

Dear Shareholder

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	30 Jun 22	Change
	\$'000	\$'000	
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	<u>30.0</u>	<u>32.0</u>	
Total	<u>62.0</u>	<u>71.0</u>	(12.7%)
Franking (at 30% tax rate)	100%	100%	

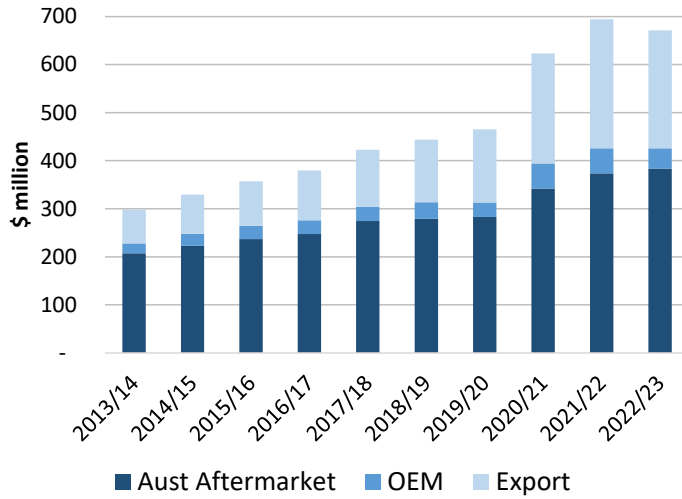
(1) Other revenue includes a non-cash gain of \$13.7 million from the write back to profit of contingent consideration for the acquisition of the Truckman business in March 2021 that is unlikely to be paid. This gain is essentially offset by a \$13.4 million non-cash impairment expense of the acquired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

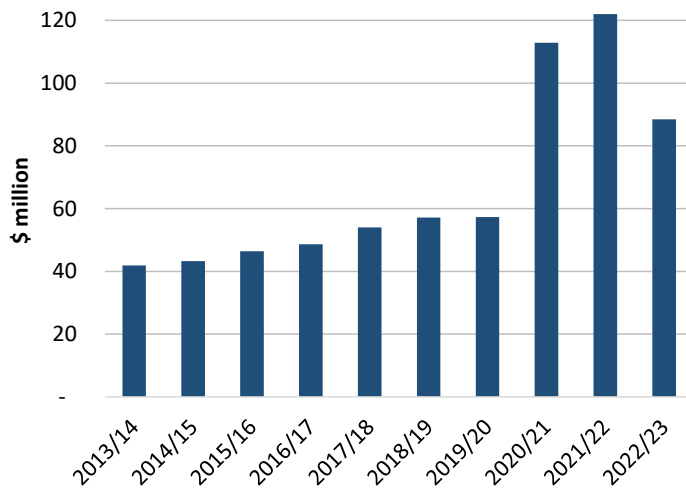
10 YEAR HISTORICAL PERFORMANCE

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



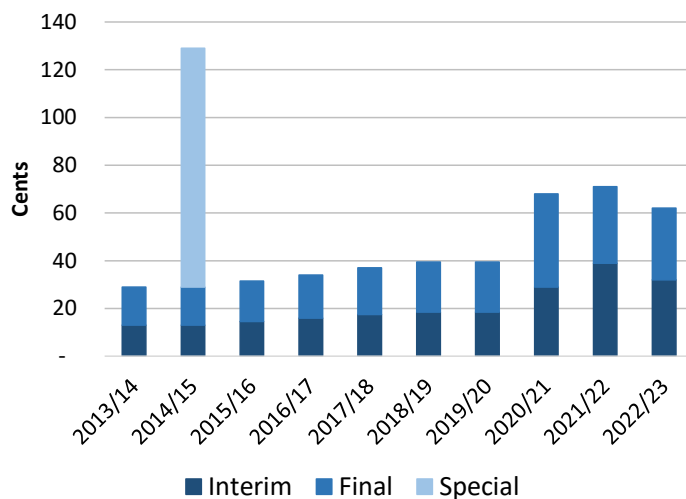
SALES REVENUE

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.

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.

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

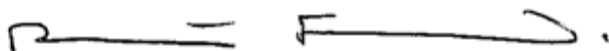
The Company's outlook remains positive with ongoing healthy demand for ARB's products, improving new vehicle supply around the world, stronger gross profits and new products recently and soon to be released to market.

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