveness of Executive remuneration arrangements
- Make recommendations to Board regarding incentive structure, targets and measures
- Make recommendations to the Board in respect of fixed remuneration and incentive outcomes

Consultation with Shareholders and Other Key Stakeholders

- Feedback received in respect of remuneration report

Independent Advisors

- No remuneration recommendation as defined by Section 9B of the Corporations Act 2001 was made by a remuneration consultant during FY23 in relation to KMP

Board Discretion

The Board retains the ability to make discretionary adjustments to all elements of remuneration. This ability extends to the application of upward or downward discretion, as well as clawback of incentive outcomes.

During the course of FY23, the Board established a set of guiding principles that it will consider to determine whether it will exercise discretion in relation to remuneration outcomes, and the factors it will take into account when exercising its discretion. Development of these principles took into account market practice and were developed using independent advice. The objective of the discretion principles is to set out the underlying considerations which the Board will take into account when exercising its discretion, so as to ensure that such exercise of discretion produces outcomes which are aligned with shareholders' interests and are consistent (as well as being fair and reasonable).The principles include an outline of scenarios where the Board may consider exercising its discretion which include (though are not limited to):

- Unforeseeable or irregular events.
- Mergers, acquisitions, or divestments.
- Share buy-backs.
- People, values, or risk events.
- Compliance or regulatory breaches.

In addition to the above scenarios, the Board may also consider exercising its discretion in any other circumstances where the Board deems it appropriate in the circumstances.

Further, in exercising discretion the Board will have regard to factors which include, but are not limited to:

- The intent and integrity of the incentive plans.
- Quality of earnings with reference to what was intended and the context of the market at the time incentive outcomes are being considered.
- The extent to which the event, circumstances or activities were within or outside of the control of management.
- Budgetary assumptions made when setting performance targets and whether they remain appropriate (including whether business conditions are potentially significantly better or worse when compared with those assumptions).
- Alignment of incentive outcomes to the experience of shareholders.

5. Remuneration Framework & Outcomes

Remuneration Framework

Our remuneration framework is designed to attract, retain, and motivate appropriately qualified and experienced executives. Our strategy ensures we are well positioned to offer 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, the following remuneration guiding principles 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 talent and be competitive.
- Our aim to have clearly defined and disclosed remuneration processes and structures that reflect shareholder views and objectives.

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 FY23.

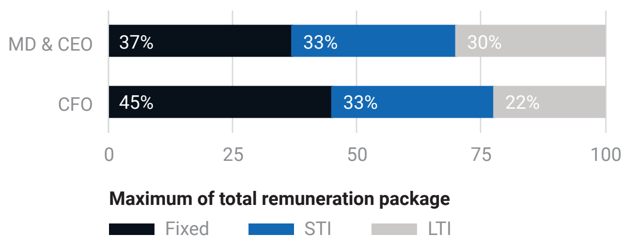
These comprise the total remuneration paid to EKMP.

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

5.1. Maximum Remuneration Mix

The maximum "at risk" components of EKMP remuneration relative to total maximum fixed remuneration are around 100 per cent, and 150 per cent in the case of the Managing Director & Chief Executive Officer. The maximum remuneration mix for the EKMP in respect of FY23 is as follows:



If the relevant performance and service conditions of the plans are not met, the STIP and LTIP components of remuneration will be nil.

5.2. Fixed Remuneration Principles

The remuneration packages for the EKMP contain a fixed amount that is not variable with performance inputs or outcomes. The fixed remuneration consists of base salary, as well as employer contributions to superannuation.

The Remuneration, People and Culture Committee, through a process which 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.

Fixed remuneration for each EKMP is determined by reference to the scope of their position and the knowledge, experience and skills required to perform their role. 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 aim to align with the market around the median of the Group's peer group.

For the purposes of considering EKMP fixed remuneration against the external market, two comparator groups were used in FY23. The first was an annual revenue peer group consisting of ASX listed companies from within the 'consumer discretionary' sector (excluding foreign domiciled companies and those within the gaming and casinos industry) using the 10 companies above and 10 companies below GUD's revenue positioning (using the Group's adjusted FY22 revenue, annualised for the acquisition of the AutoPacific Group).

The second comparator group was a market capitalisation peer group consisting of 20 general industry companies, from within the 'consumer discretionary' sector (excluding foreign domiciled companies and those within the gaming and casinos industry) being companies with positioning 10 above and 10 below GUD's 3-month average market capitalisation to 30 September 2022. Additionally, information from select industry peers is considered.

Fixed remuneration for the EKMP is positioned appropriately against the revenue and market capitalisation peer groups and against select comparator peers. Having regard to benchmarking data, market position, and fixed remuneration movement within the market, the Board determined to increase the fixed remuneration of EKMP by 4% for FY24. These increases were in line with the increase applied to the general employee population.

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

5.3. Short Term Incentive Plan (STIP)

Short Term Incentive Plan	
Purpose of the plan	To align executive effort with the financial objectives and short-mid term strategic focus of the business.
Performance period	One year, aligned with the Financial Year.
FY23 Short Term Incentive Opportunity	The MD & CEO has an opportunity of 55% of total fixed remuneration (TFR) at target and 90% of TFR at maximum. At target 40% of TFR is delivered in cash and 15% of TFR in deferred equity. At maximum 60% of TFR is delivered in cash and 30% of TFR in deferred equity. The CFO has an opportunity of 45% of total fixed remuneration (TFR) at target and 72.5% of TFR at maximum. At target 35% of TFR is delivered in cash and 10% of TFR in deferred equity. At maximum 52.5% of TFR is delivered in cash and 20% of TFR in deferred equity.
Plan Elements	The FY23 STIP provides an annual cash bonus for achieving or exceeding an agreed CVA target which if achieved is paid in August 2023, following the announcement of the Group's year-end results. CVA targets are set with reference to agreed underlying EBITA[1] (pre significant items) targets and the weighted average cost of capital employed. There are three NFMs, which are further detailed in the performance measures section following. Financial targets act as a 'gateway' to these NFMs (i.e. financial metrics must be met at least at target and the NFMs met at least at target in order to qualify for an award for the NFMs component). The NFMs award component is settled through the award of deferred equity. **Change to plan elements for FY24** The Board will change the STI financial targets from CVA to underlying EBITA[1] and NWC with effect from FY24. These financial measures will continue to act as a 'gateway' for the NFMs award component. This change is being made to provide greater transparency of target outcomes through reported results and will ensure the continued alignment of the interests of the EKMP with the interests of shareholders.
Reward Instrument	Where awarded, the STI will be delivered in a combination of cash and deferred equity. The deferred equity award component is in the form of a fully paid share, subject to a 12 month holding lock.
Performance measures • What the measures are. • How are these set • Why these measures have been selected.	**Financial** CVA measures a true level of performance of the business by comparing trading profit performance (reported profit adjusted for non-recurring items) with the return required on the net assets used by the businesses, generally measured by weighted average cost of capital. This requires a focus on both trading profit and the balance sheet. From FY23 the performance of all acquired businesses is included in the targets and measurement of the STIP. There are two qualifying performance thresholds for the NFMs deferred equity element of the STI to be awarded. Firstly, the CVA targets as above must be achieved. Secondly, the targets for the NFMs must be achieved. Specific CVA targets and outcomes are not published because the Board regards them as commercially sensitive. From FY24 there will be two financial measures, underlying EBITA [1]and NWC instead of CVA. The new targets will more closely relate to the financial statements and align with the desire to grow profitability whilst maintaining appropriate capital management. Both measures are disclosed in our year end statutory accounts, thus providing transparency to shareholders. **Non-Financial** The three NFMs are aligned with our stated ESG objectives. Safety is a key target area requiring continued focus to achieve our stated Zero Harm ambition. Employee engagement is highly correlated with employee retention and requires focus to achieve our stated upper quartile aspiration. Ethical sourcing (modern slavery) remains a key area of interest to shareholders. Safety (lost time injury frequency rate) is measured against the external measure of the Safe Work Australia benchmark. Employee engagement is measured through our annual employee engagement survey against the Global Qualtrics benchmark. Performance against the ethical sourcing target is measured using the percentage of suppliers (by value) assessed against the target set. The rationale for inclusion of these measures remains equally compelling for FY24. As such, these measures will remain the NFMs for the STIP in FY24. In FY24 executives will be charged with further reduction in lost time injuries, movement of the Group as a whole toward our stated upper quartile aspiration in respect of employee engagement, and on the achievement of targets for ethical sourcing.

Short Term Incentive Plan	
Performance hurdles	For FY23 CVA targets for each business unit and for the Group overall were established by the Remuneration, People and Culture Committee in the first quarter of the financial year. Financial metrics must be met at least at target and the NFMs met at least at target in order to qualify for achievement of the deferred equity award component referable to NFMs achievement. In respect of EKMP, STIP awards are only paid where Group CVA performance exceeds the Group CVA performance of the prior year. Additionally the underlying EBITA[1] (pre significant items) dollars must grow over the prior year by hurdle growth rates endorsed by the Board on an annual basis. For deferred equity aligned with the NFMs to be awarded the CVA targets must have been achieved. Performance is tested on completion of the financial year with cash reward post results announcement and deferred equity in the form of restricted GUD shares allocated to the executive but with a holding lock on those shares until 1 July in the following year. The FY23 STIP outcomes are determined by the Board following the finalisation of the FY23 accounts, as the Board is in the best position to assess EKMP's performance against the hurdles.
Other Terms	The Board may disqualify and cancel any deferred equity award if the EKMP does not remain employed by GUD as of 1 July in the year following the award of the deferred equity.

1. Underlying NPATA, underlying EBITA and underlying EPSA (EPS pre-amortisation) are unaudited, non IFRS and exclude (non-cash) acquisition-related inventory step ups and significant items outlined in note 7 of Appendix 4E.

2023 Performance Outcomes (STI)

The results of performance against targets set and outcomes for each EKMP for 2023 are set out in the following tables. In assessing the performance of each executive the Board considered impacts from external events, and continuing changes in the operating environment including the new vehicle supply chain constraints experienced. The Board did not exercise discretion to adjust the calculated remuneration outcomes for the financial and NFMs in assessing the outcomes for FY23.

2023 Short Term Incentive Targets	
Financial targets	The financial metric is weighted at 40% for the MD & CEO (and 35% for the CFO) of fixed remuneration with the potential to increase to 60% for the MD & CEO (and 52.5% for the CFO) on achievement of the stretch target. In FY23 the EKMP's financial targets were as follows: • Cash Value Added (CVA) growth target with minimum underlying EBITA[1] growth 'gateway'. For FY23 the Board have determined that no award would be made in respect of financial targets.
Non-Financial targets	The three NFMs are separately weighted and thus the achievement of the target for each or any one metric 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. There is 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. In aggregate, the maximum potential award of deferred equity, on achievement of stretch target on all three NFMs is 30% for the MD & CEO (and 20% for the CFO) of the EKMP's fixed remuneration. In FY23 the EKMP's NFMs targets were as follows: • Safety - Lost Time Injury Frequency Rate The Group LTIFR target was 11.46; being 10% better than the Safe Work Australia comparable industry groups benchmark. The Group LTIFR result was 7.71, representing an improvement on the prior year (of 8.0) and performance that is better than the Safe Work Australia benchmark but short of the stretch target of 5.73. The safety and well-being of employees continues to be a high priority with significant work undertaken in 2023 to establish the Group's Psychosocial Safety Framework and to strengthen the controls in place for critical risks through use of Bowtie Risk Assessment. • Employee Engagement The Group target was set at 2 percentage points better than the Qualtrics global employee engagement average. To achieve maximum required the Group employee engagement score to be at the upper quartile of the global benchmark. 2023 saw the inclusion of all employees across the Group in the survey and a significant uplift in participation from 66% in 2022 to 80% in 2023. In business excluding recent acquisitions, employee engagement increased by 1ppt over the 2022 score. On a whole of Group basis employee engagement was 72%, which is at the global average, short of the target set. • Ethical Sourcing The Group target for ethical sourcing is set and measured by the percentage of suppliers (by value) assessed by the Group. At the Group level 77.8% of suppliers have been assessed. The target was 85% with the stretch target at 90% for FY23. It is a requirement that the financial target be achieved in order for the award of the STI attributed to the NFMs. The Board considered given the results achieved whether any award should be made, and determined that as the 'gateway' of the financial target had not been met, no award would be made in respect of NFMs in accordance with STI plan rules.

1. Underlying NPATA, underlying EBITA and underlying EPSA (EPS pre-amortisation) are unaudited, non IFRS and exclude (non-cash) acquisition-related inventory step ups and significant items outlined in note 7 of Appendix 4E.

2023 Performance Outcome - Short Term Incentive for Graeme Whickman, Managing Director & Chief Executive Officer

Scorecard Measure	Target achieved	Target exceeded	% of Maximum achieved
Financial	No		0%[1]
Non-Financial			
Safety		Yes	0%[1]
Employee Engagement	No		0%[1]
Ethical Sourcing	No		0%[1]

1. As the financial threshold was not met, no award was made.

2023 Performance Outcome - Short Term Incentive for Martin Fraser, Chief Financial Officer

Scorecard Measure	Target achieved	Target exceeded	% of Maximum achieved
Financial	No		0%[1]
Non-Financial			
Safety		Yes	0%[1]
Employee Engagement	No		0%[1]
Ethical Sourcing	No		0%[1]

1. As the financial threshold was not met, no award was made.

Neither the Managing Director & CEO or Chief Financial Officer received an award in respect of the Group CVA target. The table immediately below discloses the percentage achievement of the Group CVA target.

CVA (cash component)

STI bonus payable for the year ended 30 June 2023	Maximum STI opportunity	Actual STI bonus payment[1]	Actual STI bonus payment as a % of maximum STI	Disentitled
	$	$	%	%
Managing Director & CEO				
G Whickman	652,883	-	-	100
Chief Financial Officer				
M Fraser	362,959	-	-	100

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

Given the non-achievement of the financial metric (CVA as discussed immediately above) neither the Managing Director & CEO or Chief Financial Officer received an award in respect of the NFMs component. The table immediately below discloses the percentage achievement of the NFMs component of the STIP.

