



**ARB CORPORATION LTD**

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**ASX ANNOUNCEMENT**

20 August 2024

**APPENDIX 4E, ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024**

ARB Corporation Limited herewith lodges the Appendix 4E, Annual Report and Financial Statements for the financial year ended 30 June 2024.

**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 FY2024 results by webcast via the following link at 10:00 am (AEST) today:

<https://loghic.eventsair.com/400813/238825/Site/Register>

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,

A handwritten signature in black ink, appearing to be 'Damon Page', written over a light grey circular watermark.

Damon Page  
Company Secretary

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## APPENDIX 4E

FOR THE YEAR ENDED 30 JUNE 2024

1. The reporting period is the year ended 30 June 2024.  
The previous corresponding period is the year ended 30 June 2023.

## 2. Results for announcement to the market

Year ended	Jun 2024 \$'000	Jun 2023 \$'000	% Change
Sales revenue	693,154	671,240	3.3%
<b>2.1 Revenues from ordinary activities</b>	<b>698,753</b>	<b>675,037</b>	<b>3.5%</b>
Profit from ordinary activities before tax attributable to members	141,419	122,076	15.8%
<b>2.2 Profit from ordinary activities after tax attributable to members</b>	<b>102,683</b>	<b>88,455</b>	<b>16.1%</b>
<b>2.3 Net profit for the period attributable to members</b>	<b>102,683</b>	<b>88,455</b>	<b>16.1%</b>
Truckman acquisition adjustments (for which tax is not applicable) (i)	2,498	(266)	
Profit on sale of factory in Thailand (ii)	(1,058)	-	
<b>Net profit for the period attributable to members excluding the above adjustments</b>	<b>104,123</b>	<b>88,189</b>	<b>18.1%</b>

(i) Truckman acquisition adjustments are non-IFRS measures which have not been subject to review or audit.

Reported profit in 2023 and 2024 includes the impact of fair value adjustments relating to deferred contingent payments for the Truckman business acquired in 2021 and a subsequent goodwill impairment expense. Given the quantum of the adjustment in the current period, the Board believes the non-IFRS financial results excluding the impact of these adjustments in both years more accurately reflects the operating performance of the Company:

- 30 June 2024: the Company recognised a non-operating expense of \$2.498 million for the final settlement of the contingent consideration relating to the Truckman acquisition; and
- 30 June 2023: the Company recognised a non-operating 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 at the time which was offset by an impairment of goodwill of \$13.407 million. The net financial impact of this adjustment was considered immaterial and not separately adjusted in the 30 June 2023 Appendix 4E.

(ii) Included in reported profit is a profit of \$1.058 million (\$1.255 million pre tax) on the sale of a factory in Thailand.

Growth in profit from ordinary activities before tax attributable to members excluding the non-IFRS adjustments for the year ended 30 June 2024 was 17.1%.

2.4 Dividends in respect of current financial year	Jun 2024	Record date	Payment date	Jun 2023	% Change
Interim dividend per share (fully franked @ 30% tax rate)	34.0 cents	5 Apr 2024	19 Apr 2024	32.0 cents	6.3%
Final dividend per share (fully franked @ 30% tax rate)	35.0 cents	4 Oct 2024	18 Oct 2024	30.0 cents	16.7%
	69.0 cents			62.0 cents	11.3%

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 2023	30.0 cents	30.0 cents	24,365	6 Oct 2023	20 Oct 2023
Interim dividend - year ended 30 June 2024	34.0 cents	34.0 cents	27,700	5 Apr 2024	19 Apr 2024

**APPENDIX 4E (continued)**

FOR THE YEAR ENDED 30 JUNE 2024

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 9 October 2024.

9. Net tangible assets per security	Jun 2024	Jun 2023	% Change
Net tangible assets per security	\$7.39	\$6.77	9.2%

10. Changes to controlled entities during the year ended 30 June 2024 are as follows:  
 ARB Off Road Ltd was dissolved on 22 December 2023.  
 ARB 4X4 Holdings, LLC was incorporated on 8 September 2023.

11. Details of associates or joint venture entities are as follows:	Date Acquired	Jun 2024	Jun 2023
Ownership interest in investments accounted for under the equity method:			
Nacho LED LLC	4 Oct 2023	49%	0%
ORW USA, Inc.	11 Oct 2023	30%	0%

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 Deloitte Touche Tohmatsu.

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.



## 4X4 ACCESSORIES



ANNUAL REPORT 2024

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**DRIVES EXCELLENCE  
WITH PASSION**

# YEAR IN REVIEW (FY2024)



## ARB Altitude Rooftop Tent

ARB is at the forefront of innovation, consistently launching cutting-edge products and applications. The past 12 months have been no different with the exciting official launch of the Altitude Rooftop Tent. The ARB Altitude Rooftop Tent represents the next step in premium luxury camping. With an industry-leading design, it offers convenience, comfort and accessibility features previously unseen in the traditional rooftop tent market, ensuring a good night's sleep wherever you decide to stop.

## Toyota Trailhunter 4Runner

Providing adventurers with 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.

The all-new Toyota Trailhunter 4Runner is equipped with the latest off road equipment from ARB and Old Man Emu. It features a co-designed 3/4 roof rack by ARB and Old Man Emu suspension, including 2.5-inch forged monotube shocks and external remote reservoirs, enabling owners to venture further in this iconic off road vehicle.

