4X4 ACCESSORIES

ARB CORPORATION LTD

Tel: +61 3 9761 6622
Fax: +61 3 9721 9093
arb.com.au

Postal Address:
PO Box 105, Kilsyth,
Victoria 3137 Australia

Street Address:
42-44 Garden Street, Kilsyth,
Victoria 3137 Australia

ASX ANNOUNCEMENT

22 August 2023

APPENDIX 4E, ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

ARB Corporation Limited herewith lodges the Appendix 4E, Annual Report and Financial Statements for the financial year ended 30 June 2023.

Webcast

Please join ARB's Chief Executive Officer, Mr Lachlan McCann, and Chief Financial Officer, Mr Damon Page, for a presentation of the Company's FY2023 results by webcast via the following link at 10:00 am (AEST) today:

https://kapara.rdbk.com.au/landers/1cc978.html

Participants can preregister their details via the link above or can simply follow the link and enter their details prior to the commencement of the webcast.

A recording of the webcast will also be made available on ARB's website following the presentation.

This announcement has been authorised by the Board.

Yours sincerely,

Damon Page
Company Secretary

APPENDIX 4E

FOR THE YEAR ENDED 30 JUNE 2023

1. The reporting period is the year ended 30 June 2023.
The previous corresponding period is the year ended 30 June 2022.

2. Results for announcement to the market

	Year ended	Jun 2023 $'000	Jun 2022 $'000	% Change
	Sales revenue	671,240	694,525	(3.4%)
2.1	Revenues from ordinary activities	688,710	697,276	(1.2%)
	Profit from ordinary activities before tax attributable to members	122,076	165,678	(26.3%)
2.2	Profit from ordinary activities after tax attributable to members	88,455	122,006	(27.5%)
2.3	Net profit for the period attributable to members	88,455	122,006	(27.5%)

2.4	Dividends in respect of current financial year	Jun 2023	Record date	Payment date	Jun 2022	% Change
	Interim dividend per share (fully franked @ 30% tax rate)	32.0 cents	6 Apr 2023	21 Apr 2023	39.0 cents	(17.9%)
	Final dividend per share (fully franked @ 30% tax rate)	30.0 cents	6 Oct 2023	20 Oct 2023	32.0 cents	(6.3%)
		62.0 cents			71.0 cents	(12.7%)

2.5 The record date for determining entitlements to dividends is shown in section 2.4 above and section 7 below.

2.6 Refer to the Chairman's Statement in the attached Annual Report for a review of the Group's operations.

3. Refer to the attached Annual Report for the Consolidated Statement of Comprehensive Income together with notes to the statement.

4. Refer to the attached Annual Report for the Consolidated Statement of Financial Position together with notes to the statement.

5. Refer to the attached Annual Report for the Consolidated Statement of Cash Flows together with notes to the statement.

6. Refer to the attached Annual Report for the Consolidated Statement of Changes in Equity.

7.	Dividends paid during current financial year	Amount per Security	Franked Amount per Security	Total $'000	Record date	Payment date
	Final dividend - year ended 30 June 2022	32.0 cents	32.0 cents	25,923	7 Oct 2022	21 Oct 2022
	Interim dividend - year ended 30 June 2023	32.0 cents	32.0 cents	25,964	6 Apr 2023	21 Apr 2023

8. The Dividend Reinvestment Plan and Bonus Share Plan will operate for the final dividend.
The last date for the receipt of an election notice for participation in the plans is 11 October 2023.

9.	Net tangible assets per security	Jun 2023	Jun 2022	% Change
	Net tangible assets per security	$6.77	$6.02	12.5%

10. There were no changes to controlled entities during the year ended 30 June 2023.

11. Details of associates or joint venture entities are not applicable.

APPENDIX 4E (continued)

FOR THE YEAR ENDED 30 JUNE 2023

12. Significant information to make an informed assessment of the Group's financial performance and financial position is disclosed in this Appendix 4E and the attached Annual Report.

13. Accounting standards used by foreign entities are not applicable.

14. Refer to the attached Chairman's Statement and Annual Report for commentary on the results for the period.

15. The financial report has been independently audited by Pitcher Partners.

16. The independent audit has been completed.

17. The financial report has been independently audited and is not subject to a modified opinion or emphasis of matter paragraph.

ANNUAL REPORT 2023

ARB Corporation Limited
ABN: 31 006 708 756

ARB 4X4 ACCESSORIES


TACOMA


ARB


TRAILHUNTER


ARB

DRIVES EXCELLENCE
WITH PASSION

A REVIEW OF

EARTH CAMPER

The Earth Camper pioneers ARB's bold entry into the recreational vehicle (RV) industry. Culminating almost 50 years of knowledge and experience in the 4×4 space, we have integrated our skillset across each of our product categories to showcase the very best ARB has to offer, delivering one extremely capable, compact and feature packed off road camper trailer.

With ARB's pursuit of the highest tier in both quality and functionality, you can depend on the Earth Camper to perform at the highest level – no matter where you take it.

TRAILHUNTER

The newly revealed Trailhunter trim level for the 2024 Tacoma arms overland enthusiasts with over 45 years of overlanding know-how via factory installed ARB off-road accessories. Protection, suspension and recovery upgrades from ARB are already hugely popular after-market products for previous Tacoma Generations, thus the partnership between Toyota and ARB has been highly anticipated.

Bringing adventurers the equipment they need to explore confidently lies at the heart of ARB. Collaborations with manufacturers such as Toyota not only push off-road innovation further, they make overlanding more accessible to the masses.

IQ LIGHTS

The ARB Intensity IQ has been developed from the ground up, with performance front of mind, whilst delivering a design that complements modern vehicle styling and bar work. With a subtle introduction of ARB red within the light, the free-form clear front lens, bezel-less design and CNC machined ARB logo provide a modern, classy and premium new look. Packed with unique features, the Intensity IQ sets a new level of driving light design and usability.

ARB-U

To enhance support for new employees entering the company and facilitate better communication and engagement among long-term employees, the business has introduced ARB-U.

ARB-U serves as our learning management system, encompassing the storage, distribution and reporting of various courses such as product knowledge, fitting techniques, safety systems, leadership skills and more. Additionally, ARB-U hosts a growing collection of live streams and documents highlighting product features and benefits leading to better education and efficiencies for our workforce.

Teams from all over the world, including the US, UK, Thailand, Czech Republic, New Zealand and Australia, have enrolled in ARB-U.

TABLE OF CONTENTS

CORPORATE INFORMATION

COMPANY ABN
31 006 708 756

DIRECTORS
Robert D Fraser B.Ec., LLB (Hons)
Andrew H Brown
Roger G Brown B.E., M.B.A.
Shona M Faber B.Bus.
Adrian R Fitzpatrick B.Com., FCA
Karen L Phin BA., LLB (Hons), GAICD
Andrew P Stott

COMPANY SECRETARY
Damon Page B.Bus., CA

PRINCIPAL REGISTERED OFFICE
42-44 Garden Street
Kilsyth Victoria 3137 Australia
Tel: +61 3 9761 6622
Fax: +61 3 9761 6807

AUDITORS
Pitcher Partners
Level 13
664 Collins Street
Docklands Victoria 3008

LOCATION OF REGISTER OF SECURITIES
Computershare Investor Services Pty Limited
Yarra Falls, 452 Johnston Street
Abbotsford Victoria 3067
Tel: 1300 850 505 (within Australia)
Tel: +61 3 9415 4000 (from overseas)
Fax: +61 3 9473 2500

STOCK EXCHANGE
Australian Securities Exchange
Level 4, North Tower
Rialto, 525 Collins Street
Melbourne Victoria 3000

CHAIRMAN'S STATEMENT

RESULTS

The Directors of ARB Corporation Limited ("**ARB**" or the "**Company**") report that the Company achieved a net profit after tax of $88.5 million for the financial year ended 30 June 2023 ("**FY2023**"), down 27.5% on the reported net profit after tax of $122.0 million in the previous year.

Profit before tax of $122.1 million for FY2023 represents a decrease of 26.3% compared with the previous year.

Sales for the year were $671.2 million, a decrease of $23.3 million or 3.4% over the previous year sales of $694.5 million. The decline in sales is the result of ongoing fitting personnel shortages and supply chain challenges.

The full year results are summarised below:

Year ended	30 Jun 23 $'000	30 Jun 22 $'000	Change
Sales revenue	**671,240**	**694,525**	**(3.4%)**
Other revenue (1)	17,470	2,751	
Total revenue	**688,710**	**697,276**	**(1.2%)**
Profit before income tax expense	**122,076**	**165,678**	**(26.3%)**
Income tax expense	(33,621)	(43,672)	
Profit after Tax	**88,455**	**122,006**	**(27.5%)**
EPS - cents	**107.9**	**149.4**	**(27.8%)**
DPS - cents			
Interim	32.0	39.0	
Final	30.0	32.0	
Total	**62.0**	**71.0**	**(12.7%)**
Franking (at 30% tax rate)	100%	100%	

(1) Other revenue includes a non-cash gain of $13.7 million from the write back to profit of contingent consideration for the acquisition of the Truckman business in March 2021 that is unlikely to be paid. This gain is essentially offset by a $13.4 million non-cash impairment expense of the acquired Truckman goodwill.

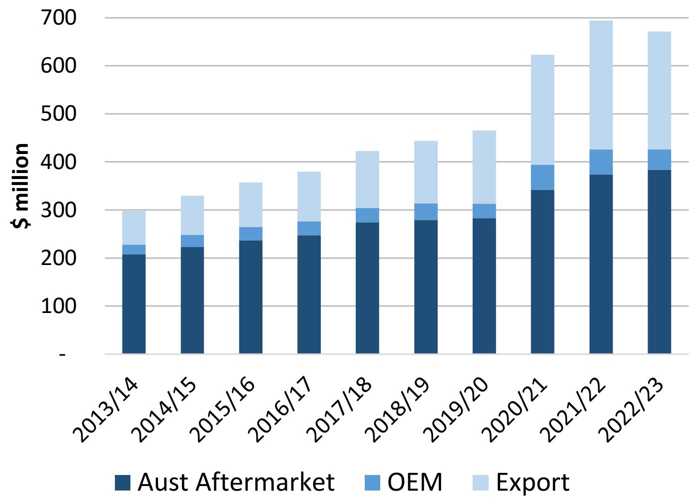
The Company has declared a final fully franked dividend of 30.0 cents per share. This brings total dividends for the year to 62.0 cents per share fully franked, a decrease of 12.7% compared with last year. The final dividend will be paid on 20 October 2023 and the Record Date will be 6 October 2023. The ARB Dividend Reinvestment Plan and Bonus Share Plan (the "**Plans**") will be in operation for the final dividend to assist with the funding of ARB's ongoing expansion programme.

Information about the Plans, which will apply to the final dividend, can be found on the Company's website at https://www.arb.com.au/about/investor-relations/. Investors wishing to make or change an election to participate in either of the Plans can do so online via the Computershare Investor Centre website at www.computershare.com.au/easyupdate/arb or by phoning Computershare on 1300 850 505.

CHAIRMAN'S STATEMENT (continued)

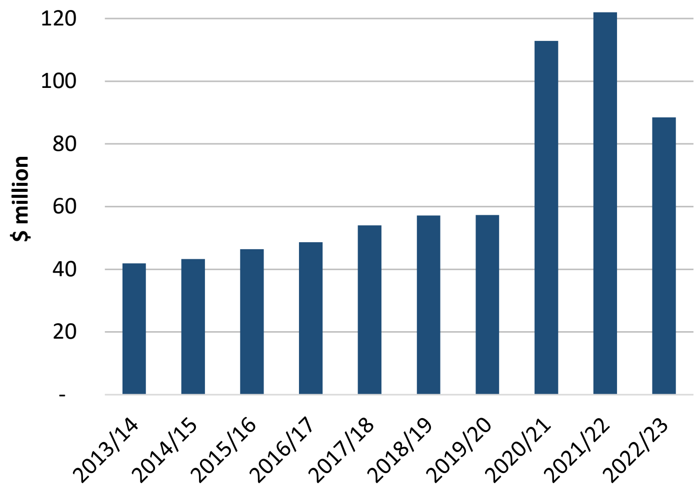
10 YEAR HISTORICAL PERFORMANCE

The sales, profits and dividends per share performance of the Company over the past 10 years are illustrated in the graphs below:



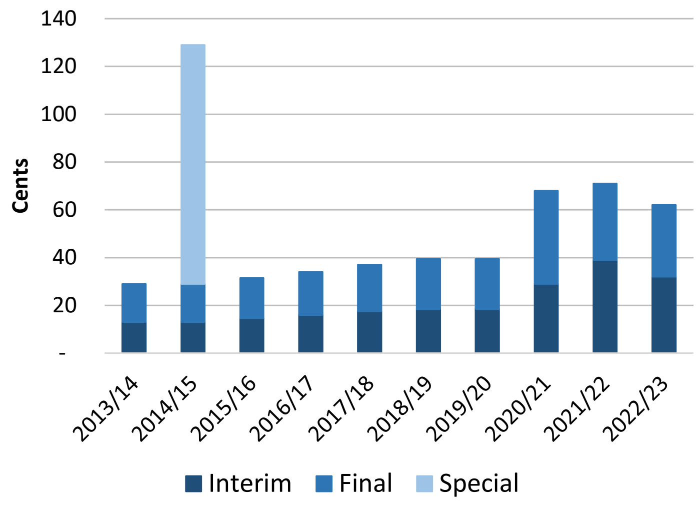
SALES REVENUE

Annual sales revenue has grown at an average compound rate of 8.7% over the past 10 years.



NET PROFIT AFTER TAX

Net profit after tax has grown at an average compound rate of 7.6% over the past 10 years.



DIVIDENDS PER SHARE

Dividends per share have grown steadily over the past 10 years with a special dividend of $1.00 per share paid in FY2015.

All dividends have been fully franked.

CHAIRMAN'S STATEMENT (continued)

HIGHLIGHTS OF THE 2022/23 YEAR

Sales and Distribution

The Company's sales revenue declined by 3.4% in FY2023 compared with the previous year. This is an improvement on the 10.0% sales decline reported for the first quarter of the financial year and the 5.1% sales decline reported for the first half.