NFMs (deferred equity component)

STI deferred equity bonus awarded for the year ended 30 June 2023	Maximum STI opportunity	Actual STI bonus awarded[1]	Actual STI bonus awarded as a % of maximum	Opportunity lapsed as a % of maximum
	$	$	%	%
Managing Director & CEO				
G Whickman	326,441	-	-	100
Chief Financial Officer				
M Fraser	138,270	-	-	100

1. The number of restricted shares awarded under the 2023 STIP is the above value divided by the Volume Weighted Average Price over the month of June 2023, being $8.65.

5.4. Long Term Incentive Equity Plan (LTIP)

The LTIP focuses on the creation of long term value and serves to attract and retain executives as well as seeking to promote strong alignment with shareholder interests.

In 2022 the Board amended the structure of the LTIP from FY23-FY25 . The changes increased the maximum percentage of salary attainable under the LTIP to bring the plan in to line with market practice. The measure of positive relative TSR was retained, a positive underlying EPSA[1] growth measure and one ESG measure were added.

The weighting of these measures is 80% to the financial metrics of TSR & underlying EPSA[1] growth, and 20% to the ESG measure. Additionally, in order for any executive to receive the award for the ESG component, the underlying EPSA[1] growth measure must first be met.

LTIP Outcomes for FY21 - FY23

Long Term Incentive Equity Plan	
LTIP Opportunity	30% of Total Fixed Remuneration at target and 60% at maximum for the Managing Director & CEO. 15% of Total Fixed Remuneration at target and 30% at maximum for the Group CFO.
Performance Measures	Executives' performance for LTIP purposes is measured by reference to the Group's total shareholder return (TSR) relative to a comparator group. This measure closely aligns the LTI component of their remuneration with the interests of shareholders. The performance hurdle, described in more detail below, means that no award will be made unless the Company's TSR is equal to or better than the TSR of the median company in the comparator group, and is absolutely positive.
Peer Group	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.
Vesting Scales	The vesting schedule for LTIP awards is as follows: • TSR is negative - nil vests • TSR below 50th percentile - nil vests • TSR at 50th percentile - 50% of LTI vests • TSR between 50th and 75th percentile - Progressive vesting from 50 to 100% • TSR at 75th percentile or above - 100% vests
Measurement	Following the end of the three-year performance period, the Board receives an independent calculation of the Company's TSR performance against the comparator group over the performance 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. There is an additional performance threshold to vesting: the Company's absolute TSR performance over the three-year performance measurement period must be positive.
Outcome of LTIP tested in FY23	LTIP grants made early in FY21 for the period FY21 to FY23 were tested at 30 June 2023 in line with plan rules. TSR was measured at -10.27% meaning requirements were not met, resulting in the lapse of the Rights for this period.

1. Underlying NPATA, underlying EBITA and underlying EPSA (EPS pre-amortisation) are unaudited, non IFRS and exclude (non-cash) acquisition-related inventory step ups and significant items outlined in note 7 of Appendix 4E.

LTI Performance Share Rights Granted in FY23 for FY23-25

Long Term Incentive Equity Plan	
Purpose of the plan	The LTIP supports the delivery of the Group's long-term strategy and encourages the EKMP to hold GUD shares.
Performance period	A performance measurement period of three (3) years applies for all measures.
LTIP Opportunity	50% of Total Fixed Remuneration at target and 80% at maximum for the Managing Director & CEO. 22.5% of Total Fixed Remuneration at target and 50% at maximum for the Group CFO.
Reward Instrument	At the commencement of a LTIP for a three-year period, participants are granted share performance rights (Rights) representing their maximum opportunity under the plan. At the end of the performance period, to the extent that the performance targets have been met, a proportional number of Rights will vest (such that they become convertible into GUD shares). The participant will be permitted to decide when the vested Rights convert into GUD shares. No amount is payable for the issue of Rights, or for the GUD shares received upon conversion of those Rights. The Rights for the FY23-25 LTIP were granted to the CFO on 23 August 2022 and to the Managing Director & CEO on 27 October 2022.
How the number of Rights is determined	The number of Rights granted is determined as a percentage of the EKMP's 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.
Performance measures • What the measures are. • How are these set? • Why these measures have been selected.	TSR remains a measure for the LTIP. TSR has been chosen by the Board as the measure closely aligns the LTI component of EKMP remuneration with the interests of shareholders. In addition to TSR, the Board have determined to focus executive effort on underlying Earnings Per Share before amortisation (underlying EPSA[1]) growth as measured by the cumulative annual growth rate in the Company's underlying EPSA[1] over the three years from 1 July 2022 through 30 June 2025. Given that acquisitions were made part way through FY22, the FY22 reported underlying EPSA[1] is not an appropriate measure to use as the underlying EPSA[1] baseline for the FY23-25 LTIP. As such the underlying EPSA[1] baseline has been normalised for the impact of the FY22 acquisitions, as well as costs associated the acquisitions. The Company has recognised the growing importance of sustainability over recent years, at first including in FY22 additional performance metrics in the STIP, and from FY23 a tranche within the LTIP. The performance measure for the Environmental Sustainability tranche is based on the percentage of the automotive business revenue which is Non-ICE Revenue in FY25. This aligns with our Plan GUD2025 which included in its portfolio vision an objective to achieve 75%+ automotive Non-ICE Revenue from by 2025. In addition, the underlying EPSA[1] growth target must be met before any achievement under this tranche will be recognised and rewarded. Non-ICE Revenue is revenue derived from sales of categories of automotive products and services which are not dependent on internal combustion engines for their operation.[2] The weighting across the three measures at is – TSR (40%), underlying EPSA[1] growth (40%) and ESG (20%).
Performance Peer Group	From FY23 the Board determined to change the peer group to ASX 300 Consumer Discretionary Index, a tighter group of approximately 35 stocks regarded as a better comparator (and tested historically would have provided similar outcomes over the last 5 years as the previous peer group).
Vesting Scales	• TSR below 50th percentile - nil vests • TSR at 50th percentile - 45% of LTI vests • TSR between 50th and 75th percentile - Progressive vesting from 45 to 100% • TSR at 75th percentile and above - 100% vests In respect of the two further metrics which were added to the LTI from FY23, the vesting scale is as follows: • Underlying EPSA[1] growth below 4% - nil vests • Underlying EPSA[1] growth of 4% - 45% of LTI vests • Underlying EPSA[1] growth of more than 4% and less than 8% - Progressive vesting from 45 to 100% • Underlying EPSA[1] growth at 8% or higher -100% vests Percentage of Non-ICE Revenue for the Automotive Group in FY25 below 79% - nil vests • Percentage of Non-ICE Revenue for the Automotive Group in FY25 at 79% - 45% of LTI vests • Percentage of Non-ICE Revenue for the Automotive Group in FY25 of more than 79% and less than 81% - Progressive vesting from 45 to 100% • Percentage of Non-ICE Revenuefor the Automotive Group in FY25 at 81% or higher-100% vests

Long Term Incentive Equity Plan	
Measurement	LTIP grants made early in FY23 for the period FY23 to FY25 will be tested at 30 June 2025 in line with plan rules. At the end of the performance period an independent assessment of TSR will be undertaken and performance assessed against this. The Board will use this calculation to determined whether performance hurdles have been met. The calculation of underlying EPSA[1] growth and percentage of non-ICE revenue will be measured at the end of FY25 using the revenue and underlying EPSA[1] measures determined using the financial statements.
Other Terms	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 Rights to the Managing Director. In FY20 the Board introduced changes permitting EKMP to defer conversion of 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. Under prevailing accounting standards, the potential cost to the Company from granting Rights is calculated as the fair value of those Rights at grant and that amount is accrued over the three-year performance measurement period. The rules of the LTIP 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 Rights or other incentive securities in order to prevent an inappropriate benefit accruing to a participant. The Board and the Remuneration, People and Culture Committee have the discretion to make further changes to the LTIP structure as they see fit.
What happens if an EKMP leaves?	After the cessation of employment of a participating executive, the Board has the discretion to allow a prorated portion of the granted Rights to remain 'on foot' for the remainder of the three year the performance period subject to the plan rules and the performance criteria. The remaining Rights of a departing executive lapse in accordance with plan rules. The Board's usual position where an executive departs to take a role outside the Group, is that Rights will not remain 'on foot', but instead will lapse.

1. Underlying NPATA, underlying EBITA and underlying EPSA (EPS pre-amortisation) are unaudited, non IFRS and exclude (non-cash) acquisition-related inventory step ups and significant items outlined in note 7 of Appendix 4E.
2. ICE means internal combustion engine.ICE Products are those in categories of automotive parts, accessories and services that can only be applied to ICE vehicles (ie they are dependent on an ICE for their operation). ICE Revenue is revenue derived from sales of ICE Products. Non-ICE Products are those in categories of parts, accessories and services that are not ICE Products; ie are not dependent on an ICE for their operation. For example, products in the category of brakes are considered Non-ICE Products because all vehicles can use brakes, regardless of whether the vehicle has an ICE. Another example is products in the category of hybrid drive batteries are Non-ICE Products; whereas categories of products which depend on the ICE part of a hybrid vehicle, like ignition coils, are ICE Products.Non-ICE Revenue is revenue derived from sales of Non-ICE Products. Within Non-ICE Product categories (being, categories of product which don't depend on an ICE for their operation), a particular SKU may apply to a specific vehicle model, whether an ICE model, EV or hybrid model. As the mix of models in the car parc evolves over time, the particular SKUs offered and sold by the relevant GUD business will be altered to apply to those models.

6. Cash and Realisable Remuneration

This section of the report uses unaudited non-IFRS financial information to explain realised pay earned by the EKMP during FY23 together with prior year comparatives. This is a voluntary disclosure and is supplemental information to the statutory remuneration disclosure contained in Section 7 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 & CEO								
G Whickman	2023	1,088,138	-	1,088,138	-	-	110,427	1,198,565
	2022	1,047,344	515,293	1,562,637	383,967	-	96,118	2,042,722
Chief Financial Officer								
M Fraser	2023	691,351	-	691,351	-	-	33,104	724,455
	2022	664,761	286,180	950,941	121,927	-	39,672	1,112,540
Total remuneration of the Managing Director & CEO and Chief Financial Officer								
	2023	1,779,489	-	1,779,489	-	-	143,531	1,923,020
	2022	1,712,105	801,473	2,513,578	505,894	-	135,790	3,155,262

1. Includes base salary and employer superannuation contributions.
2. Reflects the STI cash paid in respect of performance during the financial year.
3. LTI Rights granted in 2021 fully lapsed as a result of the company not meeting the TSR target on 30 June 2023. Refer section 5.4 for disclosure in respect of performance achievement.
4. Deferred equity under the 2023 STIP is awarded in the form of restricted shares ascribed a value taken as the Volume Weighted Average Price over the month of June 2023, being $8.65. As they are subject to at minimum a twelve month deferral period, the amount is not acknowledged as part of 'cash and realisable remuneration' until the restrictions have been lifted.
5. Non-monetary remuneration includes leave entitlements, income protection premiums and long service leave.

7. Statutory details of Remuneration

The remuneration and incentive framework which has been put in place by the Board are designed to ensure that the Managing Director & CEO and CFO are focused on both maximising short-term operating performance and long-term strategic growth aligned with shareholder interests.

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.

7.1. Remuneration for the 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 and fees[1]	STI – Cash component	Leave entitlements	Income protection premium[2]	STI restricted shares[3]	Total	Long service leave	LTI performance rights[4]	Super-annuation	Total	Proportion of total risk related remuneration	Value of equity remuneration as a proportion of total remuneration
		$	$	$	$	$	$	$	$	$	$	%	%
Managing Director & CEO													
G Whickman[5]	2023	1,060,638	-	88,951	2,719	-	1,152,308	18,757	363,091	27,500	1,561,656	23	23
G Whickman[5]	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
Chief Financial Officer													
M Fraser[5]	2023	663,851	-	15,921	2,386	-	682,158	14,797	128,524	27,500	852,979	15	15
M Fraser[5]	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
Total remuneration of the Managing Director and EKMP of the Group													
	2023	1,724,489	-	104,872	5,105	-	1,834,466	33,554	491,615	55,000	2,414,635	20	20
	2022	1,657,105	801,473	98,944	4,585	242,108	2,804,215	32,261	434,186	55,000	3,325,662	44	20
Total remuneration of Non-Executive Directors[6]													
	2023	910,399	-	-	-	-	910,399	-	-	90,295	1,000,694	-	-
	2022	904,819	-	-	-	-	904,819	-	-	84,477	989,296	-	-
Total remuneration (compensation of key management personnel of the Group)													
	2023	2,634,888	-	104,872	5,105	-	2,744,865	33,554	491,615	145,295	3,415,329	14	14
	2022	2,561,924	801,473	98,944	4,585	242,108	3,709,034	32,261	434,186	139,477	4,314,958	34	16

1. Salary includes base salary.
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. 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 Rights granted under the 2023, 2024 and 2025 LTIPs 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 2023.
5. There are no termination benefits payable to the EKMP.
6. Non-Executive Directors fees are disclosed in section 7.4.

7.2. Service Agreements

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

The essential terms of the Managing Director & CEO and Chief Financial Officer contracts are shown below. In seeking to ensure adequate notice period in respect of the Chief Financial Officer, Martin Fraser's notice period was increased from three to six months at the request of the Company during FY23.

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

7.3. Non-Executive Directors' Remuneration

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

Remuneration Policy & Fees

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 or being a member of a Board Committee. The Chair of the Board receives no extra remuneration for chairing or being a member of 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. 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.

In determining the level of fees, external professional advice and available data on fees payable to Non-Dxecutive Directors of similar sized companies are taken into account. A comprehensive benchmarking review was undertaken by an independent consultant in December 2022. The review found that base Non-Executive Director fees are competitive, and that Board Committee fees are materially less competitive than peer group comparators.

