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29 October 2021

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

Dear Sir

GUD Holdings Limited – Annual General Meeting

Please find attached the text of the Chairman's Address to Shareholders and the Managing Director/CEO's Address to be delivered at the Annual General Meeting of GUD Holdings Limited at 10.00 am today.

Approved for release by the Company Secretary.

Yours faithfully

Malcolm G Tyler
Company Secretary

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GUD Holdings Limited

Chairman's Address

64th Annual General Meeting

Friday, 29 October 2021

Virtual Meeting

Chaired from

GUD Holdings Limited

Head Office

29 Taras Avenue

Altona North Victoria 3025

Ladies and gentlemen, my address to you today covers five key topics.

I will firstly speak about the importance of **Safety** at GUD.

I would then like to address the **Strategy**; the positioning of the portfolio of the Group, the efforts that are being made to ensure sustainability of the business, identifying and managing risk, and the development of our people.

I will then touch on the **Financial Performance** of GUD in the 2020-21 financial year, a performance, in difficult and variable trading conditions. It demonstrates the resilience of our portfolio of businesses.

I will also talk about **Board developments**.

Finally, following a review of aspects of the operations and financial position of the Company from our Managing Director, Graeme Whickman, I will provide commentary on the **Outlook** for the current financial year.

1. Safety

Firstly, Safety.

Safety is a key priority for GUD.

Throughout the year, the Directors and Management continued monitoring and enhancing our safety practices and actions across GUD. As a Board, we encouraged Management to maintain the physical and mental welfare of our employees, in which COVID-19 has been such a significant factor.

We maintained a strong safety focus and continued to develop and implement initiatives intended to drive a strong level of engagement, ownership and accountability for health and safety.

As ever, we remain vigilant on matters impacting the safety of our employees.

Due to COVID-19, your Board has had little opportunity to visit operational facilities in FY21. This is unfortunate. Because these visits combine the holding of 'town hall' meetings with all available staff and Directors conducting site safety walks. These opportunities allow Board members to get closer to the people and operations, understand the cultural aspects and hear from staff members on a range of matters and views held in the workplaces. We look forward to re-engaging in these visits when permitted under government restrictions.

Unfortunately, safety performance slipped during the year. We knew that this year was going to be particularly tough for two reasons; COVID-19 meant some people were distracted and, in some cases tired, despite Management's focus on ensuring safety messaging and activities were increased. The second reason was that many of the acquired businesses were not at a level of safety awareness and discipline we expect in the GUD businesses. Indeed, we have invested heavily in upskilling personnel in these businesses.

We are pleased that employees, through the annual employee engagement survey, continue to rate GUD very highly in terms of safety emphasis and concern for employee welfare.

2. Strategy

Turning now to Strategy.

The GUD business portfolio is centred on the core automotive and water businesses. We continue to grow organically; innovation plays a big role in our future plans. Additionally, as witnessed this past year, we remain willing to make logical automotive acquisitions.

Whilst a slow-down in new vehicle sales has been experienced in recent years, exacerbated by the impacts of COVID-19, the Automotive Aftermarket has shown some resilience.

The Board firmly believes GUD remains well positioned in the medium to long-term. Together with Management, we continued our focus on the operational fitness of our businesses and innovation efforts as well as new product introductions from the prior year.

We saw a number of opportunities to acquire businesses that were a strategic fit. We increased our exposure to the 4WD/SUV market with the acquisition of a number of business units from AMA Group. We also acquired Australian Clutch Services, a leading player in the replacement and performance clutch market.

Our acquisition tempo has been further evidenced by our announcement late yesterday that GUD holdings has entered into an agreement to acquire the Vision X Group of lighting businesses from the company's US and Korean founders. Vision X was founded in 1997 and has grown to be a global manufacturer and distributor of niche lighting products and engineered solutions.

I am so excited at this prospect as the acquisition of Vision X is an important pillar in one of GUD's longer term portfolio aspirations of becoming a global niche leader in automotive lighting.