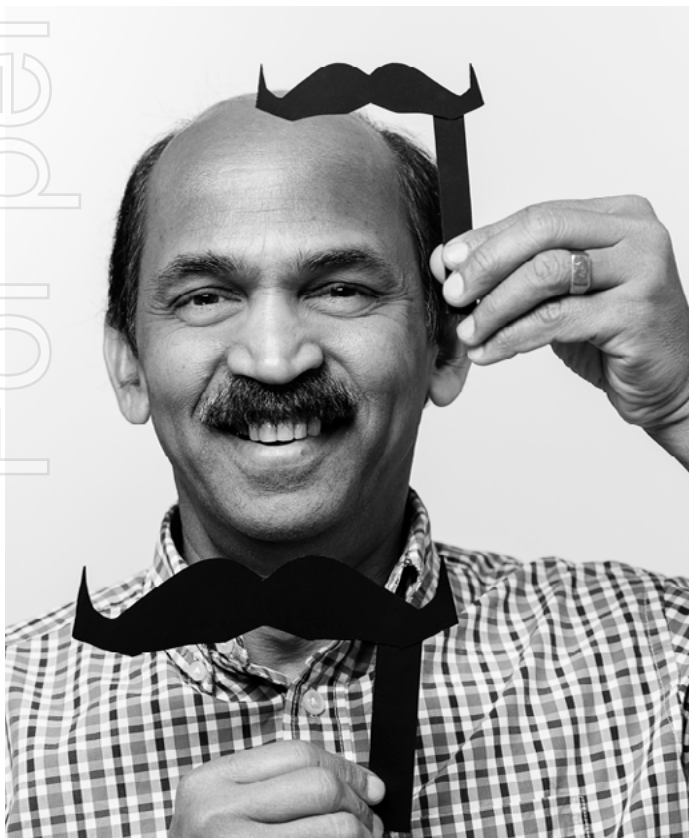




## New Stores (Global and Domestic)

ARB has continued its expansion of Flagship stores. Over the past year, ARB Albury (NSW), ARB Fyshwick (ACT) and ARB Osborne Park (WA) have opened in Australia. Mornington (VIC), Kilsyth (VIC) and Bundaberg (QLD) are all under development. The new flagship style offers an improved retail design, educational displays and state-of-the-art fitting bays.

ARB entered the New Zealand market with the opening of its first Flagship store in the North Island at Hamilton. In the USA, ARB acquired a 30% share ownership of Off Road Warehouse (ORW). ARB helped ORW establish the Glendale (CA) and Denver (CO) stores to have solid ARB representation across the visual displays.



## November

ARB 4x4 Accessories was thrilled to announce a significant and impactful partnership with Movember in 2023, a commitment deeply aligned with our dedication to championing men's health. Men's health is of paramount importance and with Movember's support, we are raising awareness, fostering understanding and driving positive change.

We launched fundraising initiatives on a global scale, with Australia leading the way by trialling key external activations. These initiatives are planned for a global rollout in 2024.

Throughout November 2023, ARB raised a phenomenal \$42,480 demonstrating that at ARB, we are not merely endorsing a cause; we are amplifying Movember's message to reduce health inequalities and save more lives.



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## CORPORATE INFORMATION

### COMPANY ABN

31 006 708 756

### DIRECTORS

Robert D Fraser B.Ec., LLB (Hons) - Chairman  
Andrew H Brown - Managing Director  
Roger G Brown B.E., M.B.A.  
Shona M Faber B.Bus., GAICD  
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

### AUDITOR

Deloitte Touche Tohmatsu  
477 Collins Street  
Melbourne Victoria 3000

### 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 generated sales revenue of \$693.2 million for the financial year ended 30 June 2024 ("FY2024"), up 3.3% compared with the previous financial year.

Profit before tax of \$142.7 million represents growth of 17.1% over the previous financial year, excluding a one-off capital expense of \$2.5 million relating to the final deferred consideration payment for the acquisition of the Truckman business and a one-off capital gain of \$1.2 million relating to the sale of a factory in Thailand.

Profit after tax excluding these two adjustments was \$104.1 million, up 18.1% compared with the previous financial year.

Reported profit for FY2024, which includes the two adjustments noted above, was \$141.4 million before tax and \$102.7 million after tax. This represents an increase of 15.8% and 16.1% respectively over the previous financial year.

The full year results are summarised below:

Year ended	30 Jun 24	30 Jun 23	Change
	\$'000	\$'000	
<b>Sales revenue</b>	<b>693,154</b>	<b>671,240</b>	<b>3.3%</b>
Other revenue	5,599	3,797	
<b>Total revenue</b>	<b>698,753</b>	<b>675,037</b>	<b>3.5%</b>
<b><u>Profit excluding adjustments<sup>(1)</sup></u></b>			
<b>Profit before tax</b>	<b>142,662</b>	<b>121,810</b>	<b>17.1%</b>
Tax expense	(38,539)	(33,621)	
<b>Profit after tax</b>	<b>104,123</b>	<b>88,189</b>	<b>18.1%</b>
Basic EPS - cents	126.66	107.60	17.7%
<b><u>Reported Profit</u></b>			
<b>Profit before tax</b>	<b>141,419</b>	<b>122,076</b>	<b>15.8%</b>
Tax expense	(38,736)	(33,621)	
<b>Profit after tax</b>	<b>102,683</b>	<b>88,455</b>	<b>16.1%</b>
Basic EPS - cents	124.91	107.92	15.7%
<b>DPS (cents): Interim</b>	<b>34.0</b>	<b>32.0</b>	
Final	<u>35.0</u>	<u>30.0</u>	
<b>Total</b>	<b>69.0</b>	<b>62.0</b>	<b>11.3%</b>
Franking (at 30% tax rate)	100%	100%	

- (1) Profit before tax excluding adjustments is a non-IFRS measure. For FY2024, it excludes an expense of \$2.498 million (before and after tax) for the final deferred contingent consideration for the Truckman business and a gain of \$1.255 million (\$1.058 million after tax) achieved on the sale of a factory in Thailand. For FY2023, it excludes a non-cash 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, offset by an impairment to goodwill expense of \$13.407 million. As the FY2023 adjustments relate to the taxation cost base, there is no associated tax impact.

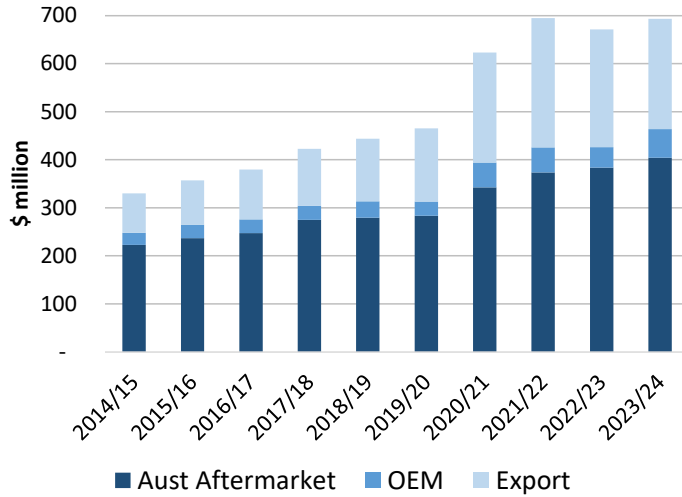
The Company has declared a final fully franked dividend of 35.0 cents per share. This brings total dividends for the year to 69.0 cents per share fully franked, an increase of 11.3% compared with last year. The final dividend will be paid on 18 October 2024 and the Record Date will be 4 October 2024. 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](http://www.computershare.com.au/easyupdate/arb) or by phoning Computershare on 1300 850 505.