The Australian Aftermarket category achieved sales growth, whilst Exports and sales to Original Equipment Manufacturers ("**OEM**") both declined:

Customer Category	Percentage of Sales		Sales Growth
	12 months to Jun 2023	12 months to Jun 2022	
Australian Aftermarket	57.2%	53.8%	2.6%
Exports	36.5%	38.7%	(8.7%)
Original Equipment	6.3%	7.5%	(18.5%)
Total	100.0%	100.0%	(3.4%)

ARB's distribution into the Australian Aftermarket is a key competitive strength, incorporating sales through its Company owned and licensed ARB branded store network and sales to ARB stockists, to new vehicle dealers and to fleet operators. ARB also distributes to niche Australian Aftermarket segments through its GoActive Outdoors (THULE products), Kingsley Enterprises and SmartBar divisions.

Whilst the headline Australian Aftermarket sales increased marginally by 2.6%, sales into the Australian Aftermarket excluding the THULE branded products increased by 5.2% this financial year, reflecting the decline in THULE sales to the cycling industry from their COVID inflated peak in FY2022.

Total new vehicle sales in Australia increased by 10.3% over FY2022 with sales of many of ARB's key individual target vehicles also increasing. Total new vehicle sales in June 2023 were up 25% compared with the previous corresponding period last year, the highest June result since 2018, providing confidence in the outlook for FY2024.

Branded ARB stores are an integral part of the Company's distribution network throughout Australia. The total number of ARB stores remained at 74, of which 30 are Company owned, due to construction delays at some new sites. The Company expects new store growth to accelerate in FY2024, with the opening of an additional three ARB stores, as well as a further five stores upgrading to the ARB flagship store format and a number of stores moving to larger premises.

The *Ford Licensed Accessories program* ("**FLA**") continues to grow, extending to the new model Ranger and Everest vehicles. The FLA is supported by both Ford and ARB's distribution networks in Australia, where sales volumes have exceeded expectations, and more recently in New Zealand & Europe.

Export sales declined 8.7% for the year with export markets impacted by challenging market dynamics. In particular, the USA experienced reduced sales attributable to continued changes to traditional sales channels. Despite these short-term headwinds, ARB is successfully implementing a number of new initiatives that the Board is confident will deliver long-term brand and sales growth in the USA. These initiatives include the establishment of ARB's first Flagship store in Seattle, Washington, the imminent launch of a direct-to-consumer eCommerce site, a new partnership with Toyota USA and other potential new partnerships. The Toyota USA partnership is an exciting development, featuring ARB branded content ex-factory on the new halo platform Trailhunter.

Accessory sales to OEMs declined 18.5% in FY2023 due to the timing of OEM contracts and new vehicle launches. This decline was previously flagged to shareholders. Although OEM sales declined by 36.9% in the first half compared with the previous corresponding period, OEM sales in the second half grew by 19.7% over the first half, representing a 7.6% increase above the second half of last financial year. New contracts with OEMs are already in place which will underpin solid growth in both FY2024 and FY2025.

Products and Engineering

Product development is a key element to maintaining ARB's long-term competitive advantage. The Company continues to focus on the engineering and development of new products and applications and many new products were released to market in FY2023. ARB's engineering resources are continuing to work on several long-term product development projects, some of which are planned to be released in FY2024.

CHAIRMAN'S STATEMENT (continued)

The recent launch of ARB's Earth Camper pioneers the Company's bold entry into the recreational vehicle industry, delivering an extremely capable, compact and feature packed off road camper. The product typifies ARB's approach to engineering excellence, breaking the mould when it comes to camper designs and re-imagining parts and components used to present a unique take on the popular touring product.

ARB's strategic partnership with Ford Australia via the FLA has provided ARB with early access to vehicle designs, ensuring ARB was first to market with a complete range of over 160 new ARB accessories for the releases of the new Ford Ranger and Everest models.

The Company's website at www.arb.com.au provides further information on ARB's new product releases.

Financial

ARB achieved a net profit before tax of $122.1 million in FY2023, a decline of 26.3% compared with the previous year. The decrease in profit reflected the difficult trading environment stemming from the sales levels, inflationary pressures, the timing of sales price increases, exchange rates and overhead recoveries.

Sales price increases have now cycled through ARB's high customer order book and sales margins have returned to historical levels.

Cash flows generated from operations of $90.4 million compared favourably with the net profit after tax of $88.5 million. Whilst inventory volumes actually decreased over the year, the cost of inventory increased $9.6 million due to the weaker Australian dollar and the impact of inflation on both manufactured and purchased products. The cost of new product ranges recently introduced are also reflected in the closing inventory balance.

Cash flows from operations were broadly used in the purchase of property and equipment of $40.6 million and the payment of cash dividends of $45.3 million.

The Company's larger than normal property redevelopment programme is expected to conclude towards the end of 2024 with the scheduled completion of the new 3,600 sqm corporate head office in Melbourne, Australia and the 4,000 sqm ARB New Zealand site expansion in Hamilton which will consolidate the Beaut Utes and Proform businesses.

ARB's cash reserves of $44.9 million and no debt as at 30 June 2023 ensure the Company is well placed to continue investing in people, new products, property, distribution networks, equipment and businesses to facilitate growth.

THE FUTURE

The Company's outlook remains positive with ongoing healthy demand for ARB's products, improving new vehicle supply around the world, stronger gross profits and new products recently and soon to be released to market.

The Board anticipates sales and profits to grow in the 2024 financial year. Pleasingly, the Company's gross profit percentage has recovered to historical levels with recent price increases now fully in effect and product costs moderating after a period of strong global inflation.

The Board is pursuing a number of exciting long-term opportunities focussing on export markets, new partners, the release of new products, further expansion of ARB's store network and improved distribution in Australia and internationally.

ARB is well positioned to achieve long-term success with strong brands around the world, loyal customers, capable senior management and staff, a strong balance sheet and growth strategies in place.

A first quarter trading update will be provided to shareholders at the Company's Annual General Meeting on 19 October 2023.

Robert Fraser
Chairman
22 August 2023

DIRECTORS' REPORT

The Directors present their report together with the financial report of the consolidated entity of ARB Corporation Limited, being the Company and its controlled entities ("the Group"), for the financial year ended 30 June 2023 and the auditor's report thereon. This financial report has been prepared in accordance with Australian Accounting Standards.

Principal Activities

The principal activities of the Group during the course of the financial year remained unchanged and were the design, manufacture, distribution and sale of motor vehicle accessories and light metal engineering works.

Results

The consolidated profit attributable to members of the parent entity after income tax expense for the financial year was $88,455,000 (2022: $122,006,000).

Review of Operations

A review of the Group's operations is included in the Chairman's Statement on pages 3 to 6.

Significant Changes in the State of Affairs

The Company appointed Lachlan A M McCann as Chief Executive Officer on 5 July 2022.

There have been no other significant changes in the Group's state of affairs during the financial year.

Subsequent Events

With the exception of the declaration of a final dividend detailed in Note 6, no other matters or circumstances have arisen since the end of the financial year that have significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

Likely Developments

The Group will continue to pursue its operating and financial strategies to create shareholder value. Further information is included in the Chairman's Statement.

Environmental Regulation

The Group's operations are not significantly impacted by any environmental regulations or laws.

Dividends Paid, Recommended and Declared

Dividends paid or proposed by the Company since the end of the previous financial year were:

In respect of the financial year:	2023 $'000	2022 $'000
- An interim fully franked ordinary dividend of 32.0 cents per share was paid on 21 April 2023 (2022: 39.0 cents per share fully franked paid on 22 April 2022)	25,964	31,466
- The final dividend proposed by the Directors of the Company to be paid on 20 October 2023 is a fully franked dividend of 30.0 cents per share (2022: 32.0 cents per share fully franked paid on 21 October 2022)	24,630	26,194
Total dividends in respect of the financial year	**50,594**	**57,660**

The final dividend was declared subsequent to the financial year end and is not recognised as a liability at 30 June 2023.

All dividends were fully franked at the corporate tax rate of 30%.

Rounding of Amounts

In accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, the amounts in the Directors' Report and in the financial statements have been rounded to the nearest $1,000, or in certain cases, to the nearest $1 (where indicated).

Comparatives

Where necessary, comparative information has been reclassified for consistency with current year disclosures.

DIRECTORS' REPORT (continued)

Information on Directors and Company Secretary

The qualifications, experience and special responsibilities of each person who has been a Director of ARB Corporation Limited at any time during or since the end of the financial year are provided below, together with details of the Company Secretary.

The Directors listed below each held office as a Director of the Company at all times during or since the end of the financial year, except for Ms. Shona Faber who was appointed on 24 August 2022.

NAME & QUALIFICATIONS	EXPERIENCE AND SPECIAL RESPONSIBILITIES
Mr. Robert D Fraser B.Ec., LLB (Hons) Chairman Independent Non-executive Director	Company Director and corporate adviser. Director of Taylor Collison Limited and Non-executive Director of F.F.I. Holdings Limited and MFF Capital Investments Limited. Previously a Non-executive Director of Magellan Financial Group Limited. Non-executive Chairman of ARB Corporation Limited since 2022. Non-executive Director of ARB Corporation Limited since 2004. Member of the Audit & Risk and the Remuneration & Nomination Committees.
Mr. Andrew H Brown Managing Director	Wide range of experience in automotive engineering and marketing. Managing Director of ARB Corporation Limited since 2012. Executive Director of ARB Corporation Limited from 1987 to 2012.
Mr. Roger G Brown B.E., M.B.A. Non-executive Director	Wide range of experience within the automotive industry in Australia and overseas. Non-executive Director of AMCIL Limited. Non-executive Chairman of ARB Corporation Limited from 2016 to 2022. Executive Chairman of ARB Corporation Limited from 1987 to 2016. Managing Director of ARB Corporation Limited from 1987 to 2012. Chairman of the Remuneration & Nomination Committee.
Ms. Shona M Faber B.Bus., AdvDip Independent Non-executive Director	Key executive roles leading commercial operations including manufacturing and sales. Non-executive Director of ARB Corporation Limited since 2022. Member of the Audit & Risk and the Remuneration & Nomination Committees.
Mr. Adrian R Fitzpatrick B.Com., FCA Independent Non-executive Director	Former partner of Pitcher Partners (retired 30 June 2016). Non-executive Chairman of AussieBroadband Limited since 2020. Non-executive Director of ARB Corporation Limited since 2016. Member of the Audit & Risk and the Remuneration & Nomination Committees.
Ms. Karen L Phin BA., LLB (Hons), GAICD Independent Non-executive Director	Corporate advisor on capital markets, capital management and funding strategies. Non-executive Director of Omni Bridgeway Ltd (formerly IMF Bentham Ltd). Member of the Takeovers Panel. Previously a Non-executive Director of Magellan Financial Group Limited. Non-executive Director of ARB Corporation Limited since 2019. Chairman of the Audit & Risk Committee. Member of the Remuneration & Nomination Committee.
Mr. Andrew P Stott Independent Non-executive Director	Wide 4WD industry experience. Non-executive Director of ARB Corporation Limited since 2006. Member of the Remuneration & Nomination Committee. Member of the Audit & Risk Committee through to 1 October 2022.
Mr. Damon Page B.Bus., CA Company Secretary	Company Secretary of ARB Corporation Limited since 2019. Chief Financial Officer of ARB Corporation Limited since 2014.

Share Options

No options over unissued shares or interests in the Group were granted during or since the end of the financial year and there were no options outstanding at the end of the financial year.

DIRECTORS' REPORT (continued)

Indemnification and Insurance of Directors, Officers and Auditors

The Company has, during the financial year, in respect of any person who is or has been an officer of the Company or a related body corporate, paid a premium in respect of Directors' and Officers' Liability insurance which indemnifies the Directors and Officers of the Company for any claims made against the Directors and Officers of the Company, subject to conditions contained in the insurance policy. Further disclosures required under Section 300(1)(g) of the *Corporations Act 2001* are prohibited under the terms of the contract.

No indemnities have been given or insurance premiums paid during or since the end of the financial year, for the auditors of the Group.

Directors' Meetings

The number of Board of Directors and Board Committee meetings held during the financial year, and each director's attendance at these meetings were:

	Board	Remuneration & Nomination Committee	Audit & Risk Committee
	Meetings attended / Meetings held whilst a member		
Mr. Robert D Fraser (Chairman)	13 / 13	3 / 3	6 / 6
Mr. Andrew H Brown (Managing Director)	13 / 13	*	*
Mr. Roger G Brown	13 / 13	1 / 1	*
Ms. Shona M Faber	10 / 10	1 / 1	4 / 4
Mr. Adrian R Fitzpatrick	13 / 13	3 / 3	6 / 6
Ms. Karen L Phin	13 / 13	3 / 3	6 / 6
Mr. Andrew P Stott	13 / 13	3 / 3	2 / 2

* Not a member of the Committee

In addition to scheduled meetings, the Board has informal discussions on a regular basis to consider relevant issues arising. It also has informal meetings, discusses strategic, operational and risk matters with senior management and undertakes site visits.

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under section 307C of the Corporations Act 2001 in relation to the audit for the financial year is included at page 48 of this report.

Non-Audit Services

Non-audit services are approved by resolution of the Audit & Risk Committee. Non-audit services provided during the year by the auditors of the Group, Pitcher Partners, are detailed below and in Note 26. The Directors are satisfied that the provision of the non-audit services during the year by the auditors is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001* .

	2023 $	2022 $
Amounts paid or payable to auditors for non-audit services provided during the year by the auditors to any entity that is part of the Group for:		
Taxation services	**139,980**	**12,000**

Proceedings on Behalf of the Group

No person has applied for leave of court to bring proceedings on behalf of the Group.

DIRECTORS' REPORT (continued)

Remuneration Report - Audited

The Directors present the Group's 2023 Remuneration Report which details the remuneration information for ARB Corporation Limited's key management personnel including Executive Directors, Non-executive Directors and the Chief Executive Officer ("CEO").

The Remuneration Report forms part of the Directors' Report and has been prepared and audited in accordance with the requirements of the *Corporations Act 2001* .

Key Management Personnel

'Key Management Personnel' ("KMP") are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including any Director (whether executive or otherwise) of that entity and the CEO. Being a working Board, strategic direction and decision-making is exercised by the Directors and the CEO. Accordingly, the Managing Director, the Non-executive Directors and the CEO are considered to be the Group's KMP during the financial year ended 30 June 2023.

The Company appointed Lachlan A M McCann as CEO on 5 July 2022. Mr McCann is included as a KMP in the Group's 2023 Remuneration Report from 5 July 2022.