Vision X manufactures and distributes a range of lighting products that is highly complementary to BWI's existing products and will extend BWI's reach to all continents, including the two largest lighting markets of the USA and Europe and the acquisition has compelling financial outcomes and interesting longer-term potential synergies.

Graeme will speak further to Vision X in his address, and I welcome Vision X's founder's Tony and David, along with the rest of the employees to the GUD team

The focus on strategic planning continues. Whilst the Board expects Management to drive the operational delivery in the short-term, over the last two years there has been increasing emphasis on developing, renewing and implementing clear individual business unit strategies for the medium to long-term.

We are evolving our corporate strategy, identifying the drivers of our portfolio vision and ensuring this is understood at Board level and within Management as a cohesive, rational prescription for the growth of GUD's portfolio. This work allows us to be deliberate and strategic in capital allocation decisions.

Broadly speaking, our Strategy addresses maximising shareholder value by focussing on Group-wide initiatives(such as operational matters), Business Unit strategies (innovation, product development, M&A, etc) and portfolio vision. This is underpinned by sustainability goals, having a social licence to operate in resilient markets. Embedded in our strategy are the principles of Environment, Social and Governance (ESG).

We acknowledge our role and impact in society, knowing we have a dual responsibility to ensure the long term health and sustainability of the Company. As such the Board has broadened the short term incentive (STI) structure, introducing non-financial metric targets encouraging and rewarding executives for effort focused on ESG priorities. As our ESG strategy and targets evolve we will continue to align our STI structure.

As part of the GUD portfolio vision efforts, we recognise there is further work on our ESG strategy to be completed and have committed to allocate human and financial resources reflecting the Group's ESG aspirations. This will ensure GUD understands the impact of our footprint and takes a clear view on our part of the solution, whether it be the way we operate or the products and services we provide.

I should mention our risk management framework. Our resilience throughout COVID-19 demonstrates the importance and value of our focus on risk management and mitigation. Your Board is increasingly aware of the risks posed by cyber, as we have seen - no business is immune. We are pleased that Management is taking a proactive and determined effort to secure our information technology operating environments.

Our highly engaged employees enable us to deliver positive outcomes to our stakeholders. We also believe that diversity and inclusion is seen as a key driver of innovation and company performance.

Our focus over many years has been to ensure that our culture fosters a high-performing and engaged workforce within each of our businesses. More recently, we have turned our attention to greater emphasis on diversity and inclusion, talent development and to realising the full potential of the human capital of GUD.

This year, because of COVID-19, we have taken our training and development online, continuing with our Leadership Development Program and beginning a program for future leaders.

3. <u>Financial Performance</u>

FY 2021 was unprecedented. The impact of COVID-19 has been immense. Fortunately, the industries represented in GUD's portfolio have shown enormous resilience throughout the various government imposed lockdowns, especially when operating norms have been really tested.

FY2021 began with much uncertainty surrounding our business and the customers we serve. Management of our businesses continued with the same level of focus employing our well documented COVID-19 response plan framework, with a view to managing our business in a responsible, deliberate and if required, tactical and nimble manner.

Credit is due to our Management and our people, adapting to the vagaries we are living through. They have shown resilience, care and compassion and yet have delivered for all our stakeholders - employees, customers, suppliers and shareholders.

The year was particularly rewarding in a financial sense with the Group achieving a record financial performance, with underlying EBIT exceeding $100 million for the first time ever and, as a result, we restored the final dividend to levels seen prior to COVID-19.

During the year we had a capital raising to part-fund the acquisition of the G4CVA group of businesses from AMA Group. The capital raising was a combination of a placement to institutions and a Share Purchase Plan offered to existing shareholders. The Board is conscious of the need to balance shareholder pro-rata access to these offers of additional equity with the need to ensure a successful capital raising. We calculated that all shareholders with up to a holding of 30,000 shares in the Company (which would cover most, if not all, retail investors) would not be diluted if they fully participated at the $30,000 cap on the SPP.