The Board has determined to make no changes to Non-Executive Director base fees for FY24 and to re-align Board Committee fees in two steps, subject to further review of market data to ensure these continue to remain appropriate. Accordingly for FY24, Board Committee chair fees will increase from $15,000 to $20,000 and Board Committee membership fees will increase from $5,000 to $7,500 per Board Committee. These increases are to bring Board Committee fees closer to alignment with the benchmark peer group, to ensure the fees are sufficiently competitive to attract and retain high calibre Non-Executive Directors, and to appropriately compensate directors for the volume of work required. The increase overall quantum is in line with general employee population increase.

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

The fees paid to Non-Executive Directors in the year ended 30 June 2023 are set out in the table below.

	Board	Audit Committee	Risk and Sustainability Committee	Remuneration Committee	Nominations Committee
Chair	312,347	15,000	15,000	15,000	Nil
Members	127,013	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.

7.4. Share Based Compensation & 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 through the Non-Executive Director Equity Plan.

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. Two Non-Executive Directors participated in the Plan in FY23.

Details of Directors' shareholdings may be found below.

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 2023 are set out in the table below.

Non-Executive Directors	Year	Directors' Fees	Superannuation[1]	Total	Fees converted to Equity[2]	Total net of salary sacrifice
		$	$	$	$	
G A Billings	2023	312,347	27,500	339,847	-	339,847
	2022	298,417	26,867	325,284	-	325,284
D D Robinson	2023	152,013	15,961	167,974	45,604	122,370
	2022	147,128	14,652	161,780	44,138	117,642
J A Douglas	2023	152,013	15,961	167,974	-	167,974
	2022	147,128	14,652	161,780	-	161,780
C L Campbell	2023	152,013	15,961	167,974	76,007	91,967
	2022	147,128	14,652	161,780	73,564	88,216
J C Pollaers	2023	142,013	14,911	156,924	-	156,924
	2022	137,128	13,656	150,784	-	150,784
A L Templeman-Jones[3]	2023	-	-	-	-	-
	2022	27,890	-	27,890	-	27,890
Total Remuneration of Non-Executive Directors	2023	910,399	90,294	1,000,693	121,611	879,082
	2022	904,819	84,479	989,298	117,702	871,596

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 2023. 100% of share rights granted during the year ended 30 June 2023 will vest into Shares.
3. Ms Templeman-Jones retired from the Board on 31 August 2021.

7.5. GUD Holdings Limited Equity Interests Held by the EKMP

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 2023[1]	Aggregate value of Restricted shares awarded in respect of the period
Managing Director & CEO				
G Whickman	-	N/A	-	-
Chief Financial Officer				
M Fraser	-	N/A	-	-
Total	-		-	-

1. The value of restricted shares awarded under the 2023 STIP is taken as the Volume Weighted Average Price over the month of June 2023, being $8.65.

Performance Rights Granted During the Year

Details of Rights to ordinary shares in the Company that were granted to EKMP under the LTIP during the reporting period are set out in the following table:

	Rights granted during the year ended 30 June 2023	Grant date	Vesting date	Average fair value per performance right at grant date $	Fair value of rights granted during the year ended 30 June 2023 $
Managing Director & CEO					
G Whickman[1]	92,336	27-Oct-22	30-Jun-25	4.39	405,098
Chief Financial Officer					
M Fraser	36,666	23-Aug-22	30-Jun-25	5.00	183,303
Total	129,002				588,401

1. The Rights granted to Mr Whickman in the year ended 30 June 2023 were granted following shareholder approval under ASX Listing Rule. 10.14.

The following factors were used in determining the fair value of 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 & CEO	27-Oct-22	30-Jun-25	Zero	7.69	30%	3.28%	7.30%
Grant to Chief Financial Officer	23-Aug-22	30-Jun-25	Zero	8.42	30%	3.24%	6.70%

7.6. Total Shares Under Right to KMP

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

				Rights granted		Rights vested during the year		Rights lapsed during the year		Balance at 30 June 2023	
	Date of grant	Performance end date[1]	Balance at 1 July 2022	Number	Average fair value per right $	Number	%	Number	%	Number	Fair value of the grant $
Managing Director & CEO											
G Whickman											
LTIP	27-Oct-22	30-Jun-25	-	92,336	4.39	-	-	-	-	92,336	405,098
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	40,728	69	17,958	31	-	-
Total			163,537	92,336		40,728		17,958		197,187	1,087,206
Chief Financial Officer											
M Fraser											
LTIP	23-Aug-22	30-Jun-25	-	36,666	5.00	-	-	-	-	36,666	183,303
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	12,933	69	5,702	31	-	-
Total			51,919	36,666		12,933		5,702		69,950	383,629
Total			215,456	129,002		53,661		23,660		267,137	1,470,835

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 during the year.

For the year ended 30 June 2023	Balance at 1 July 2022	Shares issued from vested Rights	Shares issued from share plans	Shares purchased	Shares sold	Deferred equity subject to holding lock	Balance at 30 June 2023	Shares to be issued from vested Rights	Shares to be issued from share plans[1]	Balance at the date of this report
Non-Executive Directors										
G A Billings	20,129	-	-	-	-	-	20,129	-	-	20,129
D D Robinson	24,801	-	4,762	-	-	-	29,563	-	2,498	32,061
J A Douglas	8,154	-	-	-	-	-	8,154	-	-	8,154
C L Campbell	7,814	-	7,937	-	-	-	15,751	-	4,164	19,915
J C Pollaers	9,050	-	-	-	-	-	9,050	-	-	9,050
	69,948	-	12,699	-	-	-	82,647	-	6,662	89,309

1. NED Share rights will after six months be satisfied by the Company purchasing shares on market. Refer section 7.4 under the paragraph "Equity Participation" for further explanation.

For the year ended 30 June 2023	Balance at 1 July 22	Shares issued from vested Rights[1]	Shares issued from share plans	Shares purchased	Shares sold	Deferred equity subject to holding lock[2]	Balance at 30 June 2023	Shares to be issued from vested Rights[3,4]	Shares to be issued from share plans	Balance at the date of this report[5]
Managing Director & CEO										
G Whickman[6]	35,975	40,728	-	20,000	-	18,047	114,750	-	-	114,750
Chief Financial Officer										
M Fraser[6]	98,487	12,933	-	-	-	7,634	119,054	-	-	119,054
	134,462	53,661	-	20,000	-	25,681	233,804	-	-	233,804

1. Rights granted under the 2022 LTIP partially vested as the Company achieved the 50th percentile TSR for the three-year performance measurement period ended 30 June 2022, resulting in 69.4% of Rights vesting.
2. FY22 deferred equity incentives received as restricted shares which may not be traded or otherwise dealt with, subject to satisfaction of release conditions. No deferred equity was received in FY23.
3. Rights granted under the 2021-2023 LTIP lapsed in full on the basis of the Company not achieving the 50th percentile TSR hurdle.
4. Vested Rights may be exercised at the election of the executive at any time up to 12 years from the vesting date. Any vested but unexercised Rights at the end of that period are automatically vested. As at 30 June 2023, there are no vested but unexercised Rights.
5. The balance held at the date of this report column includes shares held nominally.
6. EKMP holdings include shares held either directly, or through other entities in which the Executive has a trustee role or controlling interest.

7.7. Loans & Other KMP Transactions

Loans to KMPs

Prior to the financial year, the Company had entered into Equity Loan Agreements in the amount of $314,317 with the Managing Director & CEO, Mr Graeme Whickman, which has enabled him (or an entity in which he has a controlling interest or is a trustee), to acquire GUD shares. In August 2022 the Company agreed to loan Mr Whickman an additional $87,889 to acquire an additional 10,000 GUD shares. The total amounts owed under these Equity Loan Agreements is $402,206.

The number of GUD shares in the name of Mr Whickman, or in entities in which he has a trustee role or controlling interest, which are subject to trading restrictions is 43,310.

The highest amount of Mr Whickman's indebtedness during the reporting period was $402,206. The highest amount of outstanding interest during the year was $4,661 (being the March quarter invoice that was rendered on 27 April 2023 and paid on 30 May 2023). The June quarter interest invoice was not prepared and rendered (nor payable) in the financial year, but on 10 July 2023.

Mr Whickman pays interest under the Equity Loan Agreements 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 2023 was $17,629.

Mr Whickman's loan is repayable on termination of employment.

There were no other loans to KMPs at 30 June 2023, nor at any time during FY23.

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.

Consolidated Financial Statements

Consolidated Income Statement

For the year ended 30 June

	Note	2023 $'000	Restated[1] 2022 $'000
Revenue	2	1,036,900	826,771
Cost of goods sold[2]		(604,680)	(491,747)
Gross profit		432,220	335,024
Other income		1,849	1,290
Marketing and selling expenses		(80,561)	(69,102)
Product development and sourcing expenses		(26,798)	(15,103)
Logistics and outward freight expenses		(30,826)	(31,919)
Administration expenses		(106,843)	(77,281)
Other expenses[3]		(26,693)	(64,430)
Profit from operating activities		162,348	78,479
Finance income	4	1,346	80
Finance expense	4	(31,262)	(18,025)
Profit before tax from continuing operations		132,432	60,534
Income tax expense	28	(33,815)	(32,498)
Profit from continuing operations, net of income tax		98,617	28,036
Loss from discontinued operations, net of income tax	30.2	(701)	(698)
Profit from operations, net of income tax		97,916	27,338
Profit attributable to owners of the Company		97,916	27,338
Earnings per share from continuing operations:			
Basic earnings per share (cents per share)	5	70.0	23.5
Diluted earnings per share (cents per share)	5	69.3	23.3
Earnings per share from operations:			
Basic earnings per share (cents per share)	5	69.5	22.9
Diluted earnings per share (cents per share)	5	68.9	22.7

1. Restated to disclose CSM Service Bodies as a discontinued operation. Refer to note 30.2.
2. Cost of goods sold for the year ended 30 June 2023 includes $3.532 million (30 June 2022: $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 for Auto Pacific Group and Vision X Group.
3. Other expenses for the year ended 30 June 2023 includes $21.516 million of amortisation of intangibles, $0.961 million of impairment of intangibles related to Uneek restructuring, $1.029 million of transaction costs and $1.708 million of restructuring and redundancy costs as disclosed in note 7 (30 June 2022: $37.459 million of impairment of intangibles related to Davey, Davey inventory write-off of $10.532 million, amortisation of intangibles of $11.798 million and acquisition related transaction costs of $4.930 million as disclosed in note 7).

The notes on pages 64 to 113 are an integral part of these consolidated financial statements.

Consolidated Statement of Other Comprehensive Income

For the year ended 30 June

	Note	2023 $'000	Restated 2022 $'000
Profit from operations, net of income tax		97,916	27,338
Other comprehensive income			
Items that will not be reclassified to profit and loss:			
Equity investments at FVOCI - net change in fair value		89	(83)
Items that may be reclassified subsequently to profit and loss:			
Exchange differences on translating results of foreign operations	25	(71)	(1,546)
Net fair value adjustments recognised in the hedging reserve	25	7,078	3,849
Net change in fair value of cash flow hedges transferred to inventory	25	(9,675)	(2,962)
Income tax expense/(benefit) on items that may be reclassified subsequently to profit or loss	28	779	(266)
Other comprehensive income / (loss) for the year, net of tax		(1,800)	(1,008)
Total comprehensive income attributable to owners of the Company		96,116	26,330
Total comprehensive income		96,116	26,330

The notes on pages 64 to 113 are an integral part of these consolidated financial statements.

Consolidated Balance Sheet

As at 30 June

	Note	2023 $'000	2022 $'000
Current assets			
Cash and cash equivalents	18	53,353	59,426
Trade and other receivables	8	184,243	202,622
Inventories	9	243,220	274,053
Derivative assets	20	3,336	6,838
Other financial assets	21	650	-
Current tax receivable		2,518	3,003
Other assets		9,264	12,753
Total current assets		496,584	558,695
Non-current assets			
Goodwill	12	625,018	621,246
Other intangible assets	13	491,113	509,170
Property, plant and equipment	14	56,728	54,505
Right of use assets	15	110,513	126,453
Derivative assets	20	-	246
Other financial assets	21	6,526	5,694
Investments	22	6,446	6,872
Total non-current assets		1,296,344	1,324,186
Total assets		1,792,928	1,882,881
Current liabilities			
Trade and other payables	10	143,280	166,188
Employee benefits	11	24,386	25,184
Other provisions		8,322	7,158
Bank overdraft	19	2,756	-
Loans and borrowings	19	5,197	15,000
Lease liabilities		22,964	22,082
Derivative liabilities	20	703	18
Other financial liabilities	22	738	20,799
Current tax payable		4,654	2,362
Total current liabilities		213,000	258,791
Non-current liabilities			
Employee benefits	11	3,628	2,090
Loans and borrowings	19	447,474	511,494
Lease liabilities		96,694	113,074
Derivative liabilities	20	1,514	1,753
Deferred tax liabilities	29	117,200	125,159
Other financial liabilities	22	21,934	20,097
Other provisions		2,024	3,055
Total non-current liabilities		690,468	776,722
Total liabilities		903,468	1,035,513
Net assets		889,460	847,368
Equity			
Share capital	24	679,553	679,553
Reserves	25	16,866	16,417
Retained earnings	26	193,041	151,398
Total equity		889,460	847,368

The notes on pages 64 to 113 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 30 June 2023

Attributable to the owners of the Company

	Note	Share capital $'000	Hedging reserve $'000	Equity compensation reserve $'000	Fair value reserve $'000	Translation reserve $'000	Retained earnings $'000	Total equity $'000
Balance at 1 July 2022		679,553	1,788	15,437	(681)	(127)	151,398	847,368
Total comprehensive income/(loss) for the period:								
Profit from operations, net of income tax		-	-	-	-	-	97,916	97,916
Other comprehensive income/(loss) for the period		-	(1,818)	-	89	(71)	-	(1,800)
Total comprehensive income/(loss) for the year		-	(1,818)	-	89	(71)	97,916	96,116
Revaluation of equity investments at FVOCI transferred to retained earnings on disposal		-	-	-	1,324	-	(1,324)	-
Transactions with the owners of the Company								
Contributions and distributions								
Dividends paid	27	-	-	-	-	-	(54,949)	(54,949)
Equity settled share based payment		-	-	925	-	-	-	925
Balance at 30 June 2023		679,553	(30)	16,362	732	(198)	193,041	889,460

For the year ended 30 June 2022

Attributable to the owners of the Company

	Note	Share capital $'000	Hedging reserve $'000	Equity compensation reserve $'000	Fair value reserve $'000	Translation reserve $'000	Retained earnings $'000	Total equity $'000
Balance at 1 July 2021		195,556	1,167	13,198	(598)	1,419	178,042	388,784
Total comprehensive income for the year								
Profit from operations, net of income tax		-	-	-	-	-	27,338	27,338
Other comprehensive income/(loss) for the period		-	621	-	(83)	(1,546)	-	(1,008)
Total comprehensive income/(loss) for the year		-	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)	27	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

The amounts recognised directly in equity are net of tax.