**CHAIRMAN'S STATEMENT (continued)**

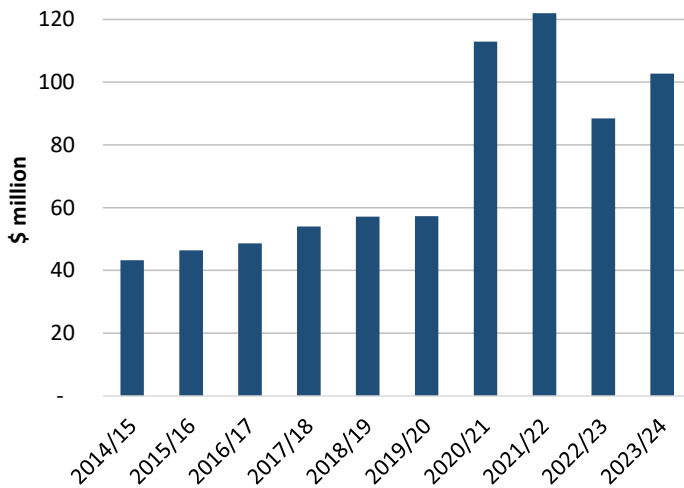
**10 YEAR HISTORICAL PERFORMANCE**

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



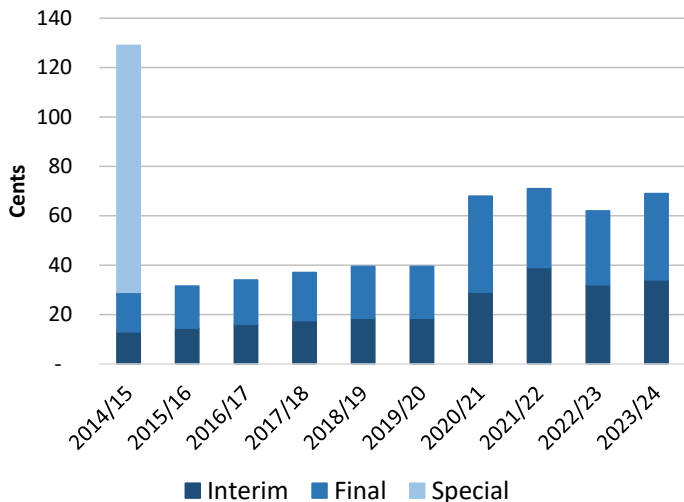
**SALES REVENUE**

Annual sales revenue has grown at an average compound rate of 8.8% over the past 10 years.



**NET PROFIT AFTER TAX**

Net profit after tax has grown at an average compound rate of 9.2% over the past 10 years.



**DIVIDENDS PER SHARE**

Dividends per share have grown steadily over the past 10 years in line with profit after tax. A special dividend of \$1.00 per share was paid in FY2015.

All dividends have been fully franked.

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## CHAIRMAN'S STATEMENT (continued)

## HIGHLIGHTS OF THE 2023/24 YEAR

## Sales and Distribution

The Company's sales revenue grew by 3.3% in FY2024 compared with the previous year. This reflects sales growth of 0.2% in the first half and sales growth of 6.4% in the second half of the financial year.

The Australian Aftermarket category achieved sales growth of 5.4%, Original Equipment Manufacturers ("OEM") achieved sales growth of 40.5% whilst Exports sales declined 6.5%:

Customer Category	Percentage of Sales		Sales Growth
	12 months to Jun 2024	12 months to Jun 2023	
Australian Aftermarket	58.3%	57.2%	5.4%
Exports	33.1%	36.5%	(6.5%)
Original Equipment	8.6%	6.3%	40.5%
Total	100.0%	100.0%	3.3%

ARB's distribution network across the wider 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.

Sales into the Australian Aftermarket achieved modest growth of 5.4% during FY2024. Pleasingly, however, growth of 7.1% in the second half was stronger than the first half following disruptions caused by industrial disputes across Australian ports in the first half and the implementation of initiatives to relieve fitting constraints.

Total new vehicle sales in Australia increased by 12.6% in FY2024 compared with FY2023 and current customer orders remain strong in Australia. ARB's key individual target vehicles include the Ford Ranger, Toyota Hilux and Isuzu D-Max which were the three highest selling vehicles in Australia in 2024.

Branded ARB stores are an integral part of the Company's distribution network throughout Australia. The total number of ARB stores remains at 74, of which 30 are Company owned. The Company expects to open an additional four ARB stores and upgrade five existing stores to the ARB flagship store format in FY2025.

ARB's partnership with Ford via the successful Ford License Accessory ("FLA") programme continues to expand. FLA provides consumers with the option of purchasing select ARB products directly from Ford dealers with a Ford extended 5-year accessory warranty and, shortly, with the option to fund the purchase on Ford Finance.

Export sales declined 6.5% in FY2024, reflecting a decline of 13.6% in the first half and minor growth in the second half. International trading conditions remain challenging, particularly in the US where the broader industry has experienced a downturn and ARB's major wholesale customer continued to divest stores. However, ARB remains focused on implementing a number of new initiatives which the Board is confident will deliver long-term brand and sales growth in the USA.

ARB successfully launched a direct-to-consumer eCommerce site in the US which is achieving positive results. The Company also commenced selling to Toyota USA under a new contract featuring ARB branded content fitted to the new halo platform Tacoma Trailhunter. This partnership will grow revenue for ARB USA while elevating brand awareness throughout the US. In addition, the Company will announce a new contract in FY2025 with Toyota USA.

The Company decided some time ago to change its supplier of OME Nitrocharger shock absorbers to ensure this product's future both in terms of manufacturing quality and access to advanced technology. Unfortunately, the new supplier experienced manufacturing difficulties which significantly affected the Company's ability to supply product for much of FY2024. This markedly reduced sales of the OME range in major export markets, where it is a significant product line, and significantly impacted the Australian aftermarket. The Company is pleased to advise that the OME situation is now resolved and shock absorber sales have returned to historical levels.

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 as a result of reduced new vehicle supply into the UK market.

ARB's sales in New Zealand were significantly impacted in the first half of FY2024 by the introduction of the "Ute Tax" in that country. Since the removal of this tax on 1 January 2024, ARB's business in New Zealand is slowly recovering in line with the general economy and new vehicle sales. ARB remains very positive for future growth in New Zealand.

## CHAIRMAN'S STATEMENT (continued)

Accessory sales to OEMs increased 40.5% in FY2024 after a temporary lag in FY2023 due to the timing of OEM contracts and new vehicle launches. ARB anticipates further OEM sales growth in FY2025, noting that the new Trailhunter business with Toyota North America will be reported through export sales.