Last year the Board re-introduced the Dividend Reinvestment Plan (DRP), which has been very well received with a participation rate above 20%. The DRP enables the Company to raise incremental additional equity to bolster the balance sheet and conserve cash at a time of acquisition activity. In all, we have 'saved' over $15 million in cash flow and issued an additional 1.38 million shares.

4. <u>Board Developments</u>

In March 2021, we were joined on the Board by Ms Carole Campbell. Carole has over 30 years' financial executive experience in a range of industries including professional services, financial services, media, mining and industrial services. Carole is a non-executive director on two other listed companies and serves the community in not-for-profit roles.

Further, in June 2021, we welcomed Professor John Pollaers to the Board. John has over thirty years' experience in FMCG and healthcare sectors, as well as considerable manufacturing experience. He also has experience on government advisory committees, in the education sector and not-for-profit space.

We look forward to our shareholders approving the election of both Carole Campbell and John Pollaers later today.

After the end of the financial year, Ms Anne Templeman-Jones retired from her role as non-executive Director with GUD to enable her to devote more time to her other Board commitments. Anne has been a tremendous asset to the GUD Board in the six years where she has had roles as Chair of Remuneration Committee and Chair of the Risk and Compliance Committee, as well as Audit Committee Chair. We thank her for her contribution to GUD and wish her much success in the future.

I should elaborate on our approach to Board development and recruitment.

Two years ago, we undertook an externally facilitated Board performance review, which enabled the then Board to identify a number of areas where it was considered Board skills and experience could be enhanced. This led to the appointment of a well-recognised Executive and Board recruitment firm, with whom I have worked over the past two years to bring to the Board the excellent candidates we have appointed, including Jen Douglas in March 2020 and our recent appointees, Carole Campbell and John Pollaers.

The process was robust and lengthy in the case of each appointment. Once a detailed profile had been created including critical skills and experience required, the external executive recruitment firm was instructed to develop a list of potential candidates, both from Australia and internationally. At the same time, a Board sub-committee was formed, lead by me, to review a long list of candidates, followed by a detailed interview process. A short-list was then formulated and the rest of the Board was then given the opportunity to meet with the candidates.

On behalf of your Directors, I thank all staff for their effort, contribution and achievements over the year. I also thank shareholders for their ongoing support.

Before addressing our Outlook, I invite our Managing Director, Graeme Whickman, to provide you with some more perspectives on the financial, people and operational performance of the business.

But just before we do, I'd like to share this 1 minute video that shows how our team at Ryco using hi tech 3D scanning of engine bays to rapidly prototype new products via 3D printing.

Prior to addressing the various items in the business of the meeting I will provide the customary Outlook for the current financial year.

5. Outlook

Graeme spoke to the trading update earlier and noted the improving mobility trends as lockdowns start to ease.

Our point of view remains that the COVID-19 headwinds and tailwinds still will result in a net positive for GUD. With the rise in 'miles driven' due to heightened domestic tourism, used car sales velocity, an older average fleet age and aversion to ride sharing and public transport all will culminate to be supportive of the GUD Automotive businesses, and ultimately our end users at the workshop level.

We may experience reseller demand volatility in quarter two as the lockdowns and movement restrictions move about, however the Group is positioning for increased end-user demand in terms of inventory and general operations as lockdown restrictions ease across the country and mobility snaps back late in quarter two onwards.

In terms of our financial expectations, we have actions well underway to address inflationary pressures and margins. The smaller automotive businesses have implemented their first round price rises in quarter two. No further price rises are expected by those businesses in FY22 given the robust increases they achieved.

A second round of price increase is planned for our larger Automotive businesses to largely take effect in quarter three FY22.

In terms of Davey, we are reviewing selective second round price increases or surcharges for quarter three.

Graeme also mentioned earlier about the unprecedented level of effort to manage the supply chain and logistics. The level of inventory on ground and in-transit will likely be higher than usual at certain points in the year. This is critical to ensure we don't miss any sales, particularly as the lockdowns ease, although this may impact short term cash conversion performance.