The notes on pages 64 to 113 are an integral part of these consolidated financial statements.

Consolidated Cash Flow Statement

For the year ended 30 June

	Note	2023 $'000	2022 $'000
Cash flows from operating activities			
Receipts from customers		1,177,521	919,462
Payments to suppliers and employees		(933,492)	(784,136)
Interest received	7	1,353	80
Income taxes paid		(39,235)	(43,350)
Net cash from operating activities	18	206,147	92,056
Cash flows from investing activities			
Acquisition of controlled entity, net of cash acquired[1]		(2,708)	(786,213)
Payment for Vision X Group deferred consideration		(20,799)	-
Payment for investments		-	(1,773)
Proceeds from disposal of investments		514	-
Proceeds from sale of subsidiary		498	-
Proceeds from sale of property, plant and equipment		983	281
Payments for property, plant and equipment	14	(12,415)	(13,687)
Payments for intangible assets	13	(36)	(58)
Net cash used in investing activities		(33,963)	(801,450)
Cash flows from financing activities			
Proceeds from loans and borrowings	19	87,723	405,727
Repayment of loans and borrowings	19	(165,273)	(77,012)
Advance on other loans	19	(88)	(1,497)
Interest paid	19	(23,827)	(12,825)
Payment of lease liabilities	15	(22,799)	(19,043)
Dividends paid (Net of dividend reinvested)	27	(54,949)	(39,689)
Proceeds from the issue of ordinary shares		-	479,647
Transaction costs related to equity raise		-	(9,943)
Net cash (used in)/from financing activities	19	(179,213)	725,365
Net (decrease)/increase in cash and cash equivalents		(7,029)	15,971
Cash and cash equivalents at the beginning of the period		59,426	42,594
Effects of exchange rate changes on the balance of cash held in foreign currencies		(1,800)	861
Cash and cash equivalents at end of the year[2]	18	50,597	59,426

1. This includes acquisitions of Twisted Throttle $1.382 million (Note 30.1.1) and Southern Country $1.326 million (Note 30.1.2) (30 June 2022: APG Group $731.003 million (Note 30.1.3), Vision X Group $48.119 million (Note 30.1.3), Christine Products $6.390 million (Note 30.1.3) and Hybrid Battery Rebuild $0.701 million).
2. Cash and cash equivalents at 30 June 2023 is net of bank overdraft that are repayable on demand of $2.756 million (30 June 2022: nil).

The notes on pages 64 to 113 are an integral part of these consolidated financial statements.

Notes to the 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 2023 comprises the Company and its subsidiaries (together referred to as the 'Group').

The Group is primarily involved in manufacturing, importation, distribution and sale of automotive products for the after market and the fitment of accessories to new vehicles. The Group is also involved in manufacturing and sale of water hardware and treatment products. The Group has operations in Australia, New Zealand, United States of America, Thailand, South Korea and France (Note 7).

The consolidated annual financial statements of the Group as at and for the year ended 30 June 2023 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 2023.

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 (Note 16)
- 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.

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).

Use of estimates and judgements (continued)

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).

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.

Standards issued but not yet effective

A number of new standards are effective for annual periods beginning after 1 July 2023 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these consolidated financial statements.

Deferred tax related to assets and liabilities arising from a single transaction (Amendments to IAS 12)

The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences – e.g. leases and decommissioning liabilities. The amendments apply for annual reporting periods beginning on or after 1 January 2023. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. For all other transactions, the amendments apply to transactions that occur after the beginning of the earliest period presented.

The Group accounts for deferred tax on leases and decommissioning liabilities applying the 'integrally linked' approach, resulting in a similar outcome to the amendments, except that the deferred tax asset or liability is recognised on a net basis. Under the amendments, the Group will recognise a separate deferred tax asset and a deferred tax liability. As at 30 June 2023, the taxable temporary difference in relation to the right-of-use asset is $31.6m and the deductible temporary difference in relation to the lease liability is $34.3m, resulting in a net deferred tax asset of $2.7m. Under the amendments, the Group will recognise a separate deferred tax liability of $31.6m and a deferred tax asset of $34.3m. There will be no impact on retained earnings on adoption of the amendment.

Classification of liabilities as current or non-current (Amendments to IAS 1)

The amendments, as issued in 2020, aim to clarify the requirements on determining whether a liability is current or non-current, and apply for annual reporting periods beginning on or after 1 January 2023. However, the IASB has subsequently proposed further amendments to IAS 1 and the deferral of the effective date of the 2020 amendments to no earlier than 1 January 2024.

Due to these ongoing developments, the Group is unable to determine the impact of these amendments on the consolidated financial statements in the period of initial application. The Group is closely monitoring the developments.

Other standards

The following new and amended standards are not expected to have a significant impact on the Group's consolidated financial statements.

- IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts.
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2).
- Definition of Accounting Estimates (Amendments to IAS 8).

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"). 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

2.1. 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 and treatment systems (Davey segment).

2.2. Disaggregation of revenue from contracts with customers

In the following table, revenue from contracts with customers is disaggregated by types of goods or services, geographical markets and timing of revenue recognition. The table also includes a reconciliation of the disaggregated revenue with the Group's reportable segments in note 7.

	For the year ended 30 June 2023						Restated[1] For the year ended 30 June 2022					
Segments	Automotive $'000	APG $'000	Davey $'000	Total Continuing Operations $'000	Discontinued Operations[2] $'000	Total $'000	Automotive $'000	APG $'000	Davey $'000	Total Continuing Operations $'000	Discontinued Operations[2] $'000	Total $'000
Type of goods or services												
Sale of goods	634,434	282,093	116,613	1,033,140	10,571	1,043,711	567,131	132,691	125,233	825,055	8,710	833,765
Water solutions project income	-	-	3,760	3,760	-	3,760	-	-	1,716	1,716	-	1,716
Total Revenue from contracts with customers	634,434	282,093	120,373	1,036,900	10,571	1,047,471	567,131	132,691	126,949	826,771	8,710	835,481
Geographical markets												
Asia Pacific	576,856	282,093	113,105	972,054	10,571	982,625	530,194	104,603	118,437	753,234	8,710	761,944
North America	45,618	-	-	45,618	-	45,618	32,127	-	-	32,127	-	32,127
Other	11,960	-	7,268	19,228	-	19,228	4,810	28,088	8,512	41,410	-	41,410
Total Revenue from contracts with customers	634,434	282,093	120,373	1,036,900	10,571	1,047,471	567,131	132,691	126,949	826,771	8,710	835,481
Timing of revenue recognition												
Goods transferred at a point in time	634,434	282,093	116,613	1,033,140	10,571	1,043,711	567,131	132,691	125,233	825,055	8,710	833,765
Services transferred over time	-	-	3,760	3,760	-	3,760	-	-	1,716	1,716	-	1,716
Total Revenue from contracts with customers	634,434	282,093	120,373	1,036,900	10,571	1,047,471	567,131	132,691	126,949	826,771	8,710	835,481

1. Restated to disclose CSM Service Bodies as a discontinued operation. Refer to note 30.2.
2. Relates to disposal of CSM Service Bodies. Refer to note 30.2.

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 $1.090 million and $0.602 million for the year ended 30 June 2023 and 2022, respectively.

2.3. 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 performance obligation is fulfilled, generally on delivery of the good or performance of the service.

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 and invoices are generated at that point in time. 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. The Group regularly reviews its estimate of expected future rebates and updates the amounts of the asset and liability accordingly. *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 part of the 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:

- Property, 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
- Brand names — 5 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 operations:

For the year ended 30 June	Note	2023 $'000	Restated[1] 2022 $'000
Profit before tax from continuing operations has been arrived at after charging the following expenses:			
Increase in inventory obsolescence provision		1,318	2,577
(Gain)/Loss on sale of property, plant and equipment		(680)	204
Operating lease rental expense/short term or low value lease expense		1,529	478
Net foreign exchange (gain)/loss		(8,623)	(1,827)
Employee benefits:			
Wages and salaries (including on-costs)		195,395	105,236
Contributions to defined contribution plans		1,639	1,402
Movements in provisions for employee benefits		(670)	(8,810)
Equity settled share based payment expense	25	925	2,239
Depreciation and amortisation:			
Amortisation of customer relationships	13	21,255	9,927
Amortisation of software	13	112	96
Amortisation of other intangibles	13	17	1,291
Amortisation of brand names	13	132	484
Depreciation of property, plant and equipment	14	10,765	7,981
Depreciation of right of use asset	15	19,923	16,744
Total depreciation and amortisation		52,204	36,523
Product development and sourcing costs		26,798	15,103
Significant items:			
Transaction expenses from business combinations[2]		1,029	4,930
Redundancy costs[2]	7	881	25
Impairment of inventory - Davey[2,3]	7	-	10,532
Impairment of intangibles[2]	7	961	37,459
Restructuring costs[2]	7	827	-
Total significant items		3,698	52,946

1. Restated to disclose CSM Service Bodies as a discontinued operation. Refer to note 30.2.
2. These costs are included as other expenses in the consolidated income statement.
3. 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 through the income statement 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, interest expense on lease liability 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 operations:

	2023 $'000	Restated[1] 2022 $'000
Finance costs:		
Interest income	(1,346)	(80)
Interest expense	23,827	14,539
Interest on lease liabilities	5,355	4,136
Unwinding of discount on acquisition related contingent consideration payable	280	-
Net foreign exchange (gain) / loss	1,800	(650)
Net finance costs from continuing operations	29,916	17,945
Net finance costs from discontinued operations	11	30
Net finance costs from operations	29,927	17,975

1. Restated to disclose CSM Service Bodies as a discontinued operation. Refer to note 30.2.

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 owners of the Company divided by the weighted average number of ordinary shares on issue during the period.

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

	2023 $'000	Restated[1] 2022 $'000
Profit from continuing operations, net of income tax, attributable to owners of the Company	98,617	28,036
Profit from operations, net of income tax, attributable to owners of the Company	97,916	27,338
	Number	Number
Weighted average number of ordinary shares used as the denominator for basic EPS	140,894,696	119,439,391
Effect of balance of performance rights outstanding at 30 June	1,312,916	811,050
Weighted average number of ordinary shares used as the denominator for diluted EPS	142,207,612	120,250,441
Earnings per share (EPS) from continuing operations:	Cents per share	Cents per share
Basic EPS	70.0	23.5
Diluted EPS	69.3	23.3
Earnings per share from operations:	Cents per share	Cents per share
Basic EPS	69.5	22.9
Diluted EPS	68.9	22.7

1. Restated to disclose CSM Service Bodies as a discontinued operation. Refer to note 30.2.

6. Auditors' Remuneration

This table summarises auditors' remuneration incurred in relation to continuing operations:

	2023 $	2022 $
Audit and review services:		
The auditor of GUD Holdings Limited		
- audit and review of Group financial reports	1,129,002	1,015,132
- audit and review of subsidiary financial reports	180,714	178,977
	1,309,716	1,194,109
Other services:		
The auditor of GUD Holdings Limited		
- in relation to transaction advice	-	762,996
- in relation to taxation advice and compliance	341,434	359,792
	341,434	1,122,788

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 & CEO (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.

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, automotive electrical and lighting products, fuel pumps and associated products and accessories 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 segments

The Group operates primarily in two geographical segments; Asia Pacific and North America. Refer note 2 for geographical sales disclosure.

Business segments (continued)

							For the year ended 30 June 2023
	Automotive	APG	Davey	Unallocated[1]	Total Continuing Operations	Discontinued Operations[2]	Total
Reportable segments	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Total segment revenue (external)	634,434	282,093	120,373	-	1,036,900	10,571	1,047,471
EBITDA pre- significant items and inventory step up	154,925	65,131	10,229	(8,503)	221,782	832	222,614
Less: Depreciation	(15,300)	(10,233)	(4,427)	(728)	(30,688)	(790)	(31,478)
EBITA pre- significant items and inventory step up	139,625	54,898	5,802	(9,231)	191,094	42	191,136
Less: Acquisition related inventory step-up[3]	-	(3,532)	-	-	(3,532)	-	(3,532)
Less: Amortisation of intangibles[4]	(3,728)	(17,788)	-	-	(21,516)	(7)	(21,523)
EBIT pre-significant items[5]	135,897	33,578	5,802	(9,231)	166,046	35	166,081
Transaction costs[6]	-	(133)	-	(896)	(1,029)	-	(1,029)
Impairment of intangibles[7]	(961)	-	-	-	(961)	-	(961)
Redundancy costs[8]	(881)	-	-	-	(881)	-	(881)
Restructuring costs[9]	(726)	-	-	(101)	(827)	-	(827)
Loss on sale of subsidiary	-	-	-	-	-	(785)	(785)
Segment result (EBIT)	133,329	33,445	5,802	(10,228)	162,348	(750)	161,598
Interest on lease liability	(3,033)	(1,268)	(519)	(535)	(5,355)	(18)	(5,373)
Interest expense	(699)	(249)	-	(22,879)	(23,827)	-	(23,827)
Interest income	153	171	-	1,022	1,346	7	1,353
Unwinding of discount on acquisition related contingent consideration payable	-	-	-	(280)	(280)	-	(280)
Net foreign exchange (loss)/gain	(405)	(206)	200	(1,389)	(1,800)	-	(1,800)
Profit / (loss) before tax	129,345	31,893	5,483	(34,289)	132,432	(761)	131,671
Tax (expense)/benefit	(35,965)	(9,752)	(548)	12,450	(33,815)	60	(33,755)
Profit / (loss) attributable to owners of the Company	93,380	22,141	4,935	(21,839)	98,617	(701)	97,916
					-		-
Segment assets[10]	787,623	892,659	90,799	21,847	1,792,928	-	1,792,928
Segment liabilities	(216,662)	(170,993)	(25,855)	(489,958)	(903,468)	-	(903,468)
Segment capital expenditure	5,400	6,232	926	41	12,599	61	12,660

1. Unallocated items comprise mainly of corporate assets, corporate expenses, interest, tax, corporate borrowings, and deferred tax balances.
2. Relates to disposal of CSM Service Bodies. Refer to note 30.2.
3. Relates to $3.532 million of acquisition related inventory step up costs.
4. Includes amortisation of $1.505 million for Vision X acquired intangibles and $17.724 million of APG acquired intangibles.
5. Significant items include material (>$0.100 million) non-recurring items of income and expenditure which are excluded from EBIT so the measure better reflects the maintainable earnings of the group.
6. Transaction costs relate to the acquisition of Christine Products Limited ($0.114 million), Twisted Throttle ($0.071 million), Southern Country ($0.003 million) and other transaction costs ($0.896 million).
7. Impairment of intangibles relates to Uneek Barden restructuring ($0.961 million).
8. Redundancy costs relates to Uneek Barden restructuring ($0.739 million) and AE4A restructuring ($0.142 million).
9. Restructuring costs relates to Uneek Barden restructuring ($0.313 million), AE4A restructuring ($0.398) and other restructuring ($0.116 million).
10. This includes non-current assets from Asia Pacific of $1,247.883 million, North America of $50.910 million and Other of $0.965 million.