Remuneration Policies

The Board's policy for determining the nature and amount of remuneration of KMP is agreed by the Board of Directors as a whole based on the recommendations of the Remuneration and Nomination Committee. The Board obtains professional advice where necessary to ensure that the Group attracts and retains talented and motivated KMP who can enhance the Group's performance through their contributions and leadership.

Key terms of KMP employment agreements

Directors

The Company provides a remuneration package to all KMP which may incorporate both cash-based and non cash-based remuneration.

The contracts for service between the Company and the Directors are on a continuing basis, the terms of which are not expected to change in the immediate future. The remuneration policy is based on providing a fair and competitive annual remuneration package to Directors based on market related data. Directors do not participate in any short-term or long-term incentive arrangements. The Board does not believe that incentives to the Board based on the Company's short term returns are appropriate to long term wealth creation for shareholders. The Board believes that the Managing Director and the Board as a whole are appropriately incentivised in the long term by their shareholdings in the Company.

The Company determines the total amount of remuneration for Directors by resolution.

The Group has reimbursed expenses incurred by the Non-executive Directors in the discharge of their duties of $nil (2022: $nil).

Chief Executive Officer

The contract for service between the Company and the CEO is on a continuing basis. Mr McCann received a fixed remuneration package inclusive of salary, superannuation and a motor vehicle. The CEO did not participate in any short-term or long-term incentive arrangements in the financial year ended 30 June 2023. The remuneration package will be reviewed each year.

The remuneration policy is based on providing a fair and competitive annual remuneration package based on market related data. Either party may terminate the agreement by giving six months' notice and ARB may elect to pay Mr McCann in lieu of him working through the notice period. Mr McCann's employment may be terminated immediately in certain circumstances such as serious or persistent misconduct or being convicted of a criminal offence.

Mr McCann is subject to post-employment restraints for a period of up to 12 months following the cessation of his employment, including restrictions from competing with ARB and soliciting ARB's employees, suppliers or customers.

DIRECTORS' REPORT (continued)

Details of the nature and amount of each major element of the remuneration of each KMP of the Company and the Group for the financial year are:

		Short Term		Long Term	Post Employment	
	Salary & Fees $	Non-cash Benefits $	Annual Leave $	Long Service Leave $	Super-annuation $	TOTAL $
2023						
Robert D Fraser (Chairman)	187,532	-	-	-	-	**187,532**
Andrew H Brown (Managing Director)	845,020	30,319	(321,207)	(295,815)	27,500	**285,817**
Lachlan A M McCann (CEO) (a)	808,312	26,453	16,735	20,646	25,015	**897,161**
Roger G Brown	91,875	-	-	-	9,647	**101,522**
Shona M Faber (appointed 24 August 2022)	67,482	-	-	-	-	**67,482**
Adrian R Fitzpatrick	70,340	-	-	-	7,386	**77,726**
Karen L Phin	98,465	-	-	-	10,339	**108,804**
Andrew P Stott	70,340	-	-	-	7,386	**77,726**
Total	**2,239,366**	**56,772**	**(304,472)**	**(275,169)**	**87,273**	**1,803,770**
2022						
Roger G Brown (Chairman)	150,000	-	-	-	15,000	**165,000**
Andrew H Brown (Managing Director)	422,504	28,701	71,962	61,071	27,500	**611,738**
Adrian R Fitzpatrick	63,098	-	-	-	6,310	**69,408**
John R Forsyth (resigned 14 October 2021)	43,750	-	-	-	4,375	**48,125**
Robert D Fraser	102,003	-	-	-	-	**102,003**
Karen L Phin	63,098	-	-	-	6,310	**69,408**
Andrew P Stott	63,098	-	-	-	6,310	**69,408**
Total	**907,551**	**28,701**	**71,962**	**61,071**	**65,805**	**1,135,090**

(a) The amounts disclosed for L.A.M. McCann are for the period from his appointment as CEO on 5 July 2022, when he became a KMP, to 30 June 2023.

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by Directors shown in the consolidated financial report) because of a contract made by the Company, its controlled entities or a related body corporate with a Director or with a firm of which a Director is a member, or with an entity in which the Director has a substantial interest.

The following table summarises the Group's performance and key performance indicators:

	2023	2022	2021	2020	2019
Revenue ($'000)	688,710	697,276	625,857	466,988	446,572
Increase/(decrease) in revenue (%)	(1.2%)	11.4%	34.0%	4.6%	5.0%
Profit before tax ($'000)	122,076	165,678	150,023	78,092	77,692
Increase/(decrease) in profit before tax (%)	(26.3%)	10.4%	92.1%	0.5%	4.5%
Profit after tax ($'000)	88,455	122,006	112,895	57,295	57,137
Increase/(decrease) in profit after tax (%)	(27.5%)	8.1%	97.0%	0.3%	12.1%
Basic earnings per share (cents)	107.9	149.4	140.0	71.8	71.9
Dividends per share fully franked (cents)	62.0	71.0	68.0	39.5	39.5
Earnings before interest and tax ($'000)	123,493	167,673	151,874	79,766	77,908
Gearing ratio (%)	n/a	n/a	n/a	n/a	n/a
End of year share price ($)	28.60	28.24	43.19	17.95	18.20
Total remuneration of KMP ($)	1,803,770	1,135,090	1,102,132	985,744	1,114,027

DIRECTORS' REPORT (continued)

Key Management Personnel Shareholdings

The ordinary shares of ARB Corporation Limited held by each KMP, either directly or indirectly, were:

2023		Beginning of Year	Acquired	Sold	End of Year
Robert D Fraser (Chairman)		29,707	657	-	**30,364**
Andrew H Brown (Managing Director)	(a)	4,933,736	209	-	**4,933,945**
Lachlan A M McCann (Chief Executive Officer)	(b)	15,774	1,280	-	**17,054**
Roger G Brown	(a)	4,920,830	-	-	**4,920,830**
Adrian R Fitzpatrick		3,500	-	-	**3,500**
Karen L Phin		4,700	-	-	**4,700**
Andrew P Stott		5,000	-	-	**5,000**

(a) Common to each of R.G. Brown and A.H. Brown are 4,879,272 (2022: 4,879,272) shares held indirectly.

(b) L.A.M. McCann was appointed CEO on 5 July 2022. There were no transactions of shares between the beginning of the financial year and his appointment on 5 July 2022.

***** End of the Remuneration Report *****

Corporate Governance Statement

The Company's Corporate Governance Statement is included at page 50 of this report and is also available on the Company website at http://www.arb.com.au/about/investor-relations/.

Signed in accordance with a resolution of the Directors.

Robert D Fraser
Director

Melbourne, 22 August, 2023

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2023

	Note	2023 $'000	2022 $'000
Sales revenue		671,240	694,525
Other income		3,797	2,751
Change in fair-value of contingent consideration	11	13,673	-
Total revenue and other income	3	**688,710**	**697,276**
Materials and consumables used		(314,570)	(305,129)
Employee expenses		(150,134)	(144,403)
Depreciation and amortisation expense	4	(25,884)	(24,992)
Advertising expense		(7,323)	(5,860)
Distribution expense		(16,685)	(17,013)
Finance expense		(1,684)	(2,069)
Occupancy expense		(15,373)	(14,432)
Maintenance expense		(6,057)	(6,392)
Impairment loss on goodwill	11	(13,407)	-
Other expenses		(15,517)	(11,308)
Profit before income tax expense		**122,076**	**165,678**
Income tax expense	5	(33,621)	(43,672)
Profit attributable to members of the parent entity		**88,455**	**122,006**
Basic and diluted earnings per share (cents)	25	**107.9**	**149.4**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2023

	Note	2023 $'000	2022 $'000
Profit attributable to members of the parent entity		**88,455**	**122,006**
Other comprehensive income			
Items that may be reclassified subsequently to Profit/(Loss)			
Movement in fair value of cash flow hedges	19	(332)	(14)
Exchange differences on translation of foreign operations	19	8,940	(2,227)
Other comprehensive income for the year		**8,608**	**(2,241)**
Total comprehensive income for the year attributable to members of the parent entity		**97,063**	**119,765**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2023

	Note	2023 $'000	2022 $'000
Current assets			
Cash and cash equivalents	23	44,945	52,707
Receivables	7	80,027	76,713
Current tax receivable	5	3,064	-
Derivative financial instruments	14	48	42
Inventories	8	233,192	223,616
Other assets	9	4,556	5,980
Total current assets		**365,832**	**359,058**
Non-current assets			
Property, plant and equipment	10	268,844	241,122
Deferred tax assets	5	8,774	9,096
Intangible assets	11	51,242	62,735
Right-of-use assets	12	30,101	32,197
Total non-current assets		**358,961**	**345,150**
Total assets		**724,793**	**704,208**
Current liabilities			
Payables	13	57,625	63,061
Derivative financial instruments	14	166	6
Current tax liabilities	5	28	9,179
Lease liabilities	16	6,619	6,326
Provisions	17	21,750	20,862
Total current liabilities		**86,188**	**99,434**
Non-current liabilities			
Lease liabilities	16	29,225	31,708
Deferred tax liabilities	5	1,136	1,104
Provisions	17	1,118	16,615
Total non-current liabilities		**31,479**	**49,427**
Total liabilities		**117,667**	**148,861**
NET ASSETS		**607,126**	**555,347**
EQUITY			
Contributed equity	18	190,163	183,560
Reserves	19	15,889	7,281
Retained earnings	20	401,074	364,506
TOTAL EQUITY		**607,126**	**555,347**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2023

	Contributed equity $'000	Reserves $'000	Retained earnings $'000	Total equity $'000
Balance as at 1 July 2021	**170,789**	**9,522**	**305,466**	**485,777**
Profit for the year	-	-	122,006	**122,006**
Movement in fair value of cash flow hedges, net of tax	-	(14)	-	**(14)**
Exchange differences on translation of foreign operations, net of tax	-	(2,227)	-	**(2,227)**
Total comprehensive income for the year	**-**	**(2,241)**	**122,006**	**119,765**
Transactions with owners in their capacity as owners:				
Dividend reinvestment and bonus share plans	12,650	-	-	**12,650**
Share issue	121	-	-	**121**
Dividends paid	-	-	(62,966)	**(62,966)**
Total transactions with owners in their capacity as owners	**12,771**	**-**	**(62,966)**	**(50,195)**
Balance as at 30 June 2022	**183,560**	**7,281**	**364,506**	**555,347**
Balance as at 1 July 2022	**183,560**	**7,281**	**364,506**	**555,347**
Profit for the year	-	-	88,455	**88,455**
Movement in fair value of cash flow hedges, net of tax	-	(332)	-	**(332)**
Exchange differences on translation of foreign operations, net of tax	-	8,940	-	**8,940**
Total comprehensive income for the year	**-**	**8,608**	**88,455**	**97,063**
Transactions with owners in their capacity as owners:				
Dividend reinvestment and bonus share plans	6,603	-	-	**6,603**
Dividends paid	-	-	(51,887)	**(51,887)**
Total transactions with owners in their capacity as owners	**6,603**	**-**	**(51,887)**	**(45,284)**
Balance as at 30 June 2023	**190,163**	**15,889**	**401,074**	**607,126**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2023

	Note	2023 $'000	2022 $'000
Cash Flows From Operating Activities			
Receipts from customers		733,435	747,783
Payments to suppliers and employees		(596,351)	(614,016)
Interest received		267	74
Finance costs		(1,451)	(1,654)
Income tax paid		(45,496)	(47,575)
Net cash provided by Operating Activities	23	**90,404**	**84,612**
Cash Flows From Investing Activities			
Payments for property, plant and equipment	10	(40,585)	(58,097)
Payments for development costs	11	(4,749)	(3,919)
Payments for intangible software assets	11	(539)	(326)
Proceeds from sales of property, plant & equipment		891	2,487
Payments for business acquisition (net of cash acquired)	22	-	(769)
Net cash used in Investing Activities		**(44,982)**	**(60,624)**
Cash Flows From Financing Activities			
Dividends paid		(45,284)	(50,302)
Payments for lease liabilities		(6,988)	(6,384)
Net cash used in Financing Activities		**(52,272)**	**(56,686)**
Foreign exchange differences		**(912)**	634
Net decrease in cash held		**(7,762)**	**(32,064)**
Cash at the beginning of the financial year		**52,707**	84,771
Cash at the end of the financial year	23	**44,945**	**52,707**

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

NOTES TO THE FINANCIAL STATEMENTS **PAGE**

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies adopted by the consolidated entity ("the Group") in the preparation and presentation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(a) Basis of preparation of the financial report

This financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Interpretations and other applicable authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001* . The Group is a for-profit entity for the purpose of preparing the financial statements.

The financial report covers ARB Corporation Limited and its controlled entities as a consolidated entity. ARB Corporation Limited is a company limited by shares, incorporated and domiciled in Australia.

The financial report was authorised for issue by the Directors as at the date of the Directors' report.

Compliance with IFRS
The consolidated financial statements of ARB Corporation Limited also comply with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Historical cost convention
The financial report has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets as described in the accounting policies.

(b) Going concern

The financial report has been prepared on a going concern basis.

(c) Principles of consolidation

The consolidated financial statements are those of the Group, comprising the financial statements of the parent entity and of all entities which the parent entity controls. The Group controls an entity when it is exposed, 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 prepared for the same reporting period as the parent entity, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies.

All inter-company balances and transactions, including any unrealised profits or losses have been eliminated on consolidation. Subsidiaries are fully consolidated from the date on which control is established.

(d) Revenue recognition

Revenue is recognised as, or when, goods or services are transferred to the customer, and is measured at an amount that reflects the consideration to which the Group expects to be entitled in exchange for the goods or services. The Group provides a general warranty for all goods sold. The Group does not provide customers with the option to purchase an additional or extended warranty. Warranty obligations are recognised as a provision, and are measured at the Group's estimate of the expenditure required to fulfil its warranty obligations at the reporting date.

Interest revenue is recognised when it becomes receivable on a proportional basis taking into account the interest rates applicable to the financial assets.

(e) Cash and cash equivalents

Cash and cash equivalents include cash on hand and at banks, short-term deposits with an original maturity of six months or less held at call with financial institutions, and bank overdrafts.

(f) Inventories

Inventories are measured at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- Raw materials and consumables: purchase standard cost on a first-in-first-out basis;
- Finished goods and work in progress: cost of direct material and labour and a proportion of manufacturing overheads based on normal operating capacity.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Property, plant and equipment

Cost and valuation
Freehold land and buildings are shown at cost less accumulated depreciation for buildings and accumulated impairment losses.