We are cognisant of the complex and dynamic operating environment. Absent of any further significant mobility restrictions or unforeseen economic circumstances, intransiour earnings view of the FY22 year at present assumptions would see a range of $112 to $116 million Underlying EBITA before considering the incremental contribution of acquiring the Vision X business.

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GUD Holdings Limited

Managing Director's/CEO Address

64th Annual General Meeting

Friday, 29 October 2021

Virtual Meeting

Chaired from

GUD Holdings Limited

Head Office

29 Taras Avenue

Altona North Victoria 3025

Good morning, Ladies and Gentlemen. Thank you for the opportunity to address you today.

I am pleased to be able to provide comment on our safety, operating and financial performance, including our continuing responses to the COVID-19 pandemic. I'll also touch on comments about our ongoing efforts to strengthen our business foundations, evolve our ESG and Portfolio Vision work, as well as business unit strategies.

Safety

Safety at GUD is a key area of focus, not just last year, but every year.

We are proud of our businesses, all of which remained operational throughout each lockdown. Our commitment then, and now, is to maintain a safe working environment.

GUD's overall LTI Frequency Rate performance remains significantly better than the Safe Work Australia's industry benchmarks. However, we did see our performance drop as a result of two changes:

We have-classified physiotherapy-treated injuries as Medically Treated Injuries. The increase in LTI Frequency Rate was predominantly a trend of 'strains and sprains', which has driven a bespoke workstream to review and improve across the business units.

We also need to recognise the profile of our newly acquired businesses, which by nature of their manufacturing operations, carry a greater injury risk potential to our employees. There is a significant level of focus in the acquisition management teams on working to achieve the GUD level of health and safety expectations.

Positively, our employees again rated our 'strong commitment to safety' as the highest attribute (at 94%) in the FY21 Qualtrics employee satisfaction survey.

Efforts in the matter of safety are never complete. We challenge ourselves to maintain a 'chronic unease' and have further plans for ongoing health and safety enhancements.

As we entered 2021, we faced ongoing COVID-19 challenges continuing from the second half of 2020. The entire GUD leadership group worked hard to remain operational. We maintained our focus in three areas which were:

People Health, Operational Health and Financial Health.

We doubled down on our mantra to be a good partner to our suppliers, employees and customers. We also worked hard on offence as much as defence, which resulted in many positive outcomes ranging from employee engagement, product launches, market share gains, customer acquisition and our record financial results.

People Health

The health, safety and wellbeing of our employees continued to be a key priority as COVID-19 impacted our people and businesses.

The collaborative Health Safety and Wellbeing sub-group formed in the early stages of COVID-19 is comprised of a member from each business and has continued to be very active over 2021. The group has been instrumental in supporting:

- Communication campaigns on health and hygiene matters
- Tailored plans meeting the needs of our people returning to our workplaces, and
- A comprehensive mental health and wellbeing program, including the establishment of a Peer Support Program

Operational Health

Operationally, the continued efforts to maintain a strong inventory position allowed us to respond to increased demand; caused, in part, by restocking at our customers, and in part due to strengthening end user demand.

However, high operational costs were experienced to ensure we could meet elevated demand. There were periods where constrained employee numbers were in place due to mandated lockdowns, and other times where we had semi-permanent overtime hours and were employing incremental casual labour to keep pace with order backlogs and rebounding demand. The significant effort shown by our many manufacturing, warehouse and logistics employees was commendable.

Our supply base provided tremendous support in ensuring our demand forecasts were met, however an unparalleled amount of time and energy was employed managing the logistics chain to ensure a constant supply of our goods. This often resulted in a difficult balance of sea and airfreight logistics. A clear challenge was unprecedented increases in shipping costs which began to emerge early in the year, these escalated late in the second quarter and continued to hit hard in the third and fourth quarters. We chose to take a strong inventory position to avoid disappointing our customers, knowing that the upside in customer relationships could manifest in broader share of wallet and market share opportunities.