Business segments (continued)

For the year ended 30 June 2022 - Restated[1]

Reportable segments	Automotive $'000	APG $'000	Davey $'000	Unallocated[2] $'000	Total $'000	Discontinued Operations $'000	Total $'000
Total segment revenue (external)	567,131	132,691	126,949	-	826,771	8,710	835,481
EBITDA pre- significant items	144,816	29,934	8,882	(8,437)	175,195	(174)	175,021
Less: Depreciation	(14,754)	(5,630)	(4,341)	-	(24,725)	(790)	(25,515)
EBITA pre- significant items	130,062	24,304	4,541	(8,437)	150,470	(964)	149,506
Less: Acquisition related inventory step-up[3]	(1,939)	(5,308)	-	-	(7,247)	-	(7,247)
Less: Amortisation of intangibles[4]	(2,887)	(8,911)	-	-	(11,798)	(3)	(11,801)
EBIT pre-significant items[5]	125,236	10,085	4,541	(8,437)	131,425	(967)	130,458
Transaction costs[6]	-	(133)	-	(4,797)	(4,930)	-	(4,930)
Impairment of inventory - Davey[7]	-	-	(10,532)	-	(10,532)	-	(10,532)
Impairment of intangibles[8]	-	-	(37,459)	-	(37,459)	-	(37,459)
Redundancy costs[7]	(25)	-	-	-	(25)	-	(25)
Segment result (EBIT)	125,211	9,952	(43,450)	(13,234)	78,479	(967)	77,512
Interest on lease liability	(2,691)	(658)	(222)	(565)	(4,136)	(30)	(4,166)
Interest expense	(1,741)	-	(48)	(12,750)	(14,539)	-	(14,539)
Interest income	-	80	-	-	80	-	80
Net foreign exchange loss	79	(149)	587	133	650	-	650
Profit / (loss) before tax	120,858	9,225	(43,133)	(26,416)	60,534	(997)	59,537
Tax (expense)/benefit	(40,992)	(3,218)	1,826	9,886	(32,498)	299	(32,199)
Profit / (loss) attributable to owners of the Company	79,866	6,007	(41,307)	(16,530)	28,036	(698)	27,338
Segment assets[9]	1,244,101	513,521	102,463	22,796	1,882,881	-	1,882,881
Segment liabilities	234,538	194,115	38,655	568,205	1,035,513	-	1,035,513
Segment capital expenditure	6,778	4,561	2,296	52	13,687	-	13,687

1. Restated to disclose CSM Service Bodies as a discontinued operation. Refer to note 30.2.
2. Unallocated items comprise mainly of corporate assets, corporate expenses, interest, tax, corporate borrowings, and deferred tax balances.
3. Relates to $7.247 million of acquisition related inventory step up costs disclosed in note 30(a).
4. Includes amortisation of $1.2 million for Vision X acquired intangibles and $8.9 million of APG acquired intangibles.
5. Significant items include material (>$0.100 million) non-recurring items of income and expenditure which are excluded from EBIT so the measure better reflects the maintainable earnings of the group.
6. Transaction costs relate to the acquisition of Vision X ($1.752 million), APG ($2.911 million) and other transaction costs ($0.267 million).
7. Impairment of inventory to rationalise and align Davey's raw materials and finished goods levels to anticipated future needs and sales management focus.
8. Relates to impairment of intangibles held by Davey (note 16).
9. This includes non-current assets from Asia Pacific of $1,346 million and North America of $16 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.

	2023 $'000	2022 $'000
Current		
Trade receivables	186,630	204,305
Less: Allowance for doubtful debts	(2,835)	(1,818)
Net trade receivables	183,795	202,487
Amounts unbilled from projects	448	135
	184,243	202,622

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	2023 $'000	2022 $'000
Balance at the beginning of the year	(1,818)	(1,305)
Acquisitions through business combinations	-	(40)
Doubtful debts recognised	(1,090)	(602)
Amounts written off as uncollectible	73	129
Balance at the end of the year	(2,835)	(1,818)

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.

2023	Gross $'000	Provision $'000	Net $'000
Ageing of trade receivables			
Not past due	160,722	(246)	160,476
Past due 1 - 60 days	20,833	(423)	20,410
Past due 61 - 120 days	2,720	(576)	2,144
Past due 121 - 365 days	2,163	(1,227)	936
Past due more than one year	640	(363)	277
Total trade receivables	187,078	(2,835)	184,243

2022	Gross $'000	Provision $'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

9. Inventories

Accounting policies

Inventories

Inventories are measured 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.

	2023 $'000	2022 $'000
Current		
Raw materials	45,796	46,388
Work in progress	11,086	12,286
Finished goods	210,547	237,431
Inventory – at cost	267,429	296,105
Less: Provision for slow moving inventory	(24,209)	(22,052)
Total inventory	243,220	274,053

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 from continuing operations for the year ended 30 June 2023 totalled $604.7 million (2022: $491.7 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.

	2023 $'000	2022 $'000
Current		
Accrued expenses	60,737	62,060
Trade payables	82,543	104,128
Total trade and other payables	143,280	166,188

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.

	2023 $'000	2022 $'000
Current	24,386	25,184
Non-current	3,628	2,090
Accrued wages and salaries	6,143	2,741
Total employee benefits	34,157	30,015

Accrued wages and salaries are included in accrued expenses in Note 10.

Tangible and Intangible 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	2023 $'000	2022 $'000
Gross carrying amount			
Balance at the beginning of the year		621,246	206,002
Acquisitions through business combinations	30	2,842	452,764[1]
Disposals through business divestment	30	(54)	-
Impairment of goodwill[2]		(27)	(36,359)
Net foreign currency difference arising on translation of financial statements of foreign operations		1,011	(1,161)
Balance at the end of the year		625,018	621,246

1. This relates to Auto Pacific Group $410.499 million (Note 30.1.3), Vision X Group $39.452 million (Note 30.1.3), Christine Products $2.094 million (Note 301.3) 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. Relates to impairment of Uneek Barden (2022: Relates to impairment of Davey)

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.

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 : 5-7 years
- Brand names: 5 years

The carrying value is tested for impairment as part of the annual testing of cash generating units (Note 16).

	Brand, Business Names & Trademarks[1] $'000	Patents, Licences & Distribution Rights $'000	Software $'000	Customer Relationships $'000	Total $'000
Gross carrying amount					
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
Additions from business combinations	1,220	-	-	290	1,510
Acquisition of patents and software	-	-	36	-	36
Disposals through business divestment	(293)	-	-	-	(293)
Foreign currency movements	1,736	24	12	1,453	3,225
Balance at 30 June 2023	227,581	2,124	591	301,661	531,957
Accumulated amortisation					
Balance at 30 June 2021	(2,805)	(797)	(264)	(1,571)	(5,437)
Amortisation expense	(484)	(1,294)	(96)	(9,927)	(11,801)
Impairment of other intangibles[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)
Amortisation expense	(132)	(17)	(112)	(21,255)	(21,516)
Impairment of other intangibles[3]	(337)	-	-	(597)	(934)
Foreign currency movements	(683)	(12)	(3)	613	(85)
Balance at 30 June 2023	(5,541)	(2,124)	(473)	(32,706)	(40,844)
Carrying amount					
As at 30 June 2022	220,529	5	185	288,451	509,170
As at 30 June 2023	222,040	-	118	268,955	491,113

1. Includes brand names with a gross value of $2.538 million which are being amortised.
2. Relates to impairment of brand names held by Davey.
3. Relates to brand names of $0.293 million for CSM, $0.337 million for Uneek and customer relationships of $0.597 for Uneek.

Amortisation is recognised in administration expense in the 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.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Leased property, plant and equipment

As at 30 June 2023, the net carrying amount of leased equipment held under finance lease was $0.026 million (2022: $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 2021		70,986
Additions from business combinations	30.1	29,669
Additions		13,687
Disposals		(2,990)
Foreign currency movements		(471)
Balance at 30 June 2022		110,881
Additions from business combinations	30.1	223
Additions		12,415
Disposals from business divestment	30.1	(1,912)
Disposals		(4,793)
Foreign currency movements		759
Balance at 30 June 2023		117,573
Accumulated depreciation		
Balance at 30 June 2021		(48,665)
Additions from business combinations	30.1	(2,142)
Depreciation expense[1]		(8,236)
Disposals		2,568
Foreign currency movements		99
Balance at 30 June 2022		(56,376)
Disposals from business divestment	30.1	1,411
Depreciation expense[1]		(10,765)
Disposals		5,096
Foreign currency movements		(211)
Balance at 30 June 2023		(60,845)
Carrying amount		
As at 30 June 2022		54,505
As at 30 June 2023		56,728

1. Depreciation is recognised as an administration expense in the Consolidated Income Statement.

15. Leases

Leases as a Lessee

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. Leases typically provide for an annual rent payments uplift based on changes in local price indices. For certain leases, the Group is restricted from entering into any sub-lease arrangements. Some leases may also provide for a market based revision if a lease extension option is exercised.

The warehouse and office facilities leases are entered into 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. In instances where 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 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
Depreciation charge for the year[1]	(15,858)	(4,393)	(221)	(20,472)
Lease reassessments	(4,455)	1,130	54	(3,271)
Additions to right-of-use assets	3,683	2,396	151	6,230
Additions from business combinations	846	60	8	914
Foreign exchange movements	626	31	2	659
Balance at 30 June 2023	106,598	3,794	121	110,513

1. Includes depreciation $0.549 million relating to CSM.

ii. Amounts recognised in profit and loss

	2023 $'000	2022[1] $'000
Leases		
Interest on lease liabilities	5,355	4,136
Expenses relating to short-term leases and low value assets	1,529	478

1. Restated to disclose CSM Service Bodies as a discontinued operation. Refer to note 30.2.

iii. Amounts recognised in statement of cash flows

	2023 $'000	2022 $'000
Total cash outflows for leases	(22,799)	(19,043)

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.

During the financial year, the AE4A CGU was intergrated within BWI and the Uneek CGU was intergrated within APG following a restructuring of these CGU's.

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.

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 2024 year (2022: based on 2023 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 budgeted and forecast 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 2023 and 2022:

			30 June 2023			30 June 2022
	Goodwill	Indefinite life intangibles	Discount rate	Goodwill	Indefinite life intangibles	Discount rate
Cash Generating Units	$'000	$'000	%	$'000	$'000	%
Brown & Watson International	98,122	101,229	10.05%	93,419	98,500	10.10%
Vision X	41,145	20,080	12.55%	39,452	17,479	12.80%
APG	412,984	75,251	10.85%	412,593	75,237	11.50%
Multiple units without significant goodwill and indefinite life intangibles	72,767	25,480	10.00%-12.90%	75,782	29,313	9.40% – 15.50%

The Directors have assessed that no impairment charge is required in relation to the tangible or intangible assets for the year ended 30 June 2023 (30 June 2022: $37.5m impairment loss recognised for Davey CGU).

Impairment testing APG 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 fair value measurement was categorised as a Level 3 fair value based on the inputs in the valuation technique used.

The values assigned to the key assumptions represent management's assessment of future trends in the relevant industries and have been based on historical data from both external and internal sources. The key assumptions used in the estimation of value in use are set out below.

Results (continued)

	2023 %	2022 %
Discount rate	10.85%	11.50%
Terminal value growth rate	3.00%	2.50%
Budgeted EBITDA growth rate (average of next 5 years)	15.20%	17.60%

The discount rate was estimated based on the average rates of return required by providers of debt and equity capital to compensate for the time value of money and the perceived risk or uncertainty of the cash flows, weighted in proportion to the market value of the debt and equity capital provided. Since fair market value is premised on a current transaction between willing parties, industry specific estimates relative to capital structure, required return on equity, and required yield on interest bearing debt were utilised.

The cash flow projections included specific estimates for five years and a terminal growth rate thereafter. The terminal growth rate was determined based on management's estimate of the long-term compound annual EBITDA growth rate, consistent with the assumptions that a market participant would make.

The budgeted and forecast EBITDA was estimated taking into account past experience, risk adjusted outcomes expected from strategic initiatives or, where appropriate, external sources of information.