All other classes of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Depreciation
Land is not depreciated. The depreciable amounts of all other plant and equipment are depreciated over their estimated useful lives commencing from the time the asset is held ready for use.

The useful lives for each class of assets are:	2023	2022
- Buildings:	40 years	40 years
- Plant and equipment:	3 to 20 years	3 to 20 years

(h) Leases

The Group accounts for leases on balance sheet and, as a lessee, recognises right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments for all leases with a term greater than 12 months.

Right-of-use assets are initially measured at their cost comprising the amount of the initial measurement of the lease liability, lease payments made prior to commencing the lease and other direct costs incurred including an estimate of required make good costs at the end of the lease term less any lease incentives received. Right-of-use assets are subsequently measured at cost less any accumulated depreciation and impairment losses and adjusted for certain remeasurements of the lease liability. Lease costs are depreciated over the shorter of the lease term or the estimated useful life of the asset.

Lease liabilities are initially measured at the present value of the lease payments over the lease term using the Group's incremental borrowing rate. Lease liabilities are subsequently measured at the present value of the remaining lease payments adjusted to reflect changes to lease terms or payments. Variable lease payments not included in the measurement of lease liabilities are recognised as an expense when incurred.

The Group has also elected (i) to not recognise right-of-use assets and lease liabilities for low value assets, rather, lease payments associated with these assets are recognised as an expense on a straight-line basis over the lease term, (ii) to apply a single discount rate to a portfolio of leases with reasonably similar characteristics, and (iii) to use hindsight to determine the lease term for contracts that include options to renew, extend or terminate the lease.

(i) Intangibles

Goodwill
Goodwill is initially measured as described in Note 1 (r). Goodwill is not amortised but is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired. Goodwill is carried at cost less accumulated impairment losses.

Research and development
Expenditure on research activities is recognised as an expense when incurred.

Expenditure on motor vehicle accessories design and development activities is capitalised only when technical feasibility studies identify that the project will deliver future economic benefits and these benefits can be measured reliably. Capitalised development expenditure is stated at cost less accumulated amortisation. Amortisation is calculated using a straight-line method to allocate the cost of the intangible assets over their estimated useful lives, which range from 3 to 5 years. Amortisation commences when the intangible asset is available for use. Other development expenditure is expensed when incurred.

IT software development costs
Costs incurred in developing IT software are initially recognised as an asset, and are subsequently amortised over their estimated useful lives commencing from the time the asset is available for use. The amortisation method applied to an intangible asset is consistent with the estimated consumption of economic benefits of the asset.

Distribution rights
Distribution rights are recorded at cost.

Amortisation is calculated using a straight-line method to allocate the cost over the period of the distribution rights.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Taxes

Current income tax expense or revenue is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities.

Deferred tax assets and liabilities are recognised for temporary differences at the applicable tax rates when the assets are expected to be recovered or liabilities are settled. No deferred tax asset or liability is recognised in relation to temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only when it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Tax consolidation
The parent entity and its controlled Australian entities have formed an income tax consolidated group under the tax consolidation legislation. The parent entity is responsible for recognising the current tax liabilities and deferred tax assets arising in respect of tax losses, for the tax consolidated group. The tax consolidated group has also entered into a tax funding agreement whereby each company in the Group contributes to the income tax payable in proportion to their contribution to the net profit before tax of the tax consolidated group.

(k) Impairment of non-financial assets

Assets with an indefinite useful life are not amortised but are tested annually for impairment in accordance with *AASB 136 Impairment of Assets*. Assets subject to annual depreciation or amortisation are reviewed for impairment whenever events or circumstances arise that indicate that the carrying amount of the asset may be impaired.

An impairment loss is recognised where the carrying amount of the asset exceeds its recoverable amount. The recoverable amount of an asset is defined as the higher of its fair value less costs of disposal and value in use.

(l) Employee benefits

Liabilities arising in respect of wages and salaries, annual leave and any other employee benefits expected to be settled within 12 months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled. All other employee benefit liabilities which are not expected to be settled wholly before 12 months after the end of the reporting period are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date.

(m) Financial instruments

Receivables: measured at fair value at inception and subsequently at amortised cost using the effective interest rate method. Receivables are tested for impairment. Any impairment loss is recognised in the profit and loss. The Group applies the simplified approach under *AASB 9 Financial Instruments* to measuring the allowance for credit losses for receivables from contracts with customers on the basis of the lifetime expected credit losses of the financial asset that are expected to result from default events. Expected credit losses are based on a review of debtor balances and identification of specific debtors, based on historical credit loss experience, and adjusted for factors that are specific to the financial asset, as well as current and future expected economic conditions relevant to the financial asset.

Financial liabilities: include trade payables, other creditors, provision for deferred consideration and loans from third parties measured at amortised cost.

Hedge accounting: certain derivatives are designated as hedging instruments and are classified as cash flow hedges. At the inception of each hedging transaction the Group documents the relationship between the hedging instruments and hedged items, its risk management objective and its strategy for undertaking the hedge transaction. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in cash flows of hedged items.

Cash flow hedge: to qualify as a cash flow hedge the underlying transactions generating the cash flows must be highly probable. Changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in equity in the cash flow hedging reserve. The gain or loss is released to profit or loss in the same period when the forecast transactions occur, thereby mitigating any exchange fluctuations that would have transpired in the absence of the hedge.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Foreign currency

Functional and presentation currency
The financial statements of each Group entity are measured using its functional currency, which is the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Transactions and balances
Transactions in foreign currencies of entities within the Group are translated into their functional currency at the rate of exchange ruling at the date of the transaction.

Foreign currency monetary items that are outstanding at the reporting date (other than monetary items arising under foreign currency contracts where the exchange rate for that monetary item is fixed in the contract) are translated using the spot rate at the end of the financial year.

Except for certain foreign currency hedges, all resulting exchange differences arising on settlement or re-statement are recognised as revenues and expenses for the financial year.

Entities that have a functional currency different to the presentation currency are translated as follows:
- Assets and liabilities are translated at the closing rate prevailing on reporting date;
- Income and expenses are translated at actual exchange rates or average exchange rates for the period, where appropriate;
- All resulting exchange differences are recognised as Other Comprehensive Income.

(o) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the Consolidated Statement of Financial Position are shown inclusive of GST.

Cash flows are presented in the Consolidated Statement of Cash Flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(p) Comparatives

Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures.

(q) Significant accounting estimates and judgements

Certain accounting estimates include assumptions concerning the future, which, by definition, will seldom represent actual results. Estimates and assumptions based on future events have a significant inherent risk, and where future events are not as anticipated there could be a material impact on the carrying amounts of the assets and liabilities discussed below:

Inventories
Management has assessed the value of inventory that is likely to be sold below cost using past experience and judgement on the likely sell through rates of various items of inventory, and booked a provision for this amount.

Impairment of goodwill
Goodwill is allocated to cash generating units (CGU) according to management’s expectations regarding which assets will be expected to benefit from the synergies arising from the business combination that gave rise to the goodwill. The recoverable amount of a CGU is based on value in use calculations. These calculations are based on projected cash flows approved by management. Management’s determination of cash flow projections and gross margins are based on past performance and its expectation for the future. The present value of future cash flows has been calculated as disclosed in Note 11 of the financial statements.

Impairment of non-financial assets other than goodwill
All assets are assessed for impairment at each reporting date by evaluating whether indicators of impairment exist in relation to the continued use of the asset by the Group. Impairment triggers include declining product or manufacturing performance, technology changes, adverse changes in the economic or political environment or future product expectations. If an indicator of impairment exists the recoverable amount of the asset is determined. The recoverable amount of a CGU is based on value in use calculations.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) Business combinations

A business combination is a transaction or other event in which an acquirer obtains control of one or more businesses and results in the consolidation of the assets and liabilities acquired. Business combinations are accounted for by applying the acquisition method.

The consideration transferred is the sum of the acquisition date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree. Deferred consideration payable is measured at its acquisition date fair value. Contingent consideration to be transferred by the acquirer is recognised at the acquisition date fair value. At each reporting date subsequent to the acquisition, contingent consideration payable is measured at its fair value with any changes in the fair value recognised in profit or loss.

Goodwill is recognised initially at the excess over the aggregate of the consideration transferred, the fair value of the non-controlling interest, and the acquisition date fair value of the acquirer's previously held equity interest (in case of step acquisition), less the fair value of the identifiable assets acquired and liabilities assumed.

Acquisition related costs are expensed as incurred.

(s) New and revised accounting standards effective at 30 June 2023

The Group has applied all new and revised Australian Accounting Standards that apply to annual reporting periods beginning on or after 1 July 2022. The impact of the new and revised standards was not material.

(t) New accounting standards and interpretations issued but not operative at 30 June 2023

A number of new accounting standards and interpretations have been issued at the reporting date but are not yet effective. The Directors have not yet assessed the impact of these standards or interpretations.

(u) Rounding amounts

In accordance with *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* , the amounts in the Directors' Report and in the financial statements have been rounded to the nearest $1,000, or in certain cases, to the nearest $1 (where indicated).

2. FINANCIAL RISK MANAGEMENT

The Group is exposed to a variety of financial risks comprising:
(a) Currency risk (b) Liquidity risk (c) Interest rate risk
(d) Credit risk (e) Fair values

The Board of Directors has overall responsibility for ensuring that the risk mitigation actions recommended by the senior management team are implemented. The Board's policy with respect to the Group's exposure to financial risks is to seek to minimise potential adverse effects on the financial performance as a result of risks arising from financial instruments.

(a) Currency risk

Derivative financial instruments are used by the Group to hedge exposure to exchange rate risk associated with foreign currency transactions. Transactions for hedging purposes are undertaken without the use of collateral as the Group only deals with reputable institutions with sound financial positions.

The Group enters into forward exchange contracts to buy and sell specified amounts of foreign currencies in the future at stipulated exchange rates. The objective in entering the forward exchange contracts is to protect the Group against unfavourable exchange rate movements for both the contracted and anticipated future sales and purchases undertaken in foreign currencies.

Forward exchange contracts as at 30 June were:

	2023 A$'000	2022 A$'000	2023 Forward Rate	2022 Forward Rate
Settlement - less than 6 months				
Sell AUD / Buy THB	19,371	1,219	23.2240	25.2100
Sell GBP / Buy THB	1,856	945	42.1329	43.6424
Sell GBP / Buy USD	-	72	-	1.3635
Sell GBP / Buy EURO	190	-	1.1400	-
Sell GBP / Buy AUD	782	-	1.8277	-
Sell AUD / Buy SEK	-	2,174	-	7.0430

The Group trades in various foreign currencies for both sales and purchases.

The Group purchases some equipment and products in Thai Baht (THB), United States Dollars (USD), New Zealand Dollars (NZD), Euro (EUR), Swedish Krona (SEK) and Great British Pounds (GBP). To minimise the risk on the exposure to these currencies, the Group may take out hedge contracts.

There is a net deficit of Thai Baht (THB) received over the Group's THB payments. Accordingly, the Group monitors the foreign currency exchange rates and may take out hedge contracts to stabilise the Group's purchase of THB.

There is a net deficit of United States Dollars (USD) received over the Group's USD payments. Accordingly, the Group monitors the foreign currency exchange rates and may take out hedge contracts to stabilise the Group's purchase of USD.

There is a net surplus of Euro received over the Group's Euro payments. Accordingly, the Group monitors the foreign currency exchange rates and may take out hedge contracts to stabilise the Group's sale of Euro.

If the Group considers its exposure in a foreign currency to be significant it will consider the use of hedging contracts.

Sensitivity

No reasonable movement in the Australian dollar (AUD) rates (for example 10% up or down) used to determine the fair value of the Group's financial instruments would result in a significant impact on profit or equity.

(b) Liquidity risk

The Group monitors its cash flow on a daily basis to ensure it can meet its obligations associated with financial liabilities.

Maturity analysis
Financial liabilities, excluding lease liabilities and deferred consideration, are contractually due to be settled within six months.
As at 30 June 2023, property lease payments due within 1 year: $7.9m; within 1-5 years: $21.1m; and more than 5 years: $12.4m.
As at 30 June 2022, property lease payments due within 1 year: $7.7m; within 1-5 years: $21.3m; and more than 5 years: $15.2m.
As at 30 June 2023, deferred consideration is due within 1 year: $2.5m; and within 1-5 years: $nil.
As at 30 June 2022, deferred and contingent consideration is due within 1 year: $2.3m; and within 1-5 years: $15.6m.

2. FINANCIAL RISK MANAGEMENT (continued)

(c) Interest rate risk

The Group monitors its cash flow on a daily basis. Borrowings as at 30 June 2023 were $nil (2022: $nil). Finance facilities available and used as at the reporting date are disclosed in Note 15.

The Group's exposure to interest rate risks and the effective interest rates of financial assets and liabilities, both recognised and unrecognised at the balance date, are as follows:

	Note	Weighted Average Interest rate %	Floating Interest rate $'000	Fixed interest maturing in : 1 year or less $'000	More than 1 year $'000	Non Interest Bearing $'000	Total $'000
2023							
Financial assets							
Cash	23	4.14%	44,945	-	-	-	**44,945**
Receivables	7	-	-	-	-	80,027	**80,027**
Derivative financial instruments	14	-	-	-	-	48	**48**
Financial liabilities							
Payables	13	-	-	-	-	57,625	**57,625**
Derivative financial instruments	14	-	-	-	-	166	**166**
Lease liabilities	16	4.02%	-	6,619	29,225	-	**35,844**
Provision for deferred consideration	17	2.91%	-	-	-	2,469	**2,469**
2022							
Financial assets							
Cash	23	0.89%	52,707	-	-	-	**52,707**
Receivables	7	-	-	-	-	76,713	**76,713**
Derivative financial instruments	14	-	-	-	-	42	**42**
Financial liabilities							
Payables	13	-	-	-	-	63,061	**63,061**
Derivative financial instruments	14	-	-	-	-	6	**6**
Lease liabilities	16	3.84%	-	6,326	31,708	-	**38,034**
Provision for deferred consideration	17	2.91%	-	-	2,234	2,299	**4,533**
Provision for contingent consideration	17	2.91%	-	-	13,407	-	**13,407**

(d) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date of recognised financial assets is the carrying amount of those assets, net of any allowance for credit losses, as disclosed in the Consolidated Statement of Financial Position and Notes to the Financial Statements.

Credit risk for derivative financial instruments arises from the potential failure by counterparties to the contract to meet their obligations. The credit risk exposure to forward exchange contracts is the net fair value of these contracts.