Financial Health

Financial health efforts from the prior year remained. Some businesses continued to qualify for JobKeeper, or its equivalent in the first quarter of FY21. The FY21 subsidies amounted to $2.8 million. We have not returned to Government any amounts received by way of JobKeeper or equivalent subsidies. Critically, these amounts have been more than absorbed by higher operational costs and maintaining pay and care levels for staff who were underemployed or unable to do their job as a result of Government mandated COVID-19 shutdowns. To be clear, we made no employee redundant due to COVID-19, kept all in employment, and treated employees at an exceptionally high standard.

Financial Results

Let's now turn to our financial results for FY21.

The financial results for GUD were very strong and we delivered record setting Revenue, EBIT and Net Profit After Tax operating results.

Profitability

Revenue grew 27.2% to $557 million; encouragingly, organic growth was 15.2%. Underlying EBIT increased 25.4% to just above $101 million, underpinned by organic growth of 17.1%.
This result was slightly higher than our guidance range put forward earlier in the year and our shareholders were rewarded with dividend growth.

Dividends

The final dividend payment was 32 cents per share bringing the full year total to 57 cents per share.

The full year dividend represents circa 2% growth over FY19 (pre-COVID-19 levels) which is pleasing considering the expanded capital base following the capital raise, and the acquired businesses only contributing six and four months, respectively, to the FY21 result.

Balance Sheet

Our balance sheet remains strong with gearing of approximately 27%, and robust interest cover.

Our publicly stated acquisition tempo can clearly be supported with the current low levels of debt.

Cash Generation and Capital Management

Reported cash flow from operating activities was $74.4 million, up $8.9 million from the $65.5 million reported in prior year.

The cash conversion result of 86.5% was slightly above our internal expectation. As mentioned, running higher inventory levels was part of our COVID-19 response plan, and the conversion performance is a reflection of this.

During the year, the Company completed an equity raise of $75.7 million in support of the G4CVA acquisition which involved a net cash outflow of $66.5 million. In the second half, we announced and completed the acquisition of the Australian Clutch Services (ACS) business which involved a net cash outflow of $30.1 million.

At year end, net debt was $146.6 million, an increase of $4.5 million over the prior year.

Business Foundations

The year wasn't all about acquisitions.

The leadership group continued working hard to strengthen their business foundation in five keys areas: **Customer Relationships, Supplier Engagement, People Cycle Planning, Product Cycle Planning and Operational Efficiency**.

The attention has continued, and further improvements have been made.

Customer Relationships – We experienced positive growth in a number of our own brands, saw the take up of new products, gained market share and in a few cases, saw our customers turn to us for house brand supply and management. We've added additional OEM customers, both domestically and internationally, and worked tirelessly through COVID-19 to assist our customers in creative ways.

Supplier Engagement – We continued to work with critical suppliers to confirm sourcing security as a priority.

GUD's Ethical Sourcing Program reflects a commitment to sustainable procurement across a broad range of areas. It is now well established.

The program is built on GUD's Ethical Sourcing Code which seeks assurances from suppliers in relation to their operations on safety, environmental sustainability and business ethics. It also explicitly prohibits human rights abuses requiring commitment to respect worker welfare.

People Cycle Planning – We have been working diligently to develop future leaders for our current businesses and future acquisitions.

COVID-19 resulted with an initial temporary pause in the inaugural Program. The two-year, twelve module Emerging Leaders Program concentrates on emerging leaders across GUD, facilitated by a selection of external leadership and business experts. Later in the year, we restarted our leadership program online to ensure we didn't pull back from investing in helping our people be the best version of themselves.

GUD is committed to a diverse and inclusive organisation which treats all people fairly and equitably.

The representation of women within the Senior Management Group has increased 4ppts to 20% during 2021, underlined by the appointment of two business unit leads – Valentina Tripp at Davey and Gemma Collins who leads our New Zealand business, Griffiths Equipment.

The overall employee engagement score improved from prior year and cemented our place again in the top quartile of the Qualtrics global study. We saw an improvement in fifteen of the seventeen dimensions measured in our annual employee engagement while the other two dimensions remained at the 2020 level.