### Products and Engineering

ARB's long-term competitive advantage has been maintained 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 2025.

ARB launched a number of significant long-term development products during FY2024, including the Altitude Electronic Rooftop Tent, the Nacho driving lights range, 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.

The Company's website at [www.arb.com.au](http://www.arb.com.au) provides further information on ARB's new product 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 now operates 11 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 is a startup development company and ARB's investment will accelerate the development of innovative lighting solutions for the 4x4 and automotive industries.

The ORW and Nacho investments complement ARB's core strengths and enhance the Company's growth strategy. ARB's management team has interacted with the principals of Nacho and ORW over many years and the Company looks forward to contributing to the future growth of both businesses.

### Financial

ARB achieved a profit before tax of \$142.7 million, excluding the two non-IFRS adjustments explained in note (1) on the first page of this Chairman's Statement. This 17.1% growth in profit compared with the previous financial year was achieved on sales revenue growth of 3.3% and reflected improved sales margins throughout FY2024.

Cash flows generated from operations of \$125.3 million compared favourably with the reported net profit after tax of \$102.7 million and were up 39% from \$90.4 million in FY2023.

Cash generated by operations was used to purchase property and equipment of \$48.0 million, make investments in associates (ORW and Nacho) of \$11.0 million, fund the final deferred consideration instalment for the Truckman business of \$5.0 million and distribute cash dividends of \$44.7 million.

ARB's cash reserves of \$56.5 million and no debt as at 30 June 2024 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, a consistently strong order book, retail store development and expansion, stabilised new vehicle supply around the world, healthy gross profits despite high inflation and new products recently and soon to be released to market.

The Company remains focused on business expansion through the development of new products and new distribution channels via a compelling new product development roadmap, further expansion of ARB's store network and continued expansion of export distribution, organically and via acquisition.

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 17 October 2024.

  
**Robert Fraser**  
Chairman  
20 August 2024

## OPERATING AND FINANCIAL REVIEW

### BUSINESS OVERVIEW

ARB is the largest aftermarket four-wheel drive accessories business in Australia. The Group's operations are located in all Australian states and territories and internationally in the United States, Thailand, New Zealand, the United Arab Emirates, the United Kingdom and the Czech Republic. ARB is a vertically integrated business which includes the design, manufacture, sale and distribution of 4x4 accessories across Australia and to more than 100 countries via its international distribution network.

ARB was incorporated in 1975 and its securities have traded on the Australian Securities Exchange (ASX) since 1987.

### RESULTS FOR FY2024

#### Sales Revenue

The Group's sales revenue grew by 3.3% in FY2024 compared with the previous year. This reflects sales growth of 0.2% in the first half and 6.4% in the second half of the financial year.

The Group reports its sales across three key channels:

Sales Channel	FY2024 \$000s	FY2023 \$000s	Change \$000s	Change %
Australian Aftermarket	404,135	383,540	20,595	5.4%
Exports	229,424	245,297	(15,873)	(6.5%)
Original Equipment	59,595	42,403	17,192	40.5%
<b>Total Sales Revenue</b>	<b>693,154</b>	<b>671,240</b>	<b>21,914</b>	<b>3.3%</b>

Sales into the Australian Aftermarket achieved modest growth of 5.4% during FY2024. Growth of 7.1% in the second half was stronger than the first half following disruptions caused by industrial disputes across Australian ports in the first half and the implementation of initiatives to relieve fitting constraints.

Export sales declined 6.5% in FY2024, reflecting a decline of 13.6% in the first half and minor growth in the second half. International trading conditions remain challenging, particularly in the US where the broader industry has experienced a downturn and ARB's major wholesale customer continued to divest stores. However, ARB remains focused on implementing a number of new initiatives which the Board is confident will deliver long-term brand and sales growth in the USA.

The Group was also affected during FY2024 by supply issues with respect to OME Nitrocharger shock absorbers. These issues have now been resolved, resulting in significantly improved sales.

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 as a result of reduced new vehicle supply into the UK market.

ARB's sales in New Zealand were significantly impacted in the first half of FY2024 by the introduction of the "Ute Tax" in that country. Since the removal of this tax on 1 January 2024, ARB's business in New Zealand is slowly recovering in line with the general economy and new vehicle sales.

Accessory sales to OEMs increased 40.5% in FY2024 after a temporary lag in FY2023 due to the timing of OEM contracts and new vehicle launches. ARB anticipates further OEM sales growth in FY2025, noting that the new Trailhunter business with Toyota North America will be reported through export sales.

#### Profit Before Income Tax

ARB achieved a profit before tax of \$142.7 million, excluding the non-IFRS adjustments explained in the following paragraph. This represents growth of 17.1% compared with the previous financial year and was achieved on sales revenue growth of 3.3%.

The reported profit before tax of \$141.4 million compares with \$122.1 million last year and includes:

- For FY2024, an expense of \$2.498 million (before and after tax) for the final deferred contingent consideration for the Truckman business acquired in FY2021 and a gain of \$1.255 million (\$1.058 million after tax) achieved on the sale of a factory in Thailand.
- For FY2023, a non-cash 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 at that time, offset by an impairment to goodwill expense of \$13.407 million. As the FY2023 adjustments relate to the taxation cost base, there is no associated tax impact.

The increased profit before tax was predominantly driven by improved sales margins achieved throughout FY2024 as sales price increases took full effect across the financial year.

## OPERATING AND FINANCIAL REVIEW (continued)

### Cash Flows

Cash flows generated from operations of \$125.3 million compared favourably with the reported net profit after tax of \$102.7 million and were up 39% from \$90.4 million in FY2023.

Cash generated by operations was used to purchase property and equipment of \$48.0 million, make investments in associates (ORW and Nacho) of \$11.0 million, fund the final deferred consideration instalment for the Truckman business of \$5.0 million and distribute cash dividends of \$44.7 million.

### Financial Position, Capital Management and Dividends

The Group's net assets as at 30 June 2024 were \$659.4 million, which was \$52.3 million higher than as at the end of FY2023.

The Group held cash of \$56.5 million as at 30 June 2024, an increase of \$11.6 million over the prior year. The Group had no debt.

Basic and diluted earnings per share increased 15.7% from 107.9 cents per share in FY2023 to 124.9 cents per share in FY2024.

Total dividends of 69 cents per share for FY2024 are 11.3% higher than total dividend of 62 cents per share in FY2023. All dividends are fully franked a 30% corporate tax rate and a Dividend Reinvestment Plan and Bonus Share Plan are also in operation.

### Working Capital

Total inventory on hand increased \$6.6 million or 2.8% from the previous year, broadly in line with sales revenue growth.