The Group does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by members of the Group.

Concentrations of credit risk
The Group minimises concentrations of credit risk in relation to trade receivables by undertaking transactions with a large number of customers. The majority of cash holdings are held on deposit with Australian banks.

(e) Fair values

The net fair value of financial assets and financial liabilities approximates their carrying amounts as disclosed in the Consolidated Statement of Financial Position and Notes to the Financial Statements.

The fair values of derivative hedging instruments have been determined based on observable inputs including foreign currency forward exchange rates. Derivative hedging instruments are classified as Level 2 in the fair value measurement hierarchy. These foreign currency forward contracts are valued on a discounted cash flow basis using forward exchange rates. All other financial assets and liabilities carrying amounts are a reasonable approximation of fair values as they are short term trade receivables and payables.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2023

3. REVENUES FROM CONTINUING OPERATIONS

	Note	2023 $'000	2022 $'000
Revenue from sale of goods		**671,240**	**694,525**
Other income:			
Interest		267	74
Net gain on disposal of property, plant and equipment		249	60
Change in fair-value of contingent consideration	11	13,673	-
Other		3,281	2,617
Total other income		**17,470**	**2,751**
Total income from continuing operations		**688,710**	**697,276**

4. OPERATING PROFIT

	Note	2023 $'000	2022 $'000
Profit before income tax has been determined after:			
Cost of goods sold		**383,651**	**379,762**
Depreciation of non-current assets:			
Buildings	10 (a)	3,312	3,259
Plant and equipment	10 (a)	12,059	11,334
		15,371	**14,593**
Amortisation of non-current assets:			
Development costs capitalised	11	2,794	2,543
Intangible software assets	11	695	968
Right-of-use assets	12	7,024	6,888
		10,513	**10,399**
Total depreciation and amortisation		**25,884**	**24,992**
Trade receivables (recovered) / written off		(48)	29
Provision for inventory obsolescence		3,081	2,768
Research and development expenditure		13,814	12,028

5. INCOME TAX

	Note	2023 $'000	2022 $'000
(a) The components of tax expense:			
Current tax		33,571	42,824
Deferred tax		354	1,075
(Over) / Underprovision prior year		(304)	(227)
Total income tax expense		**33,621**	**43,672**
(b) Income tax expense			
Prima facie income tax expense at 30% (2022: 30%) on the operating profit		36,623	49,703
Increase/(decrease) in income tax expense due to:			
Differences in overseas tax rates		(2,983)	(5,953)
Research & development		(119)	(66)
Other		404	215
Income tax expense on operating profit		**33,925**	**43,899**
(Over) / Underprovision prior year		(304)	(227)
Total income tax expense		**33,621**	**43,672**
(c) Deferred tax			
Deferred tax assets			
Deferred tax asset comprises the estimated future benefits at applicable income tax rates of the following items:			
Provisions, accruals and accrued employee benefits		6,434	6,798
Doubtful debt impairment		193	201
Inventory write-down		3,471	2,792
Income tax expense on group unrealised profit		3,404	2,541
Leases		1,724	1,740
Other		348	(107)
		15,574	**13,965**
Deferred tax liabilities			
Deferred tax liability comprises the estimated future expenses at applicable income tax rates for the following items:			
Difference in depreciation and amortisation of property, plant and equipment for accounting and income tax purposes		3,342	1,755
Development costs capitalised		4,535	4,065
Other income not yet assessable		59	153
		7,936	**5,973**
Net deferred tax assets		**7,638**	**7,992**
Disclosed on Balance Sheet:			
Deferred tax assets		**8,774**	9,096
Deferred tax liabilities		**(1,136)**	(1,104)
Net deferred tax assets		**7,638**	**7,992**
(d) Current tax liabilities			
Balance at the beginning of the financial year		9,179	14,168
Income tax		33,571	42,824
Tax payments		(45,496)	(47,575)
(Over) / Underprovision		(304)	(227)
Other		14	(11)
Current tax liabilities		**(3,036)**	**9,179**
Disclosed on Balance Sheet:			
Current tax receivable		**3,064**	-
Current tax liability		**(28)**	(9,179)
Net current tax receivable / (liability)		**3,036**	**(9,179)**

6. DIVIDENDS

	Note	2023 $'000	2022 $'000
Dividends recommended or paid by the Company are:			
Recognised amounts			
A final fully franked ordinary dividend of 32.0 cents per share was paid on 21 October 2022 (2022: 39 cents fully franked)		25,923	31,500
An interim fully franked ordinary dividend of 32.0 cents per share was paid on 21 April 2023 (2022: 39 cents fully franked)		25,964	31,466
	20	**51,887**	**62,966**
Unrecognised amounts			
A final fully franked ordinary dividend is proposed of 30.0 cents per share to be paid on 20 October 2023 (2022: 32.0 cents fully franked)		**24,630**	**26,194**

The final dividend was declared subsequent to 30 June 2023 and is therefore not recognised as a liability at 30 June 2023.

The dividends paid by the Company were fully franked at the tax rate of 30% (2022: 30%) and the recommended dividends will be fully franked at the tax rate of 30%.

Dividend franking account

The balance of the franking account at year end that could be distributed as franked dividends using franking credits already in existence or which will arise from the payment of income tax provided for in the financial statements and after deducting franking credits to be used in payment of the above dividends:

	2023 $'000	2022 $'000
Franking credits (measured on a tax paid basis under Australian Legislation)	**94,865**	**75,806**

7. RECEIVABLES

	2023 $'000	2022 $'000
Current		
Trade receivables	79,670	74,946
Other receivables	1,105	2,563
	80,775	77,509
Less: allowance for credit losses	(748)	(796)
	80,027	**76,713**
Allowance for credit losses		
Receivables ageing analysis at 30 June is:		
Not past due	76,202	69,593
Past due 0 - 30 days	1,313	5,483
Past due 31 - 90 days	1,509	1,504
Past due more than 91 days	1,751	929
	80,775	**77,509**

Trade receivables are non interest bearing with 30 day terms. A credit loss is recognised when there is an expectation of impairment of trade receivables. The credit losses have been included within Other expenses in the Consolidated Income Statement. All trade receivables that are not impaired are expected to be received.

	2023 $'000	2022 $'000
Movements in the allowance for credit losses were:		
Opening balance at 1 July	(796)	(767)
Writeback / (charge) for the year	35	(37)
Amounts written off	30	11
Foreign exchange translation	(17)	(3)
Closing balance at 30 June	**(748)**	**(796)**

8. INVENTORIES

	2023 $'000	2022 $'000
Current		
Raw materials and work in progress	44,376	41,655
Finished goods	166,711	154,015
Goods in transit, at cost	37,044	39,804
Less: Provision for stock obsolescence	(14,939)	(11,858)
	233,192	**223,616**

9. OTHER ASSETS

	2023 $'000	2022 $'000
Current		
Prepayments	**4,556**	**5,980**

10. PROPERTY, PLANT AND EQUIPMENT

	2023 $'000	2022 $'000
Land and buildings, at cost	232,512	208,520
Less: accumulated depreciation	(25,046)	(21,552)
	207,466	**186,968**
Plant and equipment, at cost	159,583	144,915
Less: accumulated depreciation	(98,205)	(90,761)
	61,378	**54,154**
Total property, plant and equipment	**268,844**	**241,122**

(a) Movements in the carrying amounts	Land & Buildings $'000	Plant & Equipment $'000	Total $'000
2023			
Balance at the beginning of financial year	186,968	54,154	**241,122**
Additions	21,567	19,018	**40,585**
Disposals	-	(642)	**(642)**
Depreciation	(3,312)	(12,059)	**(15,371)**
Foreign exchange impact	2,243	907	**3,150**
Balance at the end of financial year	**207,466**	**61,378**	**268,844**
2022			
Balance at the beginning of financial year	148,537	52,897	**201,434**
Additions	44,509	13,588	**58,097**
Business acquisitions	123	277	**400**
Disposals	(1,815)	(612)	**(2,427)**
Depreciation	(3,259)	(11,334)	**(14,593)**
Foreign exchange impact	(1,127)	(662)	**(1,789)**
Balance at the end of financial year	**186,968**	**54,154**	**241,122**

(b) Property, plant and equipment have been granted as security over bank facilities. Refer to Note 15 for details.

(c) Fair value of freehold land and buildings – The Group obtains independent property valuations of freehold land and buildings on a 3 year rotational basis. The total current valuations for freehold land and buildings are $236.3 million, compared with the collective carrying value of $207.5 million. The fair value measurements have been determined as level 3 in the fair value measurement hierarchy. The valuations are based on the expected vacant possession sales price with consideration of comparable sales information and prevailing rental capitalisation rates.

11. INTANGIBLE ASSETS

	2023 $'000	2022 $'000
Goodwill	**35,404**	**48,745**
Development costs (i)	22,588	33,962
Less: accumulated amortisation	(8,337)	(21,666)
	14,251	**12,296**
Intangible software assets (i)	4,540	11,986
Less: accumulated amortisation	(2,953)	(10,292)
	1,587	**1,694**
Total intangible assets	**51,242**	**62,735**

(i) The reduction in the cost and accumulated amortisation of intangible assets relates to the assets that are fully amortised and no longer in use that have been removed from the asset register.

Movements in the carrying amounts	Goodwill $'000	Development Costs $'000	Intangible Software Assets $'000	Total $'000
2023				
Balance at the beginning of financial year	48,745	12,296	1,694	**62,735**
Additions	-	4,749	539	**5,288**
Impairment loss on goodwill	(13,407)	-	-	**(13,407)**
Amortisation	-	(2,794)	(695)	**(3,489)**
Foreign exchange impact	66	-	49	**115**
Balance at the end of financial year	**35,404**	**14,251**	**1,587**	**51,242**
2022				
Balance at the beginning of financial year	49,844	10,920	2,346	**63,110**
Additions	-	3,919	326	**4,245**
Business acquisitions	179	-	-	**179**
Adjustment to provisionally accounted goodwill (Note 22)	(1,177)	-	-	**(1,177)**
Amortisation	-	(2,543)	(968)	**(3,511)**
Foreign exchange impact	(101)	-	(10)	**(111)**
Balance at the end of financial year	**48,745**	**12,296**	**1,694**	**62,735**

Impairment

Goodwill is allocated to the cash-generating units in the table below. The impairment test for each of these units has been prepared using a value-in-use calculation with a calculation for year 1 cash flows approved by management and years 2 to 5 projected using the growth rate below. Growth rates are based upon Directors' assumptions and consideration of historical averages.

	Goodwill $'000	Growth rate	Discount Rate (post tax)	Period of projection
2023				
GoActive Outdoors	2,008	5.0%	9.0%	5 years
Kingsley Enterprises	3,226	4.5%	9.0%	5 years
SmartBar	1,648	5.0%	9.0%	5 years
ARB Corporation (Australia)	12,671	6.5%	9.0%	5 years
ARB New Zealand	3,237	4.5%	9.0%	5 years
Auto Styling Truckman Group Limited	12,614	4.5%	9.0%	5 years
2022				
GoActive Outdoors	2,008	5.0%	9.0%	5 years
Kingsley Enterprises	3,226	4.5%	9.0%	5 years
SmartBar	1,648	5.0%	9.0%	5 years
ARB Corporation (Australia)	12,665	6.5%	9.0%	5 years
ARB New Zealand	3,177	4.5%	9.0%	5 years
Auto Styling Truckman Group Limited	26,021	4.5%	9.0%	5 years

No reasonable change in any of the key assumptions would result in a material impairment.

Impairment loss on goodwill: Auto Styling Truckman Group Limited

The Company acquired 100% of the shares of Auto Styling Truckman Group Limited (trading as Truckman) and indirectly its wholly owned subsidiary Auto Styling UK Limited on 2 March 2021, both of which are private companies incorporated in the United Kingdom.

The total cost of acquisition recognised at acquisition date included a provision for contingent consideration of $13,194,000 based on the companies acquired achieving the maximum target EBITDA during the three years following completion.

The goodwill of $26,021,000 at acquisition reflected the excess of the cost of acquisition, including the provision for contingent consideration, over the fair value of net assets acquired.

Truckman's trading result declined throughout the 2022 calendar year as a result of new motor vehicle supply constraints during the COVID period and the general economic environment in the UK.

Based on management's projection of Truckman's trading results:

(i) it is unlikely that any amount of contingent consideration will be payable after the three year qualifying period and, accordingly, the provision for contingent consideration recognised at acquisition of $13,194,000 ($13,673,000 based on exchange rates at 31 December 2022) has been written back to profit and recognised as a change in fair-value of contingent consideration; and

(ii) goodwill of $13,407,000 has been impaired to reflect the net present value of the revised projected cash flows. The impairment test for Truckman's goodwill has been prepared using a value-in calculation applying a 9% (post tax) discount rate with a calculation for year 1 cash flows approved by management and for years 2 to 5 projected using a growth rate of 4.5%. Growth rates are based upon management's assumptions approved by the Board and consideration of historical averages.

	Note	2023 $'000	2022 $'000
Gain from change in fair-value of contingent consideration	3	**13,673**	-
Impairment loss on goodwill		**(13,407)**	-

Movements in the carrying amount of Truckman goodwill acquired:		
Opening balance at the beginning of financial year	**26,021**	-
Impairment loss	**(13,407)**	-
Closing balance at the end of the financial period	**12,614**	-

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2023

12. RIGHT-OF-USE ASSETS

The Group leases various properties for retail and warehouse operations. Lease terms are typically contracted for an initial period of 10 years with an option to renew at the end of the initial term. Lease payments are renegotiated every five years to reflect prevailing market conditions.