We were also proud to have Ryco recognised as Australia and New Zealand's 7th best place to work in the Manufacturing and Consumer Goods section of the Australian Financial Review Boss Best Places to Work List.

Product Cycle Planning – We continued to bolster our innovation and product creation focus. Product cycle planning and innovation are critical workstreams to drive organic growth.

GUD increased the product development investment in 2021. Multiple GUD businesses derived in excess of 10% of FY21 revenue from products that did not exist 24 months ago—a testament to their product creation and commercialisation capability.

With innovation at its core, two GUD businesses have placed in the Top 10 of the Manufacturing and Consumer Goods section of the AFR Boss Most Innovative Companies Awards.

GUD's filter business Ryco took out 2nd place, and Brown & Watson International (BWI) 3rd place in the 2021 awards.

Receiving their award for their Microshield N99 'medical-grade' air filter, Ryco's work to develop their world-first 'medical-grade' air filtration for vehicles was driven by a desire to protect the health and safety of vehicle occupants from hazardous pollution, allergens, bacteria, and viruses.

BWI's 3rd place is attributed to their creation of a full program of jump starters utilizing PROJECTA's world-patented Rapid Recharge Technology. The technology uses a vehicle's alternator to recharge the jump starter battery – taking only 40 seconds to fully replenish any charge lost during the jumpstart process.

We are proud of the work done by the teams at Ryco and BWI. Their desire to push for better ways to serve the people who use our products, and our customers is second to none.

We are particularly excited about the launch of IMG's battery refurbishment program for hybrid electric vehicles, and the imminent pilot with Relectrify to repurpose battery packs from electric vehicles for use in industrial energy storage solutions. The latter partnership with Relectrify is supported by the Circular Economy Business Innovation Centre. It has a Recycling Victoria Business Support Fund which is delivered by Sustainability Victoria on behalf of the Victorian Government.

Operational Fitness – The need for operational efficiencies remained of paramount importance in a year of multiple acquisitions.

The fitness work has been to look across the GUD Group to achieve cost efficiencies for the future through leveraging greater commonality and scale.

Over the last 12 months, we have completed operational fitness actions such as:

- the establishment of an additional warehouse for IMG giving it room for its growth ambitions
- consolidation of Ryco, AAG, IMG and DBA into the Auckland Distribution Centre facility with other GUD businesses, now operating from those premises
- Wesfil setting up a warehouse west of Melbourne to service the growing needs on that side of the city
- Completion of the AAG operation to co-locate to Ryco Filters

<u>Strategy</u>

Throughout the year, the Board and Management continued to refresh individual business unit strategy plans.

Two years ago, we introduced the Roger Martin "where to play and how to win" framework to guide strategy development. This remains critical as we reinforce the need to 'futureproof' our individual businesses.

As we moved through the COVID-19 period, and also gain more comfort in the individual business unit strategies, the need to come forward with a comprehensive portfolio vision is never more timely.

Management have been working through Q4 and Q1 to formulate the 'vision' which details the size, shape and quality of the GUD portfolio through 2025.

We look forward to articulating the future of the GUD portfolio at our pending investor day.

Talking of the portfolio, and as Graeme Billings mentioned earlier, during the year we separately announced the purchase of a 4WD business in January, and ACS in March 2021.

ACS forms a Friction division along with Disc Brakes Australia. G4CVA marks the beginning of a 4WD division within GUD.

These acquisitions are directly in line with the acquisition strategy detailed in the last investor day in October 2019 where we spoke about interest in the 4WD thematic and product categories where we currently don't play in the traditional automotive aftermarket.

The acquisition tempo hasn't slowed, and as Graeme already mentioned we announced an exciting new acquisition opportunity of Vision X lighting. I am so delighted to talk about our newest acquisition. Frankly, it even trumps the record profits I just spoke of.

The acquisition of Vision X is an important pillar in one of GUD's longer term portfolio aspirations of becoming a global leader in niche automotive lighting and will sit within the Brown and Watson International (BWI) business.

Vision X manufactures and distributes a range of lighting products that is highly complementary to BWI's existing products and will extend BWI's reach to all continents, including the two largest lighting markets of the USA and Europe.

