

Dear Shareholder,

The Board of ARB Corporation Limited ("ARB" or the "Company") reports that the Company generated sales revenue of \$341.5 million for the half year ended 31 December 2023 ("1H FY2024"), up 0.2% compared with the previous corresponding period.

Profit before tax of \$72.5 million represents profit growth of 12.6% over the previous corresponding period after excluding a one-off capital expense of \$1.7 million relating to the final estimated payout for the acquisition of the Truckman business (see note 1 below).

Profit after tax, excluding the Truckman adjustment was \$52.9m, up 12.3% compared with the previous corresponding period.

Reported profit for 1H FY2024 includes the Truckman adjustment and was \$70.8 million before tax and \$51.3 million after tax. This represents an increase of 9.5% and 8.1% respectively over the previous corresponding period.

The half year results are summarised below:

Six months ended	31 Dec 23 \$'000	31 Dec 22 \$'000	Change
Sales revenue	341,545	340,873	0.2%
Other revenue	1,143	1,504	
Total revenue	342,688	342,377	0.1%
<u>Profit excluding Truckman adjustments ¹</u>			
Profit before tax	72,490	64,383	12.6%
Tax expense	(19,552)	(17,228)	
Profit after tax	52,938	47,155	12.3%
Earnings per share (cents)	64.44	57.58	11.9%
<u>Reported Profit</u>			
Profit before tax	70,819	64,649	9.5%
Tax expense	(19,552)	(17,228)	
Profit after tax	51,267	47,421	8.1%
Earnings per share (cents)	62.41	57.90	7.8%
Interim Dividend (cents per share)	34.00	32.00	6.3%
Franking	100%	100%	

(1) Reported profits include the impact of fair value adjustments relating to contingent payments for the acquisition of the Truckman business completed in 2021 in the UK. The Board believes that non-IFRS Profit excluding Truckman adjustments more accurately reflects the operating performance of the Company:

- 31 December 2023: the Company recognised an expense of \$1.671 million for the estimated deferred contingent consideration resulting from the significantly improved performance by the Truckman business in 1H FY2024; and
- 31 December 2022: the Company recognised a net gain of \$0.266 million reflecting a \$13.673 million write back to profit of the provision for deferred contingent consideration that was not expected to be paid which was offset by an impairment to goodwill expense of \$13.407 million.

The Board has declared an interim dividend of 34.0 cents per share, fully franked at a 30% tax rate. The interim dividend will be paid on 19 April 2024 and the Record Date will be 5 April 2024.

The ARB Dividend Reinvestment Plan and Bonus Share Plan (the “Plans”) will be in operation for the interim dividend to assist with the funding of ARB’s ongoing expansion programme. Information about the Plans can be found on the Company’s website at: <http://www.arb.com.au/about/investor-relations>. Investors wishing to make or change an election to participate in 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.

HIGHLIGHTS OF THE HALF YEAR ENDED 31 DECEMBER 2023

Sales

The Company’s sales revenue for 1H FY2024 was up 0.2% compared with the previous corresponding period.

A summary of sales category performance for the period is as follows:

Customer Category	Percentage of Sales		Sales Growth
	6 months to Dec 2023	6 months to Dec 2022	
Australian Aftermarket	59.5%	57.4%	3.7%
Exports	31.8%	36.9%	(13.6%)
Original Equipment	8.7%	5.7%	53.8%
	100.0%	100.0%	0.2%

The Company achieved sales growth in the Australian Aftermarket of 3.7% in 1H FY2024 and growth was achieved in all Australian states.

Aftermarket sales were significantly hindered during the second quarter by industrial disputes across Australian ports resulting in extensive inbound and outbound disruptions. The Company continues to implement initiatives to improve the Company’s fitting capacity and alleviate constraints which continued throughout the half year.

Pleasingly, current customer orders remain strong and new vehicle sales in Australia have returned to growth with the Ford Ranger, Toyota Hilux and Isuzu D-Max being the three highest selling vehicles in Australia in 2023. ARB carries a full range of accessories for these vehicles.

Export sales declined by 13.6%, including strong sales growth achieved in the UK, offset by challenging market dynamics in other key international markets.

The UK based Truckman business achieved strong sales and profit growth as new vehicle supply returned to the UK market after two years of subdued market conditions resulting from reduced new vehicle supply into the UK market.

ARB continues to focus on recovering sales lost when its major US customer, 4 Wheel Parts, was acquired by a third party which subsequently divested a majority of its retail store network. The Company anticipates stronger sales in New Zealand during 2024 after the country’s newly elected government repealed the “Ute tax” from 1 January 2024 which had depressed sales of new pick-ups throughout 1H FY2024.

ARB continues to implement a number of longer-term initiatives to engage more directly with consumers and support sales in the USA via the establishment of the US e-comm site, its investment in Off Road Warehouse, Inc. and the construction of a pilot ARB branded retail store in Seattle, Washington, expected to open in Q4 CY2024.