	2023 $'000	2022 $'000
Lease Assets		
Land and buildings under lease arrangements at cost	62,540	58,004
Accumulated depreciation	(32,439)	(25,807)
	30,101	**32,197**

Movements in the carrying amounts	2023 $'000	2022 $'000
Balance at the beginning of financial year	32,197	39,679
Additions	5,228	2,704
Disposals	(284)	(3,284)
Depreciation	(7,024)	(6,888)
Foreign exchange impact	(16)	(14)
Balance at the end of financial year	**30,101**	**32,197**

13. PAYABLES

	2023 $'000	2022 $'000
Current		
Trade payables	8,865	10,026
Other payables	48,760	53,035
	57,625	**63,061**

14. DERIVATIVE FINANCIAL INSTRUMENTS

	2023 $'000	2022 $'000
Derivatives that are designated and effective as hedging instruments carried at fair value.		
Current assets		
Forward exchange contracts	**48**	**42**
Current liabilities		
Forward exchange contracts	**166**	**6**

15. FINANCING ARRANGEMENTS

	2023 $'000	2022 $'000
Financing arrangements		
The Group has access to the following lines of credit:		
Total facilities available:		
Market loans	20,000	20,000
Lease guarantees	3,000	4,850
Standby letter of credit	2,000	500
	25,000	**25,350**
Facilities utilised at balance date:		
Market loan	-	-
Lease guarantees	2,124	2,111
Standby letter of credit	452	361
	2,576	**2,472**
Facilities not utilised at balance date:		
Market loan	20,000	20,000
Lease guarantees	876	2,739
Standby letter of credit	1,548	139
	22,424	**22,878**

(i) Market loan and International facility

The market loans and international facility are subject to annual review. Following such review, the bank retains the right at its discretion to review all of the terms and conditions of the facilities including without limitation all facility limits, fees, pricing, security and facility conditions.

(ii) Security & conditions

The above facilities are secured by a First Registered Company Charge over all assets and undertakings of the Company and its Australian controlled entities.

16. LEASE LIABILITIES

	2023 $'000	2022 $'000
Lease liabilities		
Current lease liabilities	6,619	6,326
Non-current lease liabilities	29,225	31,708
	35,844	**38,034**
Lease expenses and cashflows		
Interest expense on lease liabilities	1,387	1,654
Amortisation expense on lease assets	7,024	6,887
Cash outflow in relation to leases	8,375	8,037

17. PROVISIONS

	2023 $'000	2022 $'000
Current		
Employee benefits	18,100	18,563
Provision for warranty	1,181	-
Provision for deferred consideration	2,469	2,299
	21,750	**20,862**
Non-current		
Employee benefits	1,118	974
Provision for deferred consideration (i)	-	2,234
Provision for contingent consideration (ii)	-	13,407
	1,118	**16,615**
Total employee benefits	**19,218**	**19,537**
Total provisions	**22,868**	**37,477**

(i) The movement in provision for non-current deferred consideration is attributable to an instalment payment on the second year anniversary of the acquisition and the impact of movements in foreign exchange and interest rates.

(ii) The movement in provision for non-current contingent consideration is attributable to the impairment loss on goodwill disclosed in Note 11.

Contingent consideration

The fair value of contingent consideration in 2022 was estimated using the discounted cash flow technique and was determined by applying a market derived discount rate to the estimated future cash outflow (based on the probability adjusted estimated future earnings of the acquired business). The estimated contingent liability was translated to AUD at year end spot rate.

18. CONTRIBUTED EQUITY

	2023 $'000	2022 $'000
Issued and paid up capital		
82,099,299 ordinary shares (2022: 81,855,789)	**190,163**	**183,560**

Fully paid ordinary shares carry one vote and carry the right to dividends.

Movements during the year	2023 Shares	2022 Shares	2023 $'000	2022 $'000
Balance at the beginning of the financial year	81,855,789	81,533,865	183,560	170,789
Dividend reinvestment plan, Bonus share plan and associated underwriting	243,510	319,287	6,603	12,650
Other shares issued	-	2,637	-	121
Balance at the end of the financial year	**82,099,299**	**81,855,789**	**190,163**	**183,560**

Capital management

When managing capital, the Board monitors, with consideration of the domestic and international economic climates, the Group's debt and liquidity levels. The capital management objective is to maintain the dividend payout ratio, whilst generating cash for future growth. It is the Board's current intention to maintain a dividend payout ratio of between 40% to 60% of Net Profit after Tax.

19. RESERVES

	Note	2023 $'000	2022 $'000
Capital profits reserve	(i)	4,090	4,090
Foreign currency translation reserve	(ii)	12,068	3,128
Cash flow hedge reserve	(iii)	(269)	63
		15,889	**7,281**

(i) Capital profits reserve reflects previously realised profits on sale of assets.

(ii) Foreign currency translation reserve reflects exchange differences on translation of foreign operations into Australian dollars.

(iii) Cash flow hedge reserve represents hedging gains and losses recognised on the effective portion of cash flow hedges.

Movements in the carrying amounts	**Capital Profits Reserve $'000**	**Foreign Currency Translation Reserve $'000**	**Cash Flow Hedge Reserve $'000**	**Total $'000**
2023				
Balance at the beginning of the financial year	4,090	3,128	63	**7,281**
Amount recognised in other comprehensive income	-	8,940	(332)	**8,608**
Balance at the end of the financial year	**4,090**	**12,068**	**(269)**	**15,889**
2022				
Balance at the beginning of the financial year	4,090	5,355	77	**9,522**
Amount recognised in other comprehensive income	-	(2,227)	(14)	**(2,241)**
Balance at the end of the financial year	**4,090**	**3,128**	**63**	**7,281**

20. RETAINED EARNINGS

	Note	2023 $'000	2022 $'000
Retained earnings		**401,074**	**364,506**
Retained earnings			
Balance at the beginning of the financial year		364,506	305,466
Net profit attributable to members of the parent entity		88,455	122,006
Dividends recognised	6	(51,887)	(62,966)
Balance at the end of the financial year		**401,074**	**364,506**

21. PARENT ENTITY INFORMATION

	2023 $'000	2022 $'000
Profit before income tax expense	107,223	119,272
Income tax expense	(30,600)	(36,081)
Profit attributable to members of the parent entity	**76,623**	**83,191**
Total comprehensive income for the year attributable to members of the parent entity	**76,470**	**83,077**
Current assets	208,470	213,646
Non-current assets	303,744	304,707
Total assets	**512,214**	**518,353**
Current liabilities	58,917	76,827
Non-current liabilities	26,506	45,918
Total liabilities	**85,423**	**122,745**
Net assets	**426,791**	**395,608**
Equity		
Contributed equity	190,163	183,560
Reserves	3,872	4,028
Retained earnings	232,756	208,020
Total equity	**426,791**	**395,608**
Capital expenditure commitments		
Contracted, but not provided for and payable within one year (i)	**15,464**	**4,459**

(i) Capital expenditure commitments include commitments for the construction of ARB's Head Office in Melbourne, Australia, and various ARB retail locations.

22. BUSINESS COMBINATIONS

Current year

There were no Business Combinations during the current year.

Prior year

During the prior year the Group purchased a retail store in Pakenham, Victoria (April 2022).

Summary of the acquisition:

	2023 $'000	2022 $'000
Total cost of combination	**-**	**769**
Assets and liabilities acquired:		
Inventories	-	345
Property, plant and equipment	-	400
Deferred tax assets	-	21
Goodwill	-	179
Provisions	-	(79)
Other liabilities	-	(97)
Net assets acquired	**-**	**769**
The cost of combination recognised at acquisition date:		
Payments for business acquisition (net of cash acquired)	-	769
Total cost of combination	**-**	**769**

Contributions since acquisition

Current year

There were no changes to Business Combinations during the current year.

Prior year

For the financial year ended 30 June 2022, the businesses acquired contributed revenue of $863,000 and a profit after tax of $55,000 which is included within the consolidated profit for that financial year.

23. CASH FLOW INFORMATION

		2023 $'000	2022 $'000
(i)	**Reconciliation of cash**		
	Cash	**44,945**	**52,707**
(ii)	**Reconciliations of the net profit after tax to the net cash flows from operations:**		
	Net profit	88,455	122,006
	Add/(less):		
	(Profit)/loss on disposal of non-current assets	(249)	(60)
	Impairment of goodwill	13,407	-
	Write back of contingent consideration	(13,673)	-
	Depreciation and amortisation	25,884	24,992
	Allowance for credit losses of receivables	(48)	29
	Provision for inventory obsolescence	3,081	2,768
	Impact of foreign exchange	6,545	(945)
	Share issue	-	121
	Net cash provided by operating activities before change in assets and liabilities	**123,402**	**148,911**
	Change in assets and liabilities		
	(Increase)/decrease in trade receivables	(4,724)	69
	(Increase)/decrease in other receivables	1,458	3,079
	(Increase)/decrease in inventories	(12,657)	(53,081)
	(Increase)/decrease in other assets	1,424	312
	(Increase)/decrease in deferred tax asset	322	901
	(Decrease)/increase in payables	(5,436)	(9,114)
	(Decrease)/increase in income tax payable	(12,215)	(4,976)
	(Decrease)/increase in deferred tax liability	32	171
	(Decrease)/increase in provisions	(1,202)	(1,660)
	Net cash flow from operating activities	**90,404**	**84,612**

(iii) Credit stand-by arrangements are identified at Note 15.

24. COMMITMENTS AND CONTINGENCIES

	2023 $'000	2022 $'000
Capital expenditure commitments		
Contracted, but not provided for and payable within one year		
Land & buildings (i)	19,707	8,643
Plant & equipment	1,277	2,837
Other	32	105
	21,016	**11,585**

(i) Capital expenditure commitments for Land & buildings include commitments for the construction of ARB's Head Office in Melbourne, Australia, and the development of ARB New Zealand's main warehouse and showroom.

25. EARNINGS PER SHARE

	2023 cents	2022 cents
Earnings per share (cents)	**107.9**	**149.4**
Weighted average number of ordinary shares used in the calculation of basic earnings per share	**81,962,045**	**81,666,252**

Diluted earnings per share do not differ from basic earnings per share and are therefore not separately disclosed.

26. AUDITORS' REMUNERATION

	2023 $	2022 $
Remuneration of Pitcher Partners, the auditors of the parent entity for:		
Auditing or reviewing the financial report	312,000	201,000
Taxation services (i)	139,980	12,000
Other audit services	4,000	-
Auditing or reviewing the financial report of subsidiaries:		
Remuneration of network firms of Pitcher Partners	67,380	58,972
Remuneration of other non-related auditors	160,945	144,651
Total auditors' remuneration	**684,305**	**416,623**

(i) Non-audit services provided by the auditors of the parent entity related to compliance activities and represent 30.7% of the total auditors' remuneration for auditing the parent entity in the current financial year. The Directors are satisfied that the provision of the taxation services and associated remuneration did not compromise the auditors' professional independence.

27. SUBSEQUENT EVENTS

With the exception of the declaration of a final dividend detailed in Note 6, there has been no other matter or circumstance, which has arisen since 30 June 2023 that has significantly affected or may significantly affect:

(a) the operations, in financial years subsequent to 30 June 2023 of the Group;

(b) the results of those operations; or

(c) the state of affairs, in financial years subsequent to 30 June 2023 of the Group.

28. CONTROLLED ENTITIES

The consolidated financial statements include the financial statements of ARB Corporation Limited and its controlled entities listed below:

	Country of Incorporation	2023 %	2022 %
Parent entity			
ARB Corporation Limited	Australia		
Controlled entities			
Air Locker, Inc.	United States of America	**100**	100
Kingsley Enterprises Pty Ltd	Australia	**100**	100
Off Road Accessories Ltd	Thailand	**100**	100
ARB Off Road Ltd	Thailand	**100**	100
ARB Europe s.r.o	Czech Republic	**100**	100
ARB Middle East FZE	United Arab Emirates	**100**	100
ARB New Zealand Limited	New Zealand	**100**	100
Auto Styling Truckman Group Limited	United Kingdom	**100**	100
Auto Styling UK Limited	United Kingdom	**100**	100

29. DIRECTORS AND EXECUTIVES

Details of Key Management Personnel

Robert D Fraser	Non-executive Director and Chairman
Andrew H Brown	Managing Director
Lachlan A M McCann	Chief Executive Officer
Roger G Brown	Non-executive Director
Shona M Faber	Non-executive Director
Adrian R Fitzpatrick	Non-executive Director
Karen L Phin	Non-executive Director
Andrew P Stott	Non-executive Director

	2023 $	2022 $
Key Management Personnel remuneration by category		
Short term employment benefits	1,991,666	1,008,214
Long term employment benefits	(275,169)	61,071
Post employment benefits	87,273	65,805
	1,803,770	**1,135,090**

30. RELATED PARTY TRANSACTIONS

Directors

The name of each person holding the position of Director of ARB Corporation Limited during the financial year is:
Robert D Fraser, Andrew H Brown, Roger G Brown, Shona M Faber, Adrian R Fitzpatrick, Karen L Phin and Andrew P Stott.

No Director has entered into a material contract with the Company or the consolidated entity since the end of the previous financial year and there were no material contracts involving Directors' interests subsisting at year end.

Controlled entities
Details of interests in the controlled entities, being wholly-owned subsidiary companies, are set out at Note 28. All transactions between the Company and its controlled entities have been eliminated on consolidation.

Ultimate parent entity
The immediate parent entity and ultimate parent entity is ARB Corporation Limited.

Terms and conditions of transactions with related parties
Sales to related parties for goods and services are made at arm's length transactions at normal prices and on normal commercial terms.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2023

31. SEGMENT INFORMATION

The major products/services from which the economic entity derived revenue during the year remained unchanged and were the design, manufacture, distribution and sale of motor vehicle accessories and light metal engineering works.

The reportable segments of the Group are based on geographical locations comprising operations in Australia & New Zealand, USA, Thailand and Middle East, Europe & United Kingdom.