Based on the value in use analysis, the estimated recoverable amount of the APG CGU exceeded its carrying amount by approximately $64.5 million. Having regard to the current economic environment and the timing of normalisation for the new vehicle sales, holding all other assumptions constant, a reasonably possible change in:

- the average forecast growth in EBITDA over the FY24-FY28 period from 15.2% to 14.3% will reduce the headroom to $32.7m (break even average EBITDA growth rate 14.0%), or
- the terminal growth rate from 3.0% to 2.5% will reduce the headroom to $26.0m (break even terminal growth rate 2.1%), or
- the discount rate from 10.85% to 11.35% to will reduce the headroom to $14.8m (break even discount rate 11.51%).

17. Commitments for Expenditure

Plant & equipment

Future contracted capital expenditure not provided for and payable are as follows:

	2023 $'000	2022 $'000
Within 1 year	3,010	5,439
Between 1 and 5 years	-	-
Later than 5 years	-	-
Total plant and equipment capital expenditure	3,010	5,439

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	2023 $'000	2022 $'000
Current			
Cash and cash equivalents in the balance sheet		53,353	59,426
Bank overdrafts repayable on demand		(2,756)	-
Total cash and cash equivalents in the statement of cash flow		50,597	59,426

Reconciliation of profit after income tax to net cash provided by operating activities

	Note	2023 $'000	2022 $'000
Profit/(loss) from operations, net of income tax		97,916	27,338
Depreciation and amortisation		53,001	37,316
Impairment of inventories		-	10,532
Impairment of intangibles		961	37,459
Interest paid		23,827	12,825
Interest on lease liabilities		5,373	4,166
Loss on sale of subsidiary net of tax		549	-
Unwinding of discount on acquisition related contingent consideration payable		280	-
(Gain)/Loss on sale of property, plant and equipment		(680)	141
Changes in working capital assets and liabilities:			
Increase/(decrease) in net tax liability		6,152	(10,416)
(Increase)/decrease in inventories		26,676	(35,666)
(Increase)/decrease in trade receivables		18,323	(9,478)
(Increase)/decrease in other assets		3,165	3,503
Increase/(decrease) in provisions		238	11,927
Increase/(decrease) in payables		(26,332)	5,813
Increase/(decrease) in derivatives		(3,302)	(3,404)
Net cash provided by/(used in) operating activities		206,147	92,056

19. Loans and Borrowings

Accounting policies

Loans and borrowings

Loans and borrowings are recorded initially at fair value, net of transaction costs. Subsequent to initial recognition, loans and 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 loans and borrowings using the effective interest rate method.

Banking facility

During this year, the Group renewed a number of its debt facilities. 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 in the sections below.

Bank borrowing summary

This table summarises Borrowings relating to all operations at 30 June 2023 and 30 June 2022:

	Note	2023 $'000	2022 $'000
Current			
Bank overdraft		2,756	-
Unsecured bank loans		5,197	15,000
Total current borrowings	22	7,953	15,000
Non-current			
Unsecured bank loans and financial institution borrowings		447,474	511,494
Total non-current borrowings	22	447,474	511,494

Facilities available

The facilities available, utilised and their maturity dates at 30 June 2023 and 30 June 2022 are summarised as follows:

	Facilities as at 30 June 2023 ($ million)[1]			Facilities as at 30 June 2022 ($ million)[1]		
	Available	Utilised[2]	Maturity	Available	Utilised[2]	Maturity
Intraday credit accommodation[2,3]	28.4	-	-	28.4	-	-
Overdraft	4.9	2.8	-	4.9	-	-
Short-term facilities	16.0	-	28-01-2024	31.0	15.0	28-01-2023
Short-term facilities (USD)	3.0	-	30-05-2024	-	-	-
Bank borrowings – 4-year facility	-	-	-	150.0	112.6	28-01-2024
Bank borrowing (USD) – 4-year facility	4.5	1.4	30-06-2024	4.3	1.3	30-06-2024
Bank borrowing (USD) – 2 year facility	12.1	3.8	28-01-2024	11.6	8.9	28-01-2024
Bank borrowing – 3 year facility	50.0	50.0	1-01-2025	90.0	87.6	1-01-2025
Bank borrowing – 4 year facility	125.0	74.0	21-12-2025	125.0	40.0	21-12-2025
Bank borrowings - 3 year facility	90.0	17.0	17-07-2026	-	-	-
Bank borrowing - 4 year facility	60.0	31.8	16-07-2027	-	-	-
Bank borrowing - 5 year facility	40.0	-	14-07-2028	-	-	-
Fixed term loan – 8 year facility	50.0	50.0	24-01-2028	50.0	50.0	24-01-2028
Fixed term loan – 8 year facility	63.2	63.2	31-12-2029	63.2	63.2	31-12-2029
Fixed term loan – 9 year facility	26.6	26.6	25-11-2030	26.6	26.6	25-11-2030
Fixed term loan – 8 year facility	10.4	10.4	23-11-2031	-	-	-
Fixed term loan – 10 year facility	47.7	47.7	23-11-2031	44.4	44.4	23-11-2031
Fixed term loan – 11 year facility	49.2	49.2	30-12-2032	49.2	49.2	30-12-2032
Fixed term loan – 12 year facility	28.1	28.1	30-12-2033	28.1	28.1	30-12-2033
Total	709.1	456.0		706.7	526.9	

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 the borrowing 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 2023 is 6.18% (30 June 2022: 3.17%).

Financing facilities

This table summarises facilities available, used and not utilised related to all operations at 30 June 2023 and 30 June 2022:

	2023 $'000	2022 $'000
Facilities available:		
Unsecured bank overdrafts	4,909	4,909
Unsecured bank loans and financial institution borrowings	656,725	642,377
Short term facilities	19,017	31,000
Intraday credit accommodation	28,400	28,410
Total facilities available	709,051	706,696
Facilities used at balance date:		
Unsecured bank overdrafts	2,756	-
Unsecured bank loans and financial institution borrowings[1]	452,671	511,494
Short term facilities	-	15,000
Intraday credit accommodation	-	-
Total facilities used at balance date	455,427	526,494
Facilities not utilised at balance date:		
Unsecured bank overdrafts	2,153	4,909
Unsecured bank loans and financial institution borrowings	204,054	130,883
Short term facilities	19,017	16,000
Intraday credit accommodation	28,400	28,410
Total facilities not utilised at balance date	253,624	180,202

1. Unsecured bank loans and financial institution borrowings is net of borrowing costs of $0.532 million (30 June 2022: $0.406 million)

Financing facilities (continued)

Reconciliation of movements of assets and liabilities to cash flows arising from financing activities

	Note	Loans and borrowings and other financial assets	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 2022		520,826	135,156	7,084	1,771	16,417	151,398	679,553	1,512,205
Proceeds from loans and borrowings		87,723	-	-	-	-	-	-	87,723
Repayment/(Advance) of loans and borrowings		(165,361)	-	-	-	-	-	-	(165,361)
Payment of lease liabilities		-	(22,799)	-	-	-	-	-	(22,799)
Dividend paid		-	-	-	-	-	(54,949)	-	(54,949)
Proceeds from issue of ordinary shares (net of transaction costs)		-	-	-	-	-	-	-	-
Interest paid		(23,827)	-	-	-	-	-	-	(23,827)
Total changes from financing cash flows		(101,465)	(22,799)	-	-	-	(54,949)	-	(179,213)
The effect of changes in foreign exchange rates		3,728	855	(3,523)	685	-	-	-	1,745
Other changes		(771)	(6,053)	(246)	(239)	449	(1,324)	-	(8,184)
Current year profit		-	-	-	-	-	97,916	-	97,916
Acquisitions / additions		-	7,144	-	-	-	-	-	7,144
Interest expense		23,827	5,355	-	-	-	-	-	29,182
Total other changes		23,056	6,446	(246)	(239)	449	96,592	-	126,058
Balance at 30 June 2023		446,145	119,658	3,315	2,217	16,866	193,041	679,553	1,460,795

	Note	Loans and borrowings and other financial assets	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 liabilities		-	(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 paid		(12,825)	-	-	-	-	-	-	(12,825)
Total changes from financing cash flows		314,393	(19,043)	-	-	-	(39,689)	469,704	725,365
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		-	-	-	-	-	27,338	-	27,338
Acquisitions / additions		9,687	62,788	-	-	-	-	-	72,475
Interest expense		14,539	4,166	-	-	-	-	-	18,705
Total other changes		25,367	66,247	246	1,591	1,231	13,045	14,293	122,020
Balance at 30 June 2022		520,826	135,156	7,084	1,771	16,417	151,398	679,553	1,512,205

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.

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 2023 and at 30 June 2022:

	Note	2023 $'000	2022 $'000
Current			
Derivatives - Interest rate swaps	22	21	-
Derivatives - Foreign currency forward contracts	22	3,315	6,838
Current derivative assets		3,336	6,838
Non-current			
Derivatives - Interest rate swaps	22	-	246
Non-current derivative assets		-	246

Derivative liabilities

This table summarises derivative liabilities related to all operations at 30 June 2023 and at 30 June 2022:

	Note	2023 $'000	2022 $'000
Current			
Derivatives - Foreign currency forward contracts	22	703	18
Current derivative liabilities		703	18
Non-current			
Derivatives - Interest rate swaps	22	1,514	1,753
Non-current derivative liabilities		1,514	1,753

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.

	2023					2022				
		Expected cash flow and impact to profit and loss					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	1-3 years
Interest rate swaps										
Assets	21	21	21	-	-	246	246	-	-	246
Liabilities	(1,514)	(1,481)	-	(431)	(1,050)	(1,753)	(1,613)	-	(416)	(1,197)
Forward exchange contracts										
Assets	3,315	3,315	3,315	-	-	6,838	6,838	6,838	-	-
Liabilities	(703)	(703)	(299)	(404)	-	(18)	(18)	(18)	-	-
Total	1,119	1,152	3,037	(835)	(1,050)	5,313	5,453	6,820	(416)	(951)

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 2023 and at 30 June 2022:

	Note	2023 $'000	2022 $'000
Current			
Loans receivable - third parties[1]		650	-
Other current financial assets	22	650	-
Non-current			
Loans receivable - third parties[1]		4,590	3,939
Other receivables		1,936	1,755
Other non-current financial assets	22	6,526	5,694

1. The loan receivable relates to a loan made to a majority shareholder in our filter supplier, AFI Group (3.9 million) and deferred consideration on the divestment of CSM Service Bodies ($1.3 million). The loan to AFI Group 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 2023 and at 30 June 2022:

	Note	2023 $'000	2022 $'000
Current			
Deferred consideration payable		459	20,799
Contingent consideration payable		279	-
Total current other financial liabilities		738	20,799
Non-current			
Contingent consideration payable	22	21,934	20,097
Total non-current other financial liabilities		21,934	20,097

Contingent consideration payable included in other financial liabilities is measured at fair value. Consideration payable at 30 June 2023 includes the contingent consideration payable to the vendors of Vision X Group and Southern Country.

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 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 (2023: 0-7%, 2022: 0-30%) • Risk adjusted discount rate (30 June 2023: 9.34% , 30 June 2022: 7.5%)	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 varies 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 2023.

Level 3 fair value reconciliation

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

	2023 $'000	2022 $'000
Opening balance	20,097	-
Contingent consideration payable[1]	279	20,097
Foreign currency movements	1,557	-
Unwinding of discount	280	-
Closing balance	22,213	20,097

1. Contingent consideration relating to the acquisition of Southern Country during FY23 and Vision X in FY22.

							As at 30 June 2023
	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	-	6,446	6,446	-	-	6,446	6,446
Derivatives - Foreign currency forward contracts	3,315	-	3,315	-	3,315	-	3,315
Derivatives – Interest rate swaps at fair value	21	-	21	-	21	-	21
Total financial assets measured at fair value	3,336	6,446	9,782	-	3,336	6,446	9,782
Financial assets not measured at fair value							
Cash and cash equivalents[1]	53,353	-	53,353	-	-	-	-
Trade and other receivables[1]	184,243	-	184,243	-	-	-	-
Other financial assets[2,1]	650	6,526	7,176	-	-	-	-
Total financial assets not measured at fair value	238,246	6,526	244,772	-	-	-	-
Total financial assets	241,582	12,972	254,554	-	3,336	6,446	9,782
Financial liabilities measured at fair value							
Derivatives - Foreign currency forward contracts	703	-	703	-	703	-	703
Derivatives - Interest rate swaps at fair value	-	1,514	1,514	-	1,514	-	1,514
Contingent consideration payable	279	21,934	22,213	-	-	22,213	22,213
Total financial liabilities measured at fair value	982	23,448	24,430	-	2,217	22,213	24,430
Financial liabilities not measured at fair value							
Bank overdraft[1]	2,756	-	2,756	-	-	-	-
Unsecured loans and borrowings[1]	5,197	172,393	177,590	-	-	-	-
Fixed rate loans and borrowings	-	275,081	275,081	-	232,681	-	232,681
Deferred consideration payable	459	-	459	-	459	-	459
Trade and other payables[1]	143,280	-	143,280	-	-	-	-
Lease liabilities[1]	22,964	96,694	119,658	-	-	-	-
Total financial liabilities not measured at fair value	174,656	544,168	718,824	-	233,140	-	233,140
Total financial liabilities	175,638	567,616	743,254	-	235,357	22,213	257,570

1. The Group has not disclosed the fair values for financial instruments such as cash and cash equivalents, short term trade receivables and payables, unsecured loans and borrowings, bank overdraft and lease liabilities because their carrying amounts are a reasonable approximation of fair value.
2. The financial asset largely relates to a loan made to a majority shareholder in our filter supplier, AFI Group (3.9 million) and defferred consideration on the divestment of CSM Service Bodies ($1.3 million). The loan to AFI Group 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.

Level 3 fair value reconciliation (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[1]	-	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
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[2]	59,426	-	59,426	-	-	-	-
Trade and other receivables[2]	202,622	-	202,622	-	-	-	-
Other financial assets[1,2]	-	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
Contingent consideration payable	-	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 loans and borrowings[2]	15,000	250,085	265,085	-	-	-	-
Fixed rate loans and borrowings	-	261,409	261,409	-	250,585	-	250,585
Deferred consideration payable	20,799	-	20,799	-	20,799	-	20,799
Trade and other payables[2]	166,188	-	166,188	-	-	-	-
Lease liabilities[2]	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 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.
2. The Group has not disclosed the fair values for financial instruments such as cash and cash equivalents, short term trade receivables and payables, unsecured loans and borrowings, bank overdraft and lease liabilities because their carrying amounts are a reasonable approximation of fair value.