Sales to original equipment manufacturers (“OEM”) increased by 53.8% over the period, in line with previous disclosure to the market. The growth is attributable to increased volume from existing contracts, new vehicle model launches and vehicle availability. Sales to OEMs in 2H FY2024 and into FY2025 are projected to continue to grow.

Distribution

The Company distributes through its market leading ARB store network in Australia, to retail customers, ARB stockists, new vehicle dealers and various fleet operators. There are currently 74 ARB stores in Australia, of which 30 are Company owned, the same number of stores as at this time last year.

The Company’s flagship store roadmap is well developed to accelerate new stores. ARB recently completed construction of a new company-owned flagship store in Osborne Park, WA, which relocated and officially opened in early-February 2024. ARB also relocated its Canberra store during 1H FY2024 to a newly constructed flagship store with significantly

enlarged floor space. Developments are well progressed for relocating existing retail operations in Albury, NSW, and Bundaberg, QLD, into new company-owned flagship stores. Further, construction of a new site in Mornington, Vic, is underway.

ARB's business and close partnership with Ford continues to grow, underpinned by the successful Ford License Accessory ("FLA") programme. FLA provides consumers with the option of purchasing select ARB products directly from Ford dealers with a Ford extended 5-year accessory warranty. The programme essentially extends ARB's store network to include Ford's distribution network. The addition of the newly released Ranger and Everest models to the FLA programme has further supported ARB's penetration into the Ford accessories' market.

Products

ARB maintains its long-term competitive advantage through excellence in product development. The Company's continued focus on the engineering and development of new products provides a point of difference to market and further long-term product development projects are planned for release throughout 2024.

ARB launched a number of significant long-term development products during 1H FY2024 including the Earth Camper, the new MT-64 shock absorber range and parabolic leaf springs and airbags for Toyota's LC70. The Company continues to expand the application of existing products to new vehicle models, successfully delivering capable and feature packed products. ARB expects to release three significant new products in CY2024.

Shareholders can learn more about ARB's new product releases via the Company's website at:

<https://www.arb.com.au/latest/news-and-releases/>.

Investments in Associates

ARB invested in two US based 4x4 accessories companies during 1H FY2024:

- ARB acquired a 30% interest in ORW USA, Inc. ("ORW") for US\$5.0 million. ORW currently operates nine retail stores in the US and ARB's investment will accelerate ORW's plans to expand its retail network; and
- ARB acquired a 49% interest in Nacho LED LLC ("Nacho") for US\$2.0 million. Nacho was recently established and ARB's investment will facilitate the development of innovative lighting solutions for the 4x4 and automotive industries.

ARB's management team has interacted with the principals of Nacho and ORW over many years and looks forward to combining the companies' respective strengths.

Financial

ARB achieved a profit before tax of \$72.5m, excluding the non-IFRS adjustment relating to the Truckman acquisition explained in the following paragraph. This represents growth of 12.6% compared with the previous corresponding period. The growth in profit was achieved despite relatively flat sales during 1H FY2024 and was driven by improved margins.

The reported profit includes a \$1.671 million expense relating to the estimated final payment for the acquisition of the UK based Truckman business acquired in March 2021. The acquisition originally included a deferred and contingent earnout based on the performance of the business through 2021 to 2024 for which a provision was raised at completion. Subsequently, the performance of the business declined as the supply of new vehicles into the UK was constrained and the provision was reversed in 1H FY2023, along with a reduction in the associated goodwill, as the contingent payment was considered unlikely. Truckman's performance improved significantly during 1H FY2024 and it now appears certain that a deferred contingent payment of approximately \$1.671 million will be payable.

The Company achieved a net profit after tax, excluding the non-IFRS adjustments relating to the Truckman acquisition, of \$52.9 million in 1H FY2024 compared with \$47.2 million in the previous corresponding period.

ARB has focused on managing its operating expenses in the high inflationary period during the first half. The Company has established an efficient and solid infrastructure to continue servicing the business and its anticipated growth. Weakness in the Australian dollar however continues to impact the group's results given the Company's significant operations in Thailand, with three factories and a distribution centre located in Rayong.

Net cash provided by operating activities was \$71.6 million compared with \$24.0 million in the previous corresponding period, driven by the conversion of profits into cash and the stabilisation of inventory levels. The Company invested \$26.1 million in property, plant and equipment and \$11.0 million in its new US based associates (ORW and Nacho) during 1H FY2024. The Company also paid \$21.1 million in cash dividends.

The Company's maintains a strong balance sheet, with a cash balance of \$53.6 million at 31 December 2023 and no debt.

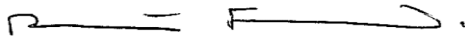
THE FUTURE

Sales in the month of January 2024 were strong with the resolution of Australian port disruptions and management initiatives contributing positively to accessory fitting capacity.

The Company maintains a positive outlook despite continued uncertain economic conditions, particularly in the global environment. ARB has a strong customer order book, strengthening partnerships and opportunities with OEMs and new and innovative products to be released to market during 2024. The Company's distribution network continues to expand to meet higher customer demand as the supply of new vehicles around the world increases.

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

Yours faithfully,



Robert Fraser
Chairman

20 February 2024