(a) Income Statement	Australasia	USA	Thailand	Middle East Europe & UK	Eliminations	Consolidated
	$'000	$'000	$'000	$'000	$'000	$'000
2023						
Segment revenue						
Total segment revenue	651,186	80,984	107,340	60,348	(211,148)	**688,710**
Intersegmental revenues	(113,096)	-	(97,711)	(341)	211,148	**-**
Segment revenue from external source	**538,090**	**80,984**	**9,629**	**60,007**	**-**	**688,710**
Total segment result	78,544	7,443	7,636	3,256	(8,424)	**88,455**
Intersegmental eliminations	(1,455)	-	(6,951)	(18)	8,424	**-**
Segment result from external source	**77,089**	**7,443**	**685**	**3,238**	**-**	**88,455**
Items included within the segment result:						
Net interest income (expense)	(1,116)	(59)	4	(9)	(4)	**(1,184)**
Depreciation and amortisation expense	17,888	1,166	5,468	1,122	240	**25,884**
Income tax expense	30,557	2,114	404	546	-	**33,621**
2022						
Segment revenue						
Total segment revenue	653,217	100,749	112,450	57,765	(226,905)	**697,276**
Intersegmental revenues	(124,212)	(7)	(102,685)	(1)	226,905	**-**
Segment revenue from external source	**529,005**	**100,742**	**9,765**	**57,764**	**-**	**697,276**
Total segment result	87,252	9,752	17,213	4,769	3,020	**122,006**
Intersegmental eliminations	18,739	(1)	(15,718)	-	(3,020)	**-**
Segment result from external source	**105,991**	**9,751**	**1,495**	**4,769**	**-**	**122,006**
Items included within the segment result:						
Net interest income (expense)	(1,500)	(84)	11	(7)	-	**(1,580)**
Depreciation and amortisation expense	17,751	1,041	5,016	1,099	85	**24,992**
Income tax expense	38,612	2,852	1,118	1,090	-	**43,672**

(b) Statement of Financial Position	Australasia	USA	Thailand	Middle East Europe & UK	Eliminations	Consolidated
	$'000	$'000	$'000	$'000	$'000	$'000
2023						
Segment assets	596,746	63,148	150,584	50,783	(136,468)	**724,793**
Segment liabilities	124,633	16,235	15,603	15,130	(53,934)	**117,667**
Segment acquisition of property, plant, equipment and intangibles	34,615	1,613	9,213	432	-	**45,873**
2022						
Segment assets	593,124	57,467	138,750	50,324	(135,457)	**704,208**
Segment liabilities	154,773	19,547	15,523	15,478	(56,460)	**148,861**
Segment acquisition of property, plant, equipment and intangibles	31,795	5,369	25,293	464	-	**62,921**

DIRECTORS' DECLARATION

The Directors declare that the financial statements and notes set out on pages 13 to 41 are in accordance with the *Corporations Act 2001* , including:

(a) Complying with Accounting Standards, and the Corporations Regulations 2001, and other mandatory professional reporting requirements;

(b) Complying with International Financial Reporting Standards as indicated in Note 1; and

(c) Give a true and fair view of the financial position of the consolidated entity as at 30 June 2023 and of its performance for the year ended on that date.

In the Directors' opinion there are reasonable grounds to believe that ARB Corporation Limited will be able to pay its debts as and when they become due and payable.

This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the financial year ended 30 June 2023.

This declaration is made in accordance with a resolution of the Directors.

Robert D Fraser
Director

Melbourne, 22 August, 2023

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
ARB CORPORATION LIMITED AND ITS CONTROLLED ENTITIES**

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of ARB Corporation Limited "the Company" and its controlled entities "the Group", which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(a) 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 then ended; and
(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

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

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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.

PITCHER PARTNERS

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ARB CORPORATION LIMITED AND ITS CONTROLLED ENTITIES

Key Audit Matter	How our audit addressed the key audit matter
Revenue Recognition Refer to Note 1(d) and Note 3	
The Group's revenue, $688.7M (2022: $697.3M), is primarily derived from the sale of product through retail and wholesale channels, domestically and internationally. We focused on the existence and appropriate recognition of revenue as a key audit matter as revenue is a key contributor to the determination of profit.	Our testing of revenue transactions focused on evidencing that the underlying transactions existed in the period. Our procedures included: • Understanding and evaluating the design and implementation of the Group's controls and processes for recognising and recording revenue transactions. • Testing the existence of revenue by performing testing on a range of controls, including new customer approvals and review and approval of bank reconciliations. • Testing the existence of revenue by agreeing a sample of revenue transactions to supporting documentation. • Selecting general journal entries impacting revenue to identify transactions considered to be outside ordinary transaction cycles for testing. • Assessing the adequacy and accuracy of the disclosures in the financial statements.
Inventory valuation Refer to Note 1(f) and Note 8	
As at 30 June 2023, the Group held inventories of $233.2M (2022: $223.6M). In recent years, the Group has increased its revenue, as well as increasing its warehousing and retail presence in numerous geographic locations and expanding the product range. The Group must make judgements to identify and quantify inventory that is valued in excess of its recoverable value. The Group undertakes this by reference to historic sales volumes, levels of inventory held and market conditions. We focused on the value of inventory as a key audit matter as it involves judgement as to the recoverable value of inventory.	Our testing focused on the valuation of inventory. Our procedures included: • Understanding and evaluating the design and implementation of the Group's controls and processes for valuation of inventory. • Assessing the inventory provisioning policy and methodology for determination of the provision. • Reviewing the Group's provisioning assessment including challenging inventory items not provided for and potentially at risk of overstatement. • For a sample of inventory items agreeing that they are held at the lower of cost and net realisable value, through comparison to recent purchase invoices and sales prices. • Assessing the adequacy and accuracy of the Group's disclosures in the financial statements.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
ARB CORPORATION LIMITED AND ITS CONTROLLED ENTITIES**

Key Audit Matter	How our audit addressed the key audit matter
Assessment of impairment of Goodwill Refer to Note 1(i), Note 1(q) and Note 11	
As at 30 June 2023, the Group had $35.4M (2022: $48.7M) of Goodwill capitalised. During the year ARB recognised an impairment of $13.4M against goodwill. We identified the impairment of goodwill as a key audit matter due to the significance of these balances in the Group's consolidated statement of financial position and the estimation of recoverable amount of each cash generating unit ("CGU") involves complex and subjective management estimates based on management's judgement of key variables and market conditions such as future market conditions, future operating performance, and the discount rate. Goodwill and indefinite life intangible assets are required to be tested for impairment annually. As a result, management completed impairment testing for each relevant CGU as at 30 June 2023. Following management's assessment, no further impairment was recognised against these CGUs for the year ended 30 June 2023.	Our testing of impairment of goodwill focused on assessing the appropriateness of management's assessments and judgements made in the impairment of goodwill and the forecast cashflows to support the remaining valuation of goodwill. Our procedures included: • Understanding and evaluating the design implication of management's processes and controls over the valuation of the Group's non-financial assets and goodwill to determine asset impairments. • Evaluated and assessed management's calculation for the impairment of goodwill. • Working with valuation experts to: - Evaluate the appropriateness of the model used by management to calculate the recoverable amount of the individual CGUs. - Assess and challenge the reasonableness of the key assumptions such as discount rates used including agreeing them to external market data. - Challenge management's assessment by undertaking sensitivity analysis on key variables including discount rate, growth rates and terminal growth rates. • Evaluated and assessed the competency of the expert. • Analysing the future projected cash flows used in the model to determine whether they are reasonable and supportable given the current macroeconomic climate and expected future performance of each relevant CGU. • Assessing the adequacy and accuracy of the related disclosures in the financial statements.

PITCHER PARTNERS

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
ARB CORPORATION LIMITED AND ITS CONTROLLED ENTITIES**

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2023 but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, 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.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are 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 the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and 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 this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

PITCHER PARTNERS

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
ARB CORPORATION LIMITED AND ITS CONTROLLED ENTITIES**

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included on pages 10 to 11 of the directors' report for the year ended 30 June 2023. In our opinion, the Remuneration Report of ARB Corporation Limited, for the year ended 30 June 2023, complies with section 300A of the *Corporations Act 2001*.

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 responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

K L BYRNE
Partner

PITCHER PARTNERS
Melbourne

22 August 2023

AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF ARB CORPORATION LIMITED

In relation to the independent audit for the year ended 30 June 2023, to the best of my knowledge and belief there have been:

(i) No contraventions of the auditor independence requirements of the *Corporations Act 2001*; and

(ii) No contraventions of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)*.

This declaration is in respect of ARB Corporation Limited and the entities it controlled during the year.

K L BYRNE
Partner

22 August 2023

PITCHER PARTNERS
Melbourne

ASX ADDITIONAL INFORMATION

Additional information required by the ASX Listing Rules and not disclosed elsewhere in this report.

SHAREHOLDINGS

Substantial Shareholders

The number of shares to which substantial shareholders were entitled as listed in the Company's register of substantial shareholders at 28 July 2023 was:

Shareholder	Ordinary
Rogand Pty Ltd	4,936,208
Bennelong Funds Management Group Pty Ltd	12,051,110

Class of Shares and Voting Rights

At 30 July 2023, there were 10,795 holders of ordinary shares of the Company. The voting rights attaching to the ordinary shares are set out in the Company's Constitution.

Distribution of shareholders (as at 30 June 2023):

	Holders	%	Shares Held	%
1 - 1,000	7,567	70.10	2,275,073	2.77
1,001 - 5,000	2,469	22.87	5,624,543	6.85
5,001 - 10,000	424	3.93	3,051,883	3.72
10,001 - 100,000	307	2.84	7,207,396	8.78
100,001 or more	28	0.26	63,940,404	77.88
	10,795	**100.00**	**82,099,299**	**100.00**

The number of shareholders holding less than a marketable parcel at 26 July 2023 was 517.

Twenty largest shareholders (as at 28 July 2023)

Name of Holder	Number of ordinary shares held	% of issued ordinary shares held
Citicorp Nominees Pty Limited	19,184,669	23.37
HSBC Custody Nominees (Australia) Limited	11,908,126	14.50
J P Morgan Nominees Australia Pty Limited	11,678,447	14.22
Rogand Pty Ltd (Rogand Unit A/C)	4,851,183	5.91
Australian Foundation Investment Company Limited	3,640,000	4.43
BNP Paribas Noms Pty Ltd (DRP)	2,550,201	3.11
National Nominees Limited	1,447,242	1.76
Formax Pty Ltd (Reparar A/C)	1,136,723	1.38
BKI Investment Company Limited	945,447	1.15
Netwealth Investments Limited (Wrap Services A/C)	915,765	1.12
Washington H Soul Pattinson and Company Limited	737,065	0.90
Mirrabooka Investments Limited	680,361	0.83
Ms Judith Caroline Carpenter + Ms Gillian Clare Carpenter (Est Late P Carpenter A/C)	653,831	0.80
HSBC Custody Nominees (Australia) Limited (NT-Comnwlth Super Corp A/C)	473,254	0.58
Santos L Helper Pty Ltd (The Van Paassen Family A/C)	420,000	0.51
Djerriwarrh Investments Limited	374,340	0.46
Illabarook Pty Ltd	350,000	0.43
Amcil Limited	285,150	0.35
Mr James Joseph Shepherdson Mr Malcolm Kennedy Shore Est Agnes Vivien Shore A/C	272,935	0.33
BNP Paribas Nominees Pty Ltd (IB AU Noms Retailclient DRP)	262,253	0.32

The 20 largest shareholders hold 76.45% of the ordinary shares of the Company.

There is no current on market buyback of shares.

CORPORATE GOVERNANCE STATEMENT

The Board of ARB Corporation Limited is committed to high standards of corporate governance and supports the principles of good corporate governance and best practice recommendations as published in the Corporate Governance Principles and Recommendations 4th Edition (the "Guidelines") of the ASX Corporate Governance Council released in February 2019.

ASX Listing Rule 4.10.3 requires ARB to disclose the extent to which it has followed these best practice recommendations. This statement outlines the key corporate governance practices of ARB, as they relate to the recommendations of the ASX Corporate Governance Council.

The Board recognises that some practices are more relevant to larger companies. The Board has adopted those practices that it believes are in the best interests of its stakeholders and will enhance long term shareholder value given ARB's specific circumstances.

This Corporate Governance Statement was approved by the Board on 22 August 2023 and is current as at that date.

1. The Roles of the Board and Management

The Board of Directors is responsible for increasing shareholder value and overseeing good governance practices through leadership and direction of the Company. The Board Charter is disclosed at *http://www.arb.com.au/about/investor-relations/* and sets out the roles, responsibilities and processes of the Board. Matters reserved for the Board include:

- setting the strategic direction and values of the Company
- appointing and reviewing the performance of the Managing Director and the Chief Executive Officer
- setting objectives for which the Managing Director and the Chief Executive Officer are responsible
- approving major investment decisions and financial budgets
- monitoring financial and operating performance
- determining capital, funding and dividend policies
- planning Board and management succession
- defining the limits to management's responsibilities
- setting the Company's risk appetite and monitoring the effectiveness of risk management
- ensuring the Company complies with the law and conforms to the highest standards of financial and ethical behaviour.

Board Meetings are held regularly and the Board meets on other occasions to deal with matters that require attention between scheduled meetings.

The responsibility for the operation and administration of the economic entity is delegated by the Board to the Managing Director, Chief Executive Officer and departmental executives.

The Board of ARB and senior management monitor the performance of all Divisions through fortnightly management meetings and the preparation of monthly management accounts.

Minutes of the fortnightly management meetings are circulated to all Board members to ensure that they are aware of key developments within the Company and in the industry and environment in which it operates.

The monthly management accounts are prepared using accrual accounting principles and report each Division's results. These monthly management accounts are compared by management with monthly targets. Each Division has key performance indicators and are reviewed by the Board monthly.

The monitoring of ARB's performance by the Board and management assists in identifying the areas where additional attention is required.

The Chief Executive Officer evaluates the performance of the senior management team on an informal basis throughout the year and on a formal basis once per year. A performance evaluation was undertaken in the current reporting period. The Chief Executive Officer also ensures appropriate checks are undertaken before appointing a senior executive.

The Company Secretary is accountable directly to the Board on all matters to do with the proper functioning of the Board, through the Chairman.

There is a written agreement with each Director and Senior Executive setting out the terms of their employment.

The Board has not adopted a formal diversity policy or set measurable objectives based on diversity alone for the reasons explained in section 3 of this Corporate Governance Statement.

2. The Structure of the Board

The composition of the Board is determined in accordance with ARB's constitution and the ASX Listing Rules.

The Board regards a Director as independent if he or she is free from any material interest in, or other material relationship with, the Company, other than as a Director, which could reasonably be perceived to materially interfere with the Director's ability to exercise independent judgement with respect to the matter being considered. Independence and materiality are considered by the Board in the context of all of the relevant circumstances.

The Board presently comprises one Executive Director and six non-executive Directors (five of whom are independent non-executive Directors). The Board believes that, at present, this structure combines the skills, experience and efficiency of operation best suited to governing the Company.

The Chairman is an independent non-executive Director.

The Board comprises a majority of independent Directors. The Board believes that all of its Directors exercise due care and skill with respect to the matters which they consider and bring independent judgement to bear in decision-making.

Committees

The Board of Directors, as part of its responsibility to oversee the strategic direction of the Company, has established guidelines and committees to ensure that its businesses operate ethically and fairly and to ensure that the assets of the Company are properly protected. The committees which the Board has established are as follows:

- Audit and Risk Committee
- Remuneration and Nomination Committee.

The Board, either directly or through the Remuneration and Nomination Committee, periodically and objectively assesses its performance and that of its committees and individual members. The Board and the Audit and Risk and Remuneration and Nomination Committees last undertook formal performance evaluations in May 2023. The Board periodically undertakes performance reviews on an informal basis.