Level 3 fair value reconciliation (continued)

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 150 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 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.

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, Thailand 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;
- use of debtor factoring arrangements for debtors with longer credit terms;
- 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:

2023	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	143,280	143,280	143,280	-	-	-
Derivatives - Foreign currency forward contracts	703	703	703	-	-	-
Derivatives - Interest rate swaps at fair value	1,514	1,481	431	1,050		
Bank overdraft	2,756	2,756	2,756	-	-	-
Unsecured loans and borrowings	452,671	555,358	25,563	68,606	208,749	252,440
Defererd consideration	459	459	459	-	-	-
Contingent consideration	22,213	22,213	279	21,934	-	-
Lease liabilities	119,658	140,459	22,025	20,549	66,021	31,864
Total financial liabilities	743,254	866,710	195,496	112,139	274,770	284,304

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 loans and borrowings	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 liabilities	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

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.

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 2023, the Group is exposed to $5.3 million of USD denominated net trade receivables (2022: $1.8 million), $14.4 million of NZD denominated net trade receivables (2022: $10.9 million), $2.3 million of Euro denominated net trade receivables (2022: $3.3 million) and $4.7 million of CNY denominated net trade liabilities (2022: $3.5 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]	
		2023	2022	2023	2022	2023	2022	2023	2022
Buy	**Local currency**			FC'000	FC'000	$'000	$'000	$'000	$'000
United States Dollars	Australian Dollars	0.6974	0.7510	45,445	47,943	65,160	63,840	3,280	5,538
Chinese Renminbi	Australian Dollars	4.7544	4.8783	44,451	47,077	9,349	9,650	(132)	509
Thai Baht	Australian Dollars	23.6514	25.0543	214,447	355,000	9,067	14,169	12	428
United States Dollars	New Zealand Dollars	0.6337	0.6892	660	2,245	1,041	3,257	41	356
Australian dollars	New Zealand Dollars	0.9527	-	6,982	-	7,329	-	114	-
Korean Won	United States Dollars	1,247.2700	1,240.4905	12,472,700	2,356,932	10,000	1,900	(447)	(67)

1. Contract and fair values calculated based on local currency

	2023	2022
Sensitivity Analysis – Foreign exchange AUD:USD	**$'000**	**$'000**
For every 1c decrease in AUD:USD rate, total exposures increase by:		
Income statement	948	1,444
Equity	(27)	(583)

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.

Sensitivity Analysis – Interest rates	2023 $'000	2022 $'000
For every 100 basis points increase in interest rates:		
Income statement	(1,779)	(2,654)

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	**2023 %**	**2022 %**	**2023 $'000**	**2022 $'000**	**2023 $'000**	**2022 $'000**
Less than 1 year	3.38	1.83	34,108	15,000	(464)	(431)
1 to 2 years	3.38	2.35	49,000	33,921	(1,050)	(537)
2 to 5 years	-	2.52	-	49,000	-	(785)
Total floating for fixed contracts			83,108	97,921	(1,514)	(1,753)

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 is not subject to any externally imposed capital requirements. The terms and the conditions of the main debt facilities contain three main financial covenants: minimum interest cover, maximum debt to earnings, and the proportion of subsidiaries sitting within the debt deed of cross guarantee arrangement. All covenants have been satisfied during the 2023 and 2022 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.

	2023 $'000	2023 Number	2022 $'000	2022 Number
Balance at the beginning of the period	679,553	140,894,696	195,556	94,181,047
Share issue	-	-	479,647	45,399,645
Issue costs	-	-	(9,943)[1]	-
Dividend reinvested	-	-	14,293	1,314,004
Balance at the end of the period	679,553	140,894,696	679,553	140,894,696

1. Issue costs are net of $3,218 of deferred tax asset recognised.

During the year, no shares were bought back on market and cancelled by the Group (2022: nil). The Company has a Dividend Reinvestment Plan (DRP) which allows eligible shareholders to elect to invest dividends in ordinary shares which rank equally with GUD ordinary shares should the Board elect to make the DRP available for any dividend declared. 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 re-attributed 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. The dividend reserve was nil as at 30 June 2023 (30 June 2022: nil).

This table summarises the movement in reserves:

	2023 $'000	2022 $'000
Hedging Reserve		
Balance at the beginning of the year	1,788	1,167
Fair value adjustments transferred to equity - net of tax	4,955	2,694
Amounts transferred to inventory - net of tax	(6,773)	(2,073)
Balance at the end of the year	(30)	1,788
Equity Compensation Reserve		
Balance at the beginning of the year	15,437	13,198
Equity settled share based payment transactions	925	2,239
Balance at the end of the year	16,362	15,437
Fair Value Reserve		
Balance at the beginning of the year	(681)	(598)
Fair value movements (FVOCI)	89	(83)
Revaluation of equity investments at FVOCI transferred to retained earnings on disposal	1,324	-
Balance at the end of the year	732	(681)
Translation Reserve		
Balance at the beginning of the year	(127)	1,419
Exchange differences on translating foreign operations	(71)	(1,546)
Balance at the end of the year	(198)	(127)
Reserves at the end of the year	16,866	16,417

26. Retained Earnings

This table summarises the movement in retained earnings:

	2023 $'000	2022 $'000
Balance at the beginning of the year	151,398	178,042
Profit for the period	97,916	27,338
Transfer from fair value reserve	(1,324)	-
Dividends paid	(54,949)	(53,982)
Balance at the end of the year	193,041	151,398

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
2023					
Final dividend in respect of the 2022 financial year	22	30,997	13-Sep-22	30%	100%
Interim dividend in respect of the 2023 financial year	17	23,952	10-Mar-23	30%	100%
Total Dividends	39	54,949			
2022					
Final dividend in respect of the 2021 financial year[1]	32	30,138	3-Sep-21	30%	100%
Interim dividend in respect of the 2022 financial year[1]	17	23,844	4-Mar-22	30%	100%
Total Dividends	49	53,982			

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.

Unrecognised amounts

					2023
	Cents per share	Total amount $'000	Date of payment	Tax rate	Percentage franked
Final dividend in respect of the 2023 financial year	22	30,997	14-Sep-23	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.

	2023 $'000	2022 $'000
30% (2022: 30%) franking credits available to shareholders of GUD Holdings Limited for subsequent financial years	117,725	89,782

Taxation

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 30.3.

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

	2023 $'000	Restated[1] 2022 $'000
Prima facie income tax expense calculated at 30% (2022: 30%) on Profit before tax from continuing operations	39,730	18,160
Increase/(decrease) in income tax expense / (benefit) due to:		
Non-deductible expenditure and assessable income	1,656	13,601
(Over)/under provision of income tax in prior year	(5,019)	2,704
Research and development incentives	(657)	(472)
Tax rate differences for overseas entities	(2,839)	(1,228)
Non-assessable income	(514)	(267)
Other	1,458	-
Income tax expense	33,815	32,498
Tax expense / (benefit) comprises:		
Current tax expense	45,103	36,056
Adjustments recognised in the current year in relation to tax of prior years	(5,019)	2,704
Deferred tax expense from origination and reversal of temporary differences	(6,269)	(6,262)
Total tax expense	33,815	32,498

1. Restated to disclose CSM Service Bodies as a discontinued operation. Refer to note 30.2.

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
2023			
Exchange differences on translating results of foreign operations	(71)	-	(71)
Fair value adjustments transferred to hedging reserve	7,078	(2,123)	4,955
Net change in fair value of cash flow hedges transferred to inventory	(9,675)	2,902	(6,773)
Income tax expense recognised in other comprehensive income	(2,668)	779	(1,889)
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)

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.

2023	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	8,019	-	454	-	8,473
Restructuring provisions	-	-	-	-	-
Warranty provisions	994	-	(36)	-	958
Doubtful debts	557	-	222	-	779
Inventories	6,275	-	(317)	-	5,958
Accrued expenses	3,612	-	2,285	-	5,897
Derivative liabilities	834	-	(450)	72	456
Property, plant and equipment	3,516	-	(3,516)	-	-
Other intangible assets	4,350	-	(2,256)	-	2,094
Other	3,187	436	2,267	-	5,890
Total deferred tax asset	31,344	436	(1,347)	72	30,505
Set off of tax	(31,344)				(30,505)
Net deferred tax asset	-				-
Deferred tax liabilities					
Property, plant and equipment	-	-	2,384	-	2,384
Other intangible assets	151,769	317	(8,010)	-	144,076
Derivative assets	2,114	-	(455)	(851)	808
Other	2,620	417	(2,600)	-	437
Total deferred tax liabilities	156,503	734	(8,681)	(851)	147,705
Set off of tax	(31,344)				(30,505)
Net deferred tax liability	125,159				117,200
Net deferred tax assets/(liabilities)	(125,159)				(117,200)

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
Inventories	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					
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)

Business Combinations

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.

Disposal groups comprising assets and liabilities are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use. Such disposal groups are measured at the lower of their carrying amount and fair value less costs to sell. Once classified as held for sale, intangible assets and property, plant and equipment are no longer amortised or depreciated.

30.1. Acquisitions

30.1.1. Acquisition of Twisted Throttle

On 1 July 2022, one of the Company's subsidiaries, Vision X Offroad LLC, acquired the assets, liabilities and related business processes of Twisted Throttle LLC. The total estimated consideration for Twisted Throttle was $1.601 million, subject to customary purchase price adjustments and capex adjustments.

The acquisition is expected to provide the Group with an expanded presence in the automotive aftermarket parts market and provide a strategic advantage through it's online platform to help grow direct-to-consumer sales in USA.

For the twelve months ended 30 June 2023, Twisted Throttle contributed revenue of $9.296 million, profit before tax of $1.088 million and EBITA of $1.088 million to the Group's results.

Consideration paid

The total consideration for the acquisition of Twisted Throttle was $1.601 million and was paid on 1 July 2022.

Acquisition-related costs

During the year ended 30 June 2023, the Company incurred approximately $0.071 million of acquisition related costs including legal fees, due diligence, and other advisory fees. This amount has been included in other expenses in the consolidated income statement.

Identifiable assets acquired, and liabilities assumed

The following table summarises the amounts recognised for assets acquired, and liabilities assumed at the date of acquisition with subsequent adjustment to goodwill for identified intangible assets arising from the purchase price allocation exercise. The purchase price allocation exercise is now complete and the acquisition is disclosed as final.

$'000	1-Jul-22	Fair value adjustments	30-Jun-23
Cash and cash equivalents	219	-	219
Trade and other receivables	100	-	100
Inventories	1,546	-	1,546
Other assets	30	-	30
Intangible assets	-	1,510	1,510
Property, plant and equipment	177	-	177
Right of Use asset	355	-	355
Deferred tax assets	226	-	226
Trade and other payables	(2,815)	-	(2,815)
Lease liabilities	(355)	-	(355)
Deferred tax liabilities	(226)	(317)	(543)
Total identifiable net assets acquired	(743)	1,193	450

Goodwill

Goodwill arising from the acquisition has been recognised as follows:

	$'000
Total consideration	1,601
Less: Fair value of identifiable net assets	450
Goodwill	1,151

30.1. Acquisitions (continued)

30.1.2. Acquisition of Southern Country

On 3 October 2022, one of the Company's subsidiaries, Fully Equipped Limited, acquired the assets, liabilities and related business processes of Southern Country Ltd. The total estimated consideration for Southern Country Ltd was $2.034 million, subject to customary purchase price adjustments and capex adjustments.

The acquisition is expected to provide the Group with an expanded presence in the 4WD Accessories and Trailering business in ANZ and provide strategic advantage through its presence in the South Island of New Zealand.

For the 9 months ended 30 June 2023, Southern Country contributed revenue of $1.900 million, profit before tax of $0.200 million and EBITA of $0.200 million to the Group's results. If the acquisition had occurred on 1 July 2022, management estimates that for the year ended 30 June 2023, Southern Country would have contributed revenue of $2.500 million, profit before tax of $0.300 million and EBITA of $0.300 million to the Group's results.

Contingent Consideration

The Company has also agreed to pay the selling shareholders contingent consideration based on the gross revenue of Southern Country for a period of 12 months from 1 October 2022. Management estimate the present value of the contingent consideration at 3 October 2022 to be $0.266 million.

Consideration paid

The total consideration for the acquisition of Southern Country was $2.034 million of which $1.328 million was paid on 3 October 2022 and $0.708 million (including a deferred amount of $0.440 million and the estimated contingent consideration of $0.266 million) will be paid on 30 September 2023.

Acquisition-related costs

During the year ended 30 June 2023, the Company incurred approximately $3,000 of acquisition related costs including legal fees, due diligence, and other advisory fees. This amount has been included in other expenses in the consolidated income statement.

Identifiable assets acquired, and liabilities assumed

The following table summarises the amounts recognised for assets acquired, and liabilities assumed at the date of acquisition with subsequent adjustment to goodwill for identified intangible assets arising from the purchase price allocation exercise. The purchase price allocation exercise is now complete and the acquisition is disclosed as final.

$'000	**3-Oct-22**	**Fair value adjustments**	**30-Jun-23**
Inventories	368	-	368
Other assets	2	-	2
Property, plant and equipment	46	-	46
Right of Use asset	559	-	559
Deferred tax assets	210	-	210
Trade and other payables	(92)	-	(92)
Lease liabilities	(559)	-	(559)
Deferred tax liabilities	(191)	-	(191)
Total identifiable net assets acquired	343	-	343

Goodwill

Goodwill arising from the acquisition has been recognised as follows:

	$'000
Total consideration	2,034
Less: Fair value of identifiable net assets	343
Goodwill	1,691

30.1. Acquisitions (continued)

30.1.3. Prior year acquisitions

In the 2022 financial year, the company completed the following acquisitions:

Acquisition of Vision X Group

On 30 November 2021, the Company acquired 100% of the shares in Vision Motor Sports Inc. and Vision X Offroad LLC ("Vision X USA"), business and net assets of Vision X Asia Co. and Vision X China ("Vision X Asia"). The total consideration for Vision X USA and Vision Asia (collectively "Vision X Group") was $91.365 million ($89.018 million net of cash acquired).