Trade receivables increased \$10.3 million or 12.9% from the previous year, reflecting a change in the profile of some customers from retail to account customers and an increase in customers trading on longer terms.

Payables increased \$5.3 million or 9.1%, reflecting timing of purchases.

Cash flows from operating activities for FY2024 was \$125.3 million compared with \$90.4 million in the previous year, largely reflecting increased profitability and the timing of income tax payments between the two financial years.

## BUSINESS STRATEGIES AND PROSPECTS

The following factors are considered important in understanding the strategy of the Group and the main opportunities and threats that may have a significant impact on its results and prospects in future years.

### Key Strategies

New product development and new distribution channels to market are the key strategies to ensuring the Group's continued success and growth.

The Group employs more than 120 engineers who are actively involved in developing new products and applications for the four-wheel drive industry.

The Group has established a comprehensive aftermarket retail network across Australia with 74 ARB branded retail stores, five state distribution centres and hundreds of stockists and dealer customers across the country. Sales and warehouse operations have been established in the United States, Thailand, New Zealand, the United Arab Emirates, the United Kingdom and the Czech Republic, selling to wholesale, fleet and dealer customers.

ARB actively investigates opportunities around the world to acquire products or businesses with the potential to introduce new products into its range and/or to develop its distribution network. The Group made the following investments in two US based 4x4 accessories companies during FY2024:

- ARB acquired a 30% interest in ORW for US\$5.0 million to develop further its retail distribution network in the United States. ORW operates 11 retail stores in the USA and ARB's investment will accelerate ORW's plans to expand its retail network; and
- ARB acquired a 49% interest in Nacho for US\$2.0 million to enhance and increase the range and functionality of its lights. Nacho is a start-up development company and ARB's investment will accelerate the development of innovative lighting solutions for the 4x4 and automotive industries.

The ORW and Nacho investments complement ARB's core strengths and enhance the Group's growth strategy. ARB's management team has interacted with the principals of Nacho and ORW over many years and the Group looks forward to contributing to the future growth of both businesses.



## OPERATING AND FINANCIAL REVIEW (continued)

### Business risks

ARB has identified certain risks that could materially impact the Group'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 (e.g. 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 information technology ("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 Group 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 through its globally diversified facilities and being at the forefront of relevant industry technology to meet changing regulatory requirements more effectively.
- **Environmental / sustainability:** The Group is not significantly impacted by, but complies with, all environmental regulations or laws as reported in its Environmental, Social and Governance Report located at <https://www.arb.com.au/about/investor-relations/>.

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

## 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 2024 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 \$102,683,000 (2023: \$88,455,000).

### Review of Operations

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

### Material Changes in the State of Affairs

There have been no material 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 materially affected or may materially 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 materially 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:

- An interim fully franked ordinary dividend of 34.0 cents per share was paid on 19 April 2024 (2023: 32.0 cents per share fully franked paid on 21 April 2023)
- The final dividend proposed by the Directors of the Company to be paid on 18 October 2024 is a fully franked dividend of 35.0 cents per share (2023: 30.0 cents per share fully franked paid on 20 October 2023)

Total dividends in respect of the financial year

	2024 \$'000	2023 \$'000
	27,700	25,964
	28,816	24,630
	<b>56,516</b>	<b>50,594</b>

The final dividend was declared subsequent to the financial year end and is not recognised as a liability at 30 June 2024.

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.

NAME & QUALIFICATIONS	EXPERIENCE AND SPECIAL RESPONSIBILITIES
<b>Mr. Robert D Fraser</b> 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, MFF Capital Investments Limited and Supply Network Limited and President of the Muscular Dystrophy Association of NSW. Previously Non-executive Deputy Chairman of Magellan Financial Group Limited until 2023. 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.
<b>Mr. Andrew H Brown</b> 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.
<b>Mr. Roger G Brown</b> 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.
<b>Ms. Shona M Faber</b> B.Bus., AdvDip, GAICD 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.
<b>Mr. Adrian R Fitzpatrick</b> B.Com., FCA Independent Non-executive Director	Former partner of Pitcher Partners (retired 2016). Non-executive Chairman of Aussie Broadband Limited. Non-executive Director of ARB Corporation Limited since 2016. Member of the Audit & Risk and the Remuneration & Nomination Committees.
<b>Ms. Karen L Phin</b> 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 until 2022. Non-executive Director of ARB Corporation Limited since 2019. Chairman of the Audit & Risk Committee. Member of the Remuneration & Nomination Committee.
<b>Mr. Andrew P Stott</b> Independent Non-executive Director	Wide 4WD industry experience. Non-executive Director of ARB Corporation Limited since 2006. Member of the Remuneration & Nomination Committee.
<b>Mr. Damon Page</b> B.Bus., CA Company Secretary	Chief Financial Officer of ARB Corporation Limited since 2014. Company Secretary of ARB Corporation Limited since 2019.

### 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.

### Shares Under Performance Rights

There were 28,135 unissued ordinary shares of the Company under performance rights at the date of this report.

**DIRECTORS' REPORT (continued)****Indemnification and Insurance of Directors, Officers and Auditors**

The Group has, during the financial year, in respect of any person who is or has been an officer of the Group or a related body corporate, paid a premium in respect of Directors' and Officers' Liability insurance which indemnifies the Directors and Officers of the Group for any claims made against the Directors and Officers of the Group, 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:

	Remuneration & Nomination Audit & Risk		
	Board	Committee	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	3 / 3	*
Ms. Shona M Faber	12 / 13	3 / 3	5 / 6
Mr. Adrian R Fitzpatrick	10 / 13	1 / 3	5 / 6
Ms. Karen L Phin	13 / 13	3 / 3	6 / 6
Mr. Andrew P Stott	13 / 13	3 / 3	*

\* 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 52 of this report.

**Non-Audit Services**

Non-audit services are approved by resolution of the Audit & Risk Committee. No non-audit services have been provided during the year by the auditor of the Group, Deloitte Touche Tohmatsu.

**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 2024 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 Non-executive 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 2024.

The following table sets out the Group's KMP. All KMP held their positions for the whole of the financial year, unless otherwise indicated.

<b>Name</b>	<b>Position</b>
<b>Non-Executive Directors</b>	
Robert D Fraser	Independent Non-executive Chairman
Roger G Brown	Non-executive Director
Shona M Faber	Independent Non-executive Director
Adrian R Fitzpatrick	Independent Non-executive Director
Karen L Phin	Independent Non-executive Director
Andrew P Stott	Independent Non-executive Director
<b>Executives</b>	
Andrew H Brown	Managing Director
Lachlan A M McCann	Chief Executive Officer

**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 & 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 Group provides a remuneration package to all KMP which may incorporate both cash-based and non cash-based remuneration.