The requirement for membership of the Remuneration and Nomination Committee is that the member must be a non-executive Director and able to make a contribution to the decision-making process. This committee is composed of the six non-executive Directors of ARB. The Board acknowledges the recommendation of the ASX Corporate Governance Council that the chair of the committee be carried out by an independent Director. Although the Chairman of this committee is not considered independent because of his substantial shareholding in the Company, the Board believes his wealth of knowledge, expertise and enduring contribution to the company's culture, make it appropriate for him to be the Chairman of the committee.

The committee's Charter is disclosed in the Investor Relations section of the Company's web site (*http://www.arb.com.au/about/investor-relations/*).

Appointment of Directors

One of the roles and responsibilities of the Remuneration and Nomination Committee is to recommend to the Board the selection and appointment of suitable Directors to the Company after undertaking appropriate checks.

The committee considers the size and composition of the Board and the selection and appointment of new Directors as required based upon the existing expertise and experience of the Board, the future requirements of the Company and the desirability of increasing diversity as a means of enhancing shareholder value.

The Board's objective is to achieve the mix of skills and diversity that is best suited to maximising long-term shareholder value given the circumstances at any particular time. The Board believes that the Remuneration and Nomination Committee is best placed to assess these requirements rather than using intermediaries.

The conditions relating to a Director's appointment are provided to the Director in writing prior to appointment. All Directors are subject to re-election by rotation in accordance with ARB's constitution, the ASX Listing Rules and the Corporations Act. The Board provides shareholders with the necessary information in order to make an informed decision prior to the election of Directors.

Board Skills Matrix

The Board has identified the skills required of the members of the Board, which are:

- automotive and/or four-wheel drive industry experience
- manufacturing experience
- engineering experience
- management experience
- business experience, particularly in international sales and distribution
- financial management
- risk management
- corporate governance
- corporate finance
- regulatory knowledge
- legal knowledge
- sales and marketing experience, including digital
- director experience
- ability to think strategically
- high level of business acumen and integrity.

The skills matrix is subject to periodic review. The Board is satisfied that, as a group, the current Directors meet the requirements of this skills matrix.

Further information with respect to the Board is provided in the Directors' Report in the Company's Annual Report.

The Company provides appropriate induction as and when required for new Directors. The Board and the Remuneration and Nomination Committee periodically review whether there is a need for existing Directors to undertake professional development to maintain the skills and knowledge needed to perform their roles as Directors effectively.

Directors may obtain independent professional advice, at the Company's expense, on matters arising in the course of their Board duties after obtaining the Chairman's approval, which cannot be unreasonably withheld.

3. Ethical Business Practices

ARB is committed to being a socially responsible corporate citizen, using honest and fair business practices. The Company has articulated its values which are disclosed at *http://www.arb.com.au/about/.*

The Company's Code of Conduct and policies, including the Whistleblower and Anti-bribery and Corruption policies, apply to everyone who works for ARB and its subsidiaries including employees, consultants and Directors. The Board is informed of any material breaches of the Company's Code of Conduct or its various policies.
The Company's Code of Conduct and its policies are disclosed at *http://www.arb.com.au/about/policy/*.

The Company also believes that an effective means of enhancing investor confidence and actively promoting ethical and responsible decision-making is for the Board and the senior management team to foster, through their own actions, an ethical corporate culture.

Similarly, the Board believes that it has fostered and that the Company and its employees have a governance culture that encourages excellence and ethical business practices to enhance long term shareholder value, including the advancement of all employees in an ethical manner as appropriate irrespective of gender, age, ethnicity and cultural background.

Accordingly, the Board has not adopted a formal diversity policy or set measurable objectives based on diversity alone that might otherwise endorse diversity as the principal criteria for the selection and promotion of the Company's employees and directors. An employee or Director's skills, experience and overall prospects of adding value to the Company shall take precedence over diversity considerations. The Board believes that this is consistent with its objective of generating long term shareholder value in an ethical manner.

The Company benefits from and actively employs staff in Australia and internationally from a diverse range of ethnicities and backgrounds.

The proportion of women employed by the consolidated entity in the following roles is as follows:

- Board 29%
- Senior executives 20%
- Office staff 49%
- Engineering 2%
- Factory & Workshops 9%
- Consolidated entity 16%

The Company complies with its reporting obligations as a relevant employer under the Workplace Gender Equality Act 2012 (Cth).

Senior executives are general managers of key business departments. The senior executive team consists of ten individuals, two of whom are women. The Board promotes open and honest disclosure and discussion, together with consideration and respect for the interests of all stakeholders, at all Board and fortnightly management meetings.

In addition, the Board and the senior management of the Company regularly consider relevant matters including conflicts of interest, corporate opportunities, business practices, confidentiality, fair dealing, complaints handling, protection and proper use of the Company's assets, compliance with laws and regulations and reporting unlawful and unethical behaviour.

The Board has ultimate responsibility for resolving all matters concerning ethical and responsible decision-making.

These procedures are designed to ensure that the integrity of the Company is maintained and that investor confidence is enhanced.

The Company is aware of its legal and other obligations to all legitimate stakeholders. The Board believes that appropriate recognition of these interests will enhance shareholder value in the long term.

The Board believes that the shareholders of the Company ultimately assess the performance of the Board, its committees, individual Directors and senior management based on the financial performance of the Company in the context of the commercial, legal and ethical framework within which the Company operates.

Directors' share trading

The Board of Directors has a formal policy for share dealing by Directors. This policy allows for the buying and selling of ARB shares only after approval has been obtained from the Chairman, with approval only to be given in blackout periods in exceptional circumstances and when the market is fully informed.

4. Safeguard Integrity

ARB has an Audit and Risk Committee with a formal charter that is available on the Company's web site (*http://www.arb.com.au/about/investor-relations/*).

The Audit and Risk Committee is composed of four independent non-executive Directors of ARB and is chaired by one of these independent non-executive Directors.

The Board considers that the composition of the present Audit and Risk Committee maintains integrity and is most operationally effective for a Company of ARB's size and Board composition.

The primary function of the Audit and Risk Committee is to recommend to the Board the selection and appointment of the external auditors, based on the audit requirements of the Company and the independence and suitability of the auditors. The Audit and Risk Committee also acts as an interface between the Board and the external auditors to:

- ensure that the external auditors who are selected and appointed remain appropriate to the needs of the Company
- review the independence of the external auditors
- ensure the rotation of external audit engagement partners in accordance with regulatory requirements
- review, with management and the auditors, the Company's periodic statutory accounts and reports
- review the systems and controls established by management to safeguard the assets of the Company
- monitor procedures in place aimed at ensuring compliance with the Corporations Act and the Australian Stock Exchange Listing Rules
- monitor the effective management of financial and other business risks.

The Audit and Risk Committee has reviewed the independence of the external auditors and is satisfied that they are not restricted in forming an independent view on the Group's financial report.

The provision of non-audit services by the external auditors to the Group has been restricted by the Board to ensure audit independence.

Further information with respect to the Audit and Risk Committee is provided in the Directors' Report in the Company's Annual Report.

Prior to approving the financial statements, the Board received a declaration from the Chief Executive Officer and Chief Financial Officer that, in their opinion, the financial records have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the Group and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

The Company's process to verify the integrity of any periodic corporate reports released to the market that are not audited or reviewed by an external auditor is similar to the process it follows for all releases to the market and is designed to ensure:

- the relevant personnel who prepare the reports are appropriately qualified and have appropriate information available to them to support the relevant report
- that such reports have been checked and approved for release by authorised personnel in accordance with the Company's delegation of authority
- that relevant personnel are aware of the Company's policies, procedures and practices which are designed to assure integrity of process and avoid any improper practices which may compromise such integrity e.g. Code of Conduct, continuous disclosure, whistle-blower and anti-bribery and corruption policies.

5. Timely Disclosure of Material Matters

The Company's aim is to ensure timely, balanced and continuous disclosure to the market of all material matters concerning the Company in accordance with the ASX continuous disclosure regime.

The policies and procedures designed to ensure compliance with ASX Listing Rules and Corporations Act disclosure requirements and to ensure accountability at a senior management level for that compliance are as follows:

- the Company must notify the market, via the ASX continuous disclosure regime, of any price sensitive information
- the Directors, the Company Secretary and the Chief Financial Officer are designated as Disclosure Officers who are responsible for reviewing potential disclosures and deciding what information should be disclosed
- only a Disclosure Officer may authorise communication with external parties on behalf of the Company thereby safeguarding confidentiality of corporate information
- the onus is on all executives to inform a Disclosure Officer of all potential disclosures as soon as they become aware of the information. The senior management team is responsible for ensuring staff understand and comply with this policy
- ASX and media releases must be approved by a Director who is a Disclosure Officer
- All market announcements are sent to members of the Board
- Copies of presentations to investors or analysts are released to the ASX Market Announcements Platform ahead of the presentation.

6. Rights of Shareholders

The shareholders of ARB are responsible for voting on the election of Directors at the Annual General Meeting in accordance with the Company's constitution.

The Annual General Meeting also provides shareholders with the opportunity to express their views on matters concerning the Company and to vote on other items of business for resolution by shareholders. ARB's policy is to facilitate and encourage effective shareholder participation at general meetings through clear and succinct notices of meeting and explanatory notes, taking time to explain the Company's future direction and strategy and through direct interaction during question times at each meeting.

ARB requires that the audit partner of the firm of auditors attends the Annual General Meeting and is available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.

All substantive resolutions at a meeting of security holders are decided by a poll rather than by a show of hands.

The Company's investor relations programme creates effective two-way communication with shareholders through:

- the Annual Report which is distributed to all shareholders
- disclosures made to the ASX
- letters to shareholders after half year and full year results' announcements
- notices and explanatory memoranda in relation to resolutions to be put to a vote
- AGMs at which shareholders are given an opportunity to participate
- analyst briefings and presentations as appropriate
- the Company's web site: *http://www.arb.com.au/about/investor-relations/*

The Company provides security holders with the option of receiving communications from, and sending communications to, the Company and its share registry electronically.

7. Risk Management

The Board has established an Audit and Risk Committee to oversee the management of business risks and internal controls. The requirement for membership of the Audit and Risk Committee is that the member must be a non-executive Director and able to make a contribution to this decision-making process. This committee is composed of four independent non-executive Directors of ARB and is chaired by one of these independent non-executive Directors. The Chief Financial Officer attends the Committee meetings.

The Company's senior management team also identifies, assesses, monitors and manages business risks and internal control procedures by considering such matters as part of its regular fortnightly meetings.

CORPORATE GOVERNANCE STATEMENT (continued)

Minutes of every senior management team meeting are circulated to the Board which has the ultimate responsibility of ensuring that the risk mitigation actions recommended at these meetings are implemented.

Risk management is a standing agenda item at all Board meetings. A Risk Register is maintained and periodically reviewed by the Audit and Risk Committee and the Board.

The Board reviews the risk management framework of the Company annually and is satisfied through its evaluation in the current reporting year, that the framework remains sound and that the Company is operating with due regard to the risk appetite set by the Board.

The Company does not have an internal audit function. Instead, as noted above, the fortnightly reports of the senior management team meetings are circulated to all Board members for them to evaluate and continually improve the effectiveness of the risk management framework and internal control processes.

ARB has identified certain risks that could materially impact the Company's performance and prospects and has implemented measures to manage those risks, as summarised below:

- **Economic risk**: ARB is exposed to general risks posed by the Australian and international economies, which may cause general or local downturns in consumer confidence and demand and in the automotive industry in particular. Strategies employed to manage these risks include the use of multiple facilities for manufacturing, distribution and sales.

- **Foreign exchange risk**: ARB is exposed to foreign exchange rate influences in its dealings with a number of countries. This risk is managed through hedging arrangements as required and by operating in different currency environments.

- **Key personnel**: Finding and retaining the right employees is important to ARB's ongoing success. ARB has appropriate succession planning strategies and career development plans in place to manage this risk.

- **Business continuity risk**: ARB faces business continuity risks which may include: a natural disaster affecting one or more sites, global pandemics, major outage of services (eg electricity), a raw material shortage and prolonged failure of a supplier to supply a critical component. This risk is managed through businesses spread across multiple sites to mitigate site specific risks, site specific Emergency Response Plans and appropriate policies of insurance.

- **Information technology risk**: ARB is exposed to the risk of a significant IT outage or cyber-attack and a loss of confidential data. ARB has in place IT backup and disaster recovery plans and regularly updates its cyber security.

- **Tax Risk**: The Company has effective policies and processes in place to manage tax risk including direct, indirect and excise taxes.

- **Regulatory**: Regulatory burdens and changes to regulatory requirements may adversely impact ARB's competitiveness. ARB addresses this risk though its globally diversified facilities and being at the forefront of relevant industry technology to meet changing regulatory requirements more effectively.

- **Environmental / Sustainability:** ARB is not significantly impacted by, but complies with, all environmental regulations or laws as reported in its Environmental, Social and Governance Report located at *http://www.arb.com.au/about/investor-relations/*.

The Company does not face any material exposure to risks that would compromise its ability to continue operating in a socially and environmentally sustainable way.

8. Fair and Responsible Remuneration

ARB has established a Remuneration and Nomination Committee. This Committee is composed of the six non-executive members of the Board (five of whom are independent). The Chairman of the Committee is appointed by the Board.

The primary function of the Remuneration and Nomination Committee is to review senior executive remuneration structures, review senior management succession plans and monitor Directors' remuneration levels.

The committee may engage appropriately qualified consultants to provide it with advice and recommendations.

The committee's Charter is disclosed in the Investor Relations section of the Company's web site (*http://www.arb.com.au/about/investor-relations/*).

Non-executive Directors are renumerated by way of fees and other than statutory superannuation, they do not receive any retirement benefits.

Additional information with respect to remuneration, including separate disclosure of policies and practices regarding the remuneration of non-executive Directors and the remuneration of the Executive Director and other senior management, is provided in the Remuneration Report in the Company's Annual Report.

ARB AROUND THE WORLD

ARB WILL CONTINUE TO DRIVE EXCELLENCE WITH PASSION

We will pursue growth as the industry leader in design innovation and engineering of 4WD accessories in 2023/2024. Using advanced technologies to bring new and improved products to market, to roll-out new ARB Flagship stores across Australia and to continue to build on the growth experienced over the past year in export and OE markets.


ARB
4X4 ACCESSORIES