We entered into an agreement to acquire the Vision X Group of lighting businesses for an Enterprise Value of US$52.8m[1], representing circa 6x CY20 EBITA

GUD expects the acquisition to be high single digit proforma FY22F EPSA accretive, pre synergies.

The acquisition is to be debt funded[2] leaving a solid balance sheet with a forecast pro forma FY21 leverage (ND/EBITDA) of circa 1.7 times and is forecast to deliver double digit EBITA growth in CY21. We are really energised by what the Vision X acquisition brings, such as:

Important diversification by product, customer and geography – Vision X's products are powertrain-agnostic and EV ready, Furthermore, circa 80% of Vision X's customers are new to BWI/GUD and are spread across all continents.

The addition of offshore lighting manufacturing capability – the Korean and Chinese facilities bring state-of-the-art equipment and product development capabilities. This manufacturing capability adds diversity and supplier surety, complements existing supply partners as well as providing support for BWI's geographic expansion.

Compelling financial impact with longer-term potential synergies – attractive impact on short term financials but also longer-term opportunities exist to expand Vision X's Australian revenue by leveraging BWI's marketing and distribution capabilities. In addition, Vision X provides BWI with a platform to sell BWI lighting products to Vision X's customer base in the US and Europe. Longer term upside exists from manufacturing some of BWI's lighting products with the potential to also improve margins.

Will introduce Vision X more comprehensively at our investor day where I am sure investors will see why we are so energised.

<u>ESG</u>

GUD continued its journey on ESG matters in 2021 including the release of our first Modern Slavery Statement. Our ESG efforts will continue in earnest over the next 12-24 months as we embrace the

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[1] Completion payment is subject to customary cash and working capital adjustments and an earn-out mechanism outlined in footnote 3

[2] Circa $Xm in debt from existing lenders (predominantly in the USA and Korea), with the balance funded by way of a 1-year promissory note

externally facilitated materiality assessment currently in progress. From the work-to-date, the materiality assessment is validating the importance of Climate Strategy, Ethical Sourcing and Workplace Health and Safety to our business and to our stakeholders. This assessment will be instructive as we shape and finalise our next stage of ESG strategy, which importantly will naturally work in concert with our Portfolio Vision plans.

Review Summary

In summary, 2021 was an exceptionally strong year in both financial and non-financial measures. This was delivered in a context of considerable operational change management due to the COVID-19 backdrop. Our shareholders should have confidence in our ability to maintain an operational tempo whilst still delivering the right balance of short, mid and long-term deliverables.

Trading Update

In mid-October, we took the opportunity to release a trading update for the first quarter of FY22.

Throughout the first quarter of FY22, we have seen demand remain resilient despite widespread and protracted lockdowns. COVID lockdowns in the first quarter have been localised and regionalised, rather than universal.

Importantly, our existing Automotive businesses have achieved modest organic revenue growth in the first quarter, even compared to a strong FY21 first quarter.

The acquisitions we made in FY21 are performing in line with expectations despite ongoing capacity (supply) constraints.

Davey Water Products' revenue is up strongly over FY21's first quarter and the new CEO's action plan is well advanced.

Pleasingly, export demand is strong across Davey, DBA and ACS.

Further, FY22's first quarter performance reflects our planned and implemented price rises, FX constraints and cost management. The freight and supplier cost increases experienced to date are broadly consistent with our internal forecasts.

GUD's group revenue and EBIT is tracking in line with management expectations with margins (including Automotive organic margins) trending better in the first quarter vs second half of FY21.

Finally, I want to say thank you for the hard work and dedication shown by our 1100 employees, which hasn't faltered even in the most challenging of times, but has strengthened with flexibility, resilience and commitment.

Thank you also to the leadership team for displaying great resilience. You've been leading your teams in a way that has been recognised so positively in the employee surveys and ongoing anecdotal employee feedback. I know we have an engaged workforce due to you striking the right balance of people and business outcomes.

Thank you and I'll now hand back to our Chairman.

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