The contracts for service between the Group 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 believes that the Managing Director and the Board as a whole are appropriately incentivised in the long term by their shareholdings in the Group.

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

The Group has reimbursed expenses incurred by the Non-executive Directors in the discharge of their duties of \$nil (2023: \$nil).

**Chief Executive Officer**

The contract for service between the Group 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 also participated in the long-term incentive plan ("LTI Plan") during the financial year ended 30 June 2024. 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 nine 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.

**DIRECTORS' REPORT (continued)**

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.

**Executive Remuneration Framework**

<b>Fixed Remuneration</b>	<b>Short-term Incentive</b>	<b>Long-term Incentive</b>
Base salary plus superannuation and other benefits	None granted	Performance rights were granted during the financial period. Vesting is subject to an EPS performance condition and the KMP being employed at the end of the vesting period. Performance will be measured over a period of two and three years.

During the period ending 30 June 2024, 87% of Lachlan McCann's remuneration was fixed and the remaining 13% dependant on achieving performance targets.

**Overview of the LTI Plan****Details of the LTI Plan**

Set out below is an explanation of the terms and conditions applying to the LTI Plan awards for Senior Executives, including the CEO, during the performance period.

**Overview of the LTI Plan**

The LTI Plan is an 'at-risk' equity component of executive remuneration which is subject to the satisfaction of a long-term performance condition. The purpose of the plan is to assist in the retention and motivation of eligible employees, link the reward to the creation of shareholder value as well as provide greater incentive for eligible employees to focus on the Group's longer-term goals.

**Participation**

The CEO and Senior Executives of the Group are eligible to participate in the LTI Plan.

**Instrument**

Upon vesting, each performance right entitles the Senior Executives to one ordinary share in the Company. Performance rights are granted for nil consideration and no amount is payable on vesting.

**Number of rights to be granted**

The number of performance rights to be granted will be determined using the value of the total award divided by the share price at grant date.

**Performance period**

The rights have a two-year and three-year performance period commencing at the beginning of the financial year in which the rights were granted.

**Performance conditions**

50% of the performance rights granted will vest if the Senior Executive is still employed by the Group at the vesting date. The remaining 50% of the performance rights will vest according to the Group's earnings per share ("EPS") compound annual growth rate ("CAGR") achieved over the vesting period as follows:

<b>CAGR achieved</b>	<b>% of the remaining rights awarded</b>
0.0% to 0.99%	0% of the performance rights
1.0% to 1.99%	10% of the performance rights
2.0% to 2.99%	20% of the performance rights
3.0% to 3.99%	30% of the performance rights
4.0% to 4.99%	40% of the performance rights
Greater than or equal to 5%	50% of the performance rights

The Group will pay a cash bonus to cover the personal income tax upon exercise of the performance rights.

The Board may, in its absolute discretion, waive any of the above vesting conditions.

**Dividends and voting rights**

The performance rights do not carry dividend or voting rights prior to vesting. Shares allocated on vesting carry the same dividend and voting rights as other shares.

**Treatment on cessation of employment**

If a Senior Executive ceases employment by the Group during the vesting period, the following treatment will apply, unless the Board determines otherwise:

**DIRECTORS' REPORT (continued)**

i) Where a Senior Executive resigns or is summarily terminated, all their unvested performance rights will lapse.

ii) If the Senior Executive ceases employment in any other circumstances including retirement, the participant will be entitled to retain a pro-rata amount of their unvested performance rights (based on the proportion of the vesting period for which the participant was employed by the Group, by reference to the number of whole months employed). All other unvested performance rights held by that participant will lapse.

iii) Any unvested performance rights which continue to be held by the participant will be tested at the end of the vesting period, in accordance with the vesting conditions set out in the offer.

**Change of control**

If a change of control event occurs, the Board may in its sole and absolute discretion, and subject to the listing rules determine how unvested performance rights held by a Senior Executive will be treated.

**Clawback**

If the Board becomes aware of a material misstatement in the Group's financial statements or some other event has occurred as a result of which the performance right vesting conditions in respect of certain vested performance rights were not, or should not have been determined to have been satisfied, then the participant will cease to be entitled to those vested performance rights.

**Executive KMP rights over ordinary shares of ARB Corporation Limited**

Name	Scheme	Number of rights at 1 July 2023	Number of rights awarded during the financial year	Number of rights exercised during the financial year	Number of rights lapsed / forfeited during the financial year	Number of rights held at 30 June 2024	Number of rights vested during the financial year
Lachlan McCann	2-year performance rights	-	3,400	-	-	3,400	-
	3-year performance rights	-	5,100	-	-	5,100	-
	Total	-	8,500	-	-	8,500	-

Mr McCann's performance rights were granted on 29 September 2023. The 2-year performance rights had a grant date fair value of \$30.05 per right. The 3-year performance rights had a grant date fair value of \$29.46 per right.

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	TOTAL
	Salary & Fees \$	Non-cash Benefits \$	Annual Leave \$	Long Service Leave \$	LTI Equity-settled (i) \$	LTI Cash (ii) \$	Super-annuation \$	
<b>2024</b>								
Robert D Fraser	222,132	-	-	-	-	-	-	222,132
Andrew H Brown	207,028	31,985	-	-	-	-	27,500	266,513
Lachlan A M McCann	973,406	23,983	57,283	69,525	72,081	80,839	27,500	1,304,617
Roger G Brown	74,403	-	-	-	-	-	8,184	82,587
Shona M Faber	74,403	-	-	-	-	-	8,184	82,587
Adrian R Fitzpatrick	74,403	-	-	-	-	-	8,184	82,587
Karen L Phin	112,888	-	-	-	-	-	12,418	125,306
Andrew P Stott	74,403	-	-	-	-	-	8,184	82,587
<b>Total</b>	<b>1,813,066</b>	<b>55,968</b>	<b>57,283</b>	<b>69,525</b>	<b>72,081</b>	<b>80,839</b>	<b>100,154</b>	<b>2,248,916</b>
<b>2023</b>								
Robert D Fraser	187,532	-	-	-	-	-	-	187,532
Andrew H Brown	845,020	30,319	(321,207)	(295,815)	-	-	27,500	285,817
Lachlan A M McCann (5 Jul 2022 - 30 Jun 2023) (iii)	808,312	26,453	16,735	20,646	-	-	25,015	897,161
Roger G Brown	91,875	-	-	-	-	-	9,647	101,522
Shona M Faber (24 Aug 2022 - 30 Jun 2023) (iv)	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
<b>Total</b>	<b>2,239,366</b>	<b>56,772</b>	<b>(304,472)</b>	<b>(275,169)</b>	<b>-</b>	<b>-</b>	<b>87,273</b>	<b>1,803,770</b>

**DIRECTORS' REPORT (continued)**

(i) The amounts disclosed as part of remuneration for the financial year have been determined by allocating the grant date value on a straight-line basis over the period from grant date to vesting date.