Acquisition of Auto Pacific Group

On 4 January 2022, the Company acquired 100% of the shares in AutoPacific Group. The total consideration for AutoPacific Group was $742.125 million.

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 consideration for Christine Products was $6.390 million.

Fair values of acquired assets and liabilities

The following table summarises the recognised amounts of assets acquired, and liabilities assumed (including adjustment to goodwill for identified intangible assets arising from the purchase price allocation exercise) at 30 June 2022. There have been no changes to the purchase price allocation since 30 June 2022 and these acquisitions are now disclosed as final.

	Auto Pacific Group	**Vision X Group**	**Christine Products Limited**
$'000	**30-Jun-22**	**30-Jun-22**	**30-Jun-22**
Cash and cash equivalents	11,122	2,347	-
Trade and other receivables	30,555	16,000	234
Inventories	63,550	20,006	1,364
Other assets	7,770	1,769	-
Intangible assets	338,500	33,321	2,759
Property, plant and equipment	24,903	1,754	870
Right of Use asset	34,922	12,360	467
Deferred tax assets	9,907	3,214	217
Trade and other payables	(51,283)	(6,744)	(179)
Loan payable	-	(9,687)	-
Lease liabilities	(34,996)	(12,364)	(467)
Deferred tax liabilities	(103,324)	(10,063)	(969)
Total identifiable net assets acquired	331,626	51,913	4,296

Goodwill

	Auto Pacific Group	**Vision X Group**	**Christine Products Limited**
$'000	**30-Jun-22**	**30-Jun-22**	**30-Jun-22**
Total consideration	742,125	91,365	6,390
Less Fair value of identifiable net assets	331,626	51,913	4,296
Goodwill	410,499	39,452	2,094

30.2. Discontinued operations

30.2.1. Disposal of CSM Service Bodies

On 30 June 2023 the Group sold the assets, liabilities and related business processes of CSM Service Body Manufacturing Australia Pty Ltd (CSM Service Bodies). The total estimated consideration for CSM Service Bodies net of disposal costs of $0.339 million is $1.459 million (including $1.300 million of deferred consideration receivable).

$'000	30-Jun-23
Cash received	498
Deferred cash consideration	1,300
Less disposal costs	(339)
Net consideration	1,459
Carrying value of net assets disposed:	
Inventories	2,302
Property, plant and equipment	501
Prepayments	79
Intangible assets[1]	347
Other assets	31
Employee entitlements	(464)
Other payables	(552)
Total net assets disposed	2,244
Loss on sale before tax	(785)
Income tax benefit	236
Net loss on sale	(549)

1. Includes goodwill of $0.054 million and brand names of $0.293 million.

Impact from discontinued operations to the consolidated income statement

	Continuing 2023 $'000	Discontinued 2023 $'000	Consolidated 2023 $'000	Continuing 2022 $'000	Discontinued 2022 $'000	Consolidated 2022 $'000
Revenue	1,036,900	10,571	1,047,471	826,771	8,710	835,481
Cost of goods sold	(604,680)	(8,218)	(612,898)	(491,747)	(7,531)	(499,278)
Gross profit	432,220	2,353	434,573	335,024	1,179	336,203
Other income	1,849	-	1,849	1,290	-	1,290
Marketing and selling expenses	(80,561)	(562)	(81,123)	(69,102)	(525)	(69,627)
Product development and sourcing expenses	(26,798)	(491)	(27,289)	(15,103)	(474)	(15,577)
Logistics and outward freight expenses	(30,826)	-	(30,826)	(31,919)	-	(31,919)
Administration expenses	(106,843)	(1,258)	(108,101)	(77,281)	(1,144)	(78,425)
Other expenses	(26,693)	(792)	(27,485)	(64,430)	(3)	(64,433)
Profit from operating activities	162,348	(750)	161,598	78,479	(967)	77,512
Finance income	1,346	7	1,353	80	-	80
Finance expense	(31,262)	(18)	(31,280)	(18,025)	(30)	(18,055)
Profit before tax from operations	132,432	(761)	131,671	60,534	(997)	59,537
Income tax expense	(33,815)	60	(33,755)	(32,498)	299	(32,199)
Profit from operations, net of income tax	98,617	(701)	97,916	28,036	(698)	27,338
Profit attributable to owners of the Company	98,617	(701)	97,916	28,036	(698)	27,338

30.2. Discontinued operations (continued)

Cash flows from/(used in) discontinued operations

$'000	2023	2022
Net cash from/(used in) operating activities	1,112	898
Net cash from/(used in) investing activities	(61)	(250)
Net cash from/(used in) financing activities	(593)	(566)
Net cash flows for the year	458	82

30.3. Shareholdings

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.

		% ownership interest	
	Country of incorporation	2023	2022
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**	100
AutoPacific Group Bidco Pty Ltd [2 3]	Australia	**100**	100
AutoPacific Group Holdco Pty Ltd [2 3]	Australia	**100**	100
AutoPacific Group Holdings Pty Ltd [2 3]	Australia	**100**	100
AutoPacific Group Midco Pty Ltd [2 3]	Australia	**100**	100
AutoPacific Group Topco Pty Ltd [2 3]	Australia	**100**	100
Brown & Watson International Pty Ltd [2 3]	Australia	**100**	100
Cruisemaster Australia Pty Ltd [2 3]	Australia	**100**	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 [2 3]	Australia	**100**	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 [2 3]	Australia	**100**	100
Wesfil Australia Pty Ltd [2 3]	Australia	**100**	100
Vision X Global Co Ltd	China	**100**	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**	100
Vision X Global Co Ltd	Korea	**100**	100
AutoPacific New Zealand Limited	New Zealand	**100**	100
Fully Equipped Limited	New Zealand	**100**	100
Fully Equipped (Wellington) Limited	New Zealand	**100**	100
Fully Equipped Auckland Limited	New Zealand	**100**	100

30.3. Shareholdings (continued)

	Country of incorporation	% ownership interest 2023	% ownership interest 2022
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**	100
GUD North America Inc	USA	**100**	100
Vision Motor Sports Inc	USA	**100**	100
Vision X Offroad LLC	USA	**100**	100
X Clutch USA, Inc	USA	**100**	100

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.

30.4. 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:

	2023 $'000	Restated[1] 2022 $'000
Income Statement		
Revenue	847,198	707,852
Net finance costs	(26,551)	(14,344)
Impairment of intangibles – Davey	-	(37,459)
Other expenses	(714,505)	(612,015)
Profit before income tax from continuing operations	106,142	44,034
Income tax expense	(23,009)	(28,296)
Profit from continuing operations, net of income tax	83,133	15,738
Profit after tax from discontinued operations	(701)	(698)
Profit from operations, net of income tax	82,432	15,040
Retained earnings at the beginning of the year	80,501	119,443
Dividends paid	(62,949)	(53,982)
Retained earnings at the end of the year	99,984	80,501

30.4. Deed of Cross Guarantee (continued)

	2023 $'000	Restated[1] 2022 $'000
Balance Sheet		
Current assets		
Cash and cash equivalents	37,152	41,985
Trade and other receivables	146,008	172,338
Other assets	13,181	15,835
Inventories	184,687	211,642
Total current assets	381,028	441,800
Non-current assets		
Other financial assets	5,642	4,511
Property, plant and equipment	109,199	128,439
Deferred tax assets	27,015	24,910
Goodwill	570,657	553,480
Investments	166,077	166,503
Other intangible assets	451,764	473,983
Total non-current assets	1,330,354	1,351,826
Total assets	1,711,382	1,793,626
Current liabilities		
Trade and other payables	119,699	136,625
Borrowings	1,400	-
Current tax payables	387	517
Provisions	29,559	28,857
Other financial liabilities	17,189	37,943
Total current liabilities	168,234	203,942
Non-current liabilities		
Borrowings	433,693	499,996
Other financial liabilities	227,174	252,610
Provisions	4,029	4,646
Total non-current liabilities	664,896	757,252
Total liabilities	833,130	961,194
Net assets	878,252	832,432
Share Capital	679,553	679,553
Reserves	98,715	72,378
Retained earnings	99,984	80,501
Total equity	878,252	832,432

1. Income statement restated to disclose CSM Service Bodies as a discontinued operation. Refer to note 30.2.

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 2023 the group paid $13.3 million (2022: $7.7 million) in superannuation contributions.

32. Key Management Personnel

The key management personnel (including Non-Executive Directors) of GUD Holdings Ltd, and its subsidiaries, during FY23 and FY22 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 & CEO)
- 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:

	2023 $	2022 $
Short-term employment benefits	2,744,865	3,709,034
Long-term benefits	33,554	32,261
Post-employment benefits	145,295	139,477
Share based payments	491,615	434,186
Total key management personal compensation	3,415,329	4,314,958

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.

The inputs used in the measurement of the fair values at grant date of the FY23 equity-settled share-based payment plans were as follows.

	Performance rights programme			
	Managing Director		Senior Executives	
	2023	2022	2023	2022
Average fair value at grant date	4.39	4.75	5.00	5.77
Share price at grant date	7.69	11.09	8.42	11.70
Expected volatility (weighted average)	30.00%	30.00%	30.00%	30.00%
Expected dividends	7.30%	6.20%	6.70%	5.90%
Risk free interest rate (based on government bonds)	3.28%	1.50%	3.24%	1.16%

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 2023, key management personnel held directly, indirectly or beneficially 233,804 ordinary shares (2022: 134,462) in the Group. Performance rights granted under the 2023 long term incentive plan will fully lapse as a result of the company not meeting the TSR target on 30 June 2023 (2022: partially vested and 68,045 shares were issued to key management personnel).

Loans to KMPs

The Company entered into an Equity Loan Agreement in the amount of $227,893 with the Managing Director & CEO, Mr Graeme Whickman which enabled him to acquire 25,000 shares in the Company in September 2019. An additional loan of $86,424 in December 2021 and $87,889 in August 2022 further enabled him to purchase 8,310 shares and 10,000 shares respectively. 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 30.3.

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 for the year ended 30 June 2023 was $480,211 excluding GST (30 June 2022: $466,224 excluding GST).

Fully Equipped Auckland Ltd leases its Auckland premises from an entity related to two Directors of Fully Equipped Auckland Ltd. Net rental expense for the year ended 30 June 2023 was $190,914 excluding GST (30 June 2022: $165,295 excluding GST).

Fully Equipped Wellington Ltd leases its Hamilton premises from an entity related to a Director of Fully Equipped Auckland Ltd. Net rental expense for the year ended 30 June 2023 was $376,747 excluding GST (30 June 2022: $330,590 excluding GST).

The Group's policy is that related party lease arrangements are undertaken with commercial terms and conditions.

Other related party transactions with entities in the wholly owned Group (continued)

34. Parent Entity Disclosures

As at and for the financial year ending 30 June 2023 the parent company of the Group was GUD Holdings Limited.

GUD Holdings Limited	2023 $'000	2022 $'000
Results of the parent entity		
Profit/(loss) for the period	85,246	83,652
Other comprehensive income	89	-
Total comprehensive income/(loss) for the period	85,335	83,652
Financial position of the parent entity at the year end		
Current assets	4,108	7,732
Investments	1,188,510	1,188,510
Total assets	1,266,758	1,269,288
Current liabilities	64,217	29,282
Total liabilities	521,510	549,779
Net assets	745,248	719,509
Total equity of the parent entity comprising of:		
Share capital	679,553	679,553
Retained earnings	62,287	33,800
Other reserves	3,408	6,156
Total equity	745,248	719,509

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 $13.8 million (2022: $17.6 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 30.4. The entities included in the Deed of Cross Guarantee have liabilities of $311.6 million (2022: $413.7 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 of the liability 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 2023.

35. Contingent Liabilities

The Group holds no other guarantees other than those disclosed in note 34 and bank guarantees issued on the Group's behalf totalling $10.2 million at 30 June 2023 (30 June 2022: $12.8 million). Other than as disclosed above, the Group had no other material contingent liabilities at 30 June 2023 (2022: Nil).

36. Subsequent events

Dividends determined

On 15 August 2023, the Board of Directors determined a fully franked final dividend in respect of the 2023 financial year of 22 cents per share. Record date is 28 August 2023, and the dividend will be paid on 14 September 2023.

Divestment of Davey Water Products

On 5 August 2023, the Group entered into a sale and purchase agreement to divest Davey Water Products (Davey) for a total enterprise value of $64.9m. The sale is expected to complete on 1 September 2023 and is expected to yield net cash proceeds, post customary net working capital and net debt type adjustments of approximately $56 million before transaction costs.

Other

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

Directors' Declaration

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

(a) the 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 2023 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 30.3 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 Corporations (Wholly owned Companies) Instrument 2016/785.

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 & CEO and the Chief Financial Officer for the financial year ended 30 June 2023.

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
Chair

G Whickman
Director

Melbourne, 15 August 2023

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 2023 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 2023
- Consolidated Income Statement, Consolidated Statement of Other 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.

KPMG

Key Audit Matters

The ***Key Audit Matters*** we identified are:

- Recoverability of goodwill
- Valuation of inventory

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 ($625.0 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 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.	Our procedures included: • assessing the Group's VIU models and key assumptions by: - evaluating the appropriateness of the VIU models against accounting standard requirements; - assessed 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; - assessed the Group's underlying methodology and documentation for the allocation of corporate costs to the forecast cash flows contained in the VIU model, for consistency with our understanding of the business and the criteria in accounting standard; - assessed 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 to 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 procedures further; • working with our valuation specialists we compared the implied multiples from the Group's models to multiples derived from comparable companies; 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 ($243.2 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 rate of inventory within the Group accounting policy for valuation of inventory. 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 considering 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.

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
- 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 2023, 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 37 to 57 of the Directors' report for the year ended 30 June 2023.

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 2023

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