(ii) Provision raised in the current year for the estimated cash bonus to be paid to the CEO to cover the personal income tax payable upon exercise of the performance rights, excluding any capital gains tax.

(iii) The amounts disclosed for Mr McCann for the financial year ended 30 June 2023 are for the period from his appointment as CEO on 5 July 2022, when he became a KMP, to 30 June 2023.

(iv) The amounts disclosed for Ms Faber for the financial year ended 30 June 2023 are for the period from her appointment as a Non-executive Director on 24 August 2022, when she became a KMP, to 30 June 2023.

Since the end of the previous financial year, no KMP of the Group 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 KMP shown in the consolidated financial report) because of a contract made by the Group, its controlled entities or a related body corporate with a KMP or with a firm of which a KMP is a member, or with an entity in which the KMP has a substantial interest.

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

	2024	2023	2022	2021	2020
Revenue (\$'000)	698,753	675,037 (i)	697,276	625,857	466,988
Increase/(decrease) in revenue (%)	3.5%	(3.2%)	11.4%	34.0%	4.6%
Profit before tax (\$'000)	141,419	122,076	165,678	150,023	78,092
Increase/(decrease) in profit before tax (%)	15.8%	(26.3%)	10.4%	92.1%	0.5%
Profit after tax (\$'000)	102,683	88,455	122,006	112,895	57,295
Increase/(decrease) in profit after tax (%)	16.1%	(27.5%)	8.1%	97.0%	0.3%
Basic earnings per share (cents)	124.9	107.9	149.4	140.0	71.8
Dividends per share fully franked (cents)	69.0	62.0	71.0	68.0	39.5
Earnings before interest and tax (\$'000)	141,813	123,493	167,673	151,874	79,766
Gearing ratio (%)	n/a	n/a	n/a	n/a	n/a
End of year share price (\$)	37.63	28.60	28.24	43.19	17.95
Total remuneration of KMP (\$)	2,248,916	1,803,770	1,135,090	1,102,132	985,744

(i) Excludes \$13,673,000 relating to the write back of the provision for deferred consideration for the Truckman acquisition reported as revenue in 2023.

**Key Management Personnel Shareholdings**

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

2024	Beginning of Year	Acquired	Sold	End of Year
Robert D Fraser (Chairman)	30,364	583	-	30,947
Andrew H Brown (Managing Director)	(a) 4,933,945	185	-	4,934,130
Lachlan A M McCann (CEO)	17,054	-	-	17,054
Roger G Brown	(a) 4,920,830	-	-	4,920,830
Shona M Faber	-	-	-	-
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 Roger G Brown and Andrew H Brown are 4,879,272 (2023: 4,879,272) shares held indirectly.

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



## DIRECTORS' REPORT (continued)

### Corporate Governance Statement

The Company's Corporate Governance Statement is included at page 54 of this report and is also available on the Company website at <http://www.arb.com.au/about/investor-relations/>.

### Task Force on Climate-related Financial Disclosures ("TCFD")

#### Climate Change

In the 2024 financial year, there have been a number of reporting developments regarding mandatory disclosure of sustainability-related information, particularly climate-related reporting, in Australia. ARB has been following these developments and intends to take all necessary steps to ensure ongoing compliance.

To demonstrate ARB's commitment, the Group has taken initial steps toward implementation of the TCFD recommendations, with which the disclosure below is aligned. The Group will continue its progress towards the TCFD recommendations in the 2025 financial year.

To avoid the duplication of processes and resources across the Group, ARB integrates sustainability-related matters into existing processes and structures. This includes various sustainability-related matters that impact ARB across environmental, social and governance themes, one such theme being climate change. For this reason, all references to sustainability are inclusive of, but not limited to climate change.

#### Governance

With reference to ARB's Board Charter, the Board of Directors remains ultimately responsible for the Group's risk appetite and strategy, including climate-related risk and strategy. The execution of the Board's strategy is delegated to the Chief Executive Officer.

The Group maintains an Environmental Management System for its major operating facility in Australia through which management identify, assess and manage environmental risks, including sources of greenhouse gas emissions.

#### Strategy

ARB is yet to engage formally with recommendations under the strategic pillar. While a detailed climate risk assessment is yet to be conducted, ARB recognises that climate change results in both risks and opportunities. To be prudent, risk arising from climate change is formally recognised in the ARB risk register.

#### Risk Management

The Group has an established risk management infrastructure that is integral to business operations extending to all levels of personnel. The Board of Directors is ultimately responsible for risk management, supported by the Audit & Risk Committee. Operationally, the Group's employee code of conduct makes clear the types of behaviours, situations and/or incidents that are considered high risk, and the escalation procedures that should be followed in those instances where the right of ARB personnel to a work environment that is safe, fair, ethical and legal, may be at risk.

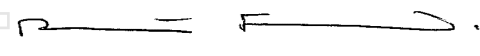
Risks identified across the Group are assessed in accordance with the Risk Management Framework and actioned to eliminate or alternatively reduce risk to an acceptable level, as determined by the Board. Residual risk continues to be monitored, with accountability and status of each risk documented in the corporate risk register.

These risk management processes apply to all sustainability-related risks, including risks arising from climate change.

#### Metrics & Targets

The Group is currently quantifying its greenhouse gas emissions in accordance with the *Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard*. Where there may be overlap with the National Greenhouse and Energy Reporting (NGER) Scheme, consideration is being given to determine the most appropriate calculation methodology. Following the establishment and measurement of a complete greenhouse gas inventory, the Group will be in a position to explore target setting and determine appropriate focus areas for decarbonisation.

Signed in accordance with a resolution of the Directors made pursuant to s.298(2) of the *Corporations Act 2001*.



On behalf the Directors  
Robert D Fraser  
Chairman

Melbourne, 20 August, 2024

**CONSOLIDATED INCOME STATEMENT**

FOR THE YEAR ENDED 30 JUNE 2024

	Note	2024 \$'000	2023 \$'000
Sales revenue		693,154	671,240
Other income		5,599	3,797
<b>Total revenue and other income</b>	<b>3</b>	<b>698,753</b>	<b>675,037</b>
Materials and consumables used		(296,468)	(314,570)
Employee expenses		(159,668)	(150,134)
Depreciation and amortisation expense		(28,434)	(25,884)
Advertising expense		(8,487)	(7,323)
Distribution expense		(16,728)	(16,685)
Finance expense		(1,693)	(1,684)
Occupancy expense		(17,813)	(15,373)
Maintenance expense		(6,681)	(6,057)
Equity accounted share of loss	21	(670)	-
Impairment loss on goodwill	10	-	(13,407)
Change in fair value of contingent consideration	10	(2,498)	13,673
Other expenses		(18,194)	(15,517)
<b>Profit before income tax expense</b>		<b>141,419</b>	<b>122,076</b>
Income tax expense	5	(38,736)	(33,621)
<b>Profit attributable to members of the parent entity</b>		<b>102,683</b>	<b>88,455</b>
<b>Basic earnings per share (cents)</b>	<b>23</b>	<b>124.91</b>	<b>107.92</b>
<b>Diluted earnings per share (cents)</b>	<b>23</b>	<b>124.88</b>	<b>107.92</b>

The accompanying notes form part of these financial statements.

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

FOR THE YEAR ENDED 30 JUNE 2024

	Note	2024 \$'000	2023 \$'000
<b>Profit attributable to members of the parent entity</b>		<b>102,683</b>	<b>88,455</b>
<b>Other comprehensive income</b>			
<b>Items that may be reclassified subsequently to Profit/(Loss)</b>			
Movement in fair value of cash flow hedges	17	68	(332)
Exchange differences on translation of foreign operations	17	(5,977)	8,940
<b>Other comprehensive income/(loss) for the year</b>		<b>(5,909)</b>	<b>8,608</b>
<b>Total comprehensive income for the year attributable to members of the parent entity</b>		<b>96,774</b>	<b>97,063</b>

The accompanying notes form part of these financial statements.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2024

	Note	2024 \$'000	2023 \$'000
<b>Current assets</b>			
Cash and cash equivalents	20	56,502	44,945
Receivables	7	92,959	80,027
Current tax receivable	5	323	3,064
Other financial assets		-	48
Inventories	8	239,755	233,192
Other assets		4,731	4,556
<b>Total current assets</b>		<b>394,270</b>	<b>365,832</b>
<b>Non-current assets</b>			
Property, plant and equipment	9	291,825	268,844
Deferred tax assets	5	11,333	8,774
Equity accounted investments	21	9,898	-
Intangible assets	10	50,634	51,242
Right-of-use assets	11	34,309	30,101
<b>Total non-current assets</b>		<b>397,999</b>	<b>358,961</b>
<b>Total assets</b>		<b>792,269</b>	<b>724,793</b>
<b>Current liabilities</b>			
Payables	12	62,881	57,625
Other financial liabilities		241	166
Current tax liabilities	5	6,296	28
Lease liabilities	14	5,945	6,619
Provisions	15	20,813	21,750
<b>Total current liabilities</b>		<b>96,176</b>	<b>86,188</b>
<b>Non-current liabilities</b>			
Lease liabilities	14	34,306	29,225
Deferred tax liabilities	5	1,055	1,136
Provisions	15	1,316	1,118
<b>Total non-current liabilities</b>		<b>36,677</b>	<b>31,479</b>
<b>Total liabilities</b>		<b>132,853</b>	<b>117,667</b>
<b>NET ASSETS</b>		<b>659,416</b>	<b>607,126</b>
<b>EQUITY</b>			
Contributed equity	16	197,509	190,163
Reserves	17	10,204	15,889
Retained earnings	18	451,703	401,074
<b>TOTAL EQUITY</b>		<b>659,416</b>	<b>607,126</b>

The accompanying notes form part of these financial statements.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

FOR THE YEAR ENDED 30 JUNE 2024

	Contributed equity \$'000	Reserves \$'000	Retained earnings \$'000	Total equity \$'000
<b>Balance as at 1 July 2022</b>	<b>183,560</b>	<b>7,281</b>	<b>364,506</b>	<b>555,347</b>
Profit for the year	-	-	88,455	<b>88,455</b>
Movement in fair value of cash flow hedges, net of tax	-	(332)	-	<b>(332)</b>
Exchange differences on translation of foreign operations, net of tax	-	8,940	-	<b>8,940</b>
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>8,608</b>	<b>88,455</b>	<b>97,063</b>
<b>Transactions with owners in their capacity as owners:</b>				
Dividend reinvestment and bonus share plans	6,603	-	-	<b>6,603</b>
Dividends paid	-	-	(51,887)	<b>(51,887)</b>
<b>Total transactions with owners in their capacity as owners</b>	<b>6,603</b>	<b>-</b>	<b>(51,887)</b>	<b>(45,284)</b>
<b>Balance as at 30 June 2023</b>	<b>190,163</b>	<b>15,889</b>	<b>401,074</b>	<b>607,126</b>
<b>Balance as at 1 July 2023</b>	<b>190,163</b>	<b>15,889</b>	<b>401,074</b>	<b>607,126</b>
Profit for the year	-	-	102,683	<b>102,683</b>
Movement in fair value of cash flow hedges, net of tax	-	68	-	<b>68</b>
Exchange differences on translation of foreign operations, net of tax	-	(5,977)	-	<b>(5,977)</b>
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>(5,909)</b>	<b>102,683</b>	<b>96,774</b>
<b>Transactions with owners in their capacity as owners:</b>				
Equity-settled share-based payments expense, net of tax (note 28)	-	224	-	<b>224</b>
Difference arising on winding up interest in subsidiary	-	-	11	<b>11</b>
Dividend reinvestment and bonus share plans	7,346	-	-	<b>7,346</b>
Dividends paid	-	-	(52,065)	<b>(52,065)</b>
<b>Total transactions with owners in their capacity as owners</b>	<b>7,346</b>	<b>224</b>	<b>(52,054)</b>	<b>(44,484)</b>
<b>Balance as at 30 June 2024</b>	<b>197,509</b>	<b>10,204</b>	<b>451,703</b>	<b>659,416</b>

The accompanying notes form part of these financial statements.

**CONSOLIDATED STATEMENT OF CASH FLOWS**

FOR THE YEAR ENDED 30 JUNE 2024

	Note	2024 \$'000	2023 \$'000
<b>Cash Flows From Operating Activities</b>			
Receipts from customers		736,285	733,435
Payments to suppliers and employees		(578,396)	(596,351)
Interest received		1,299	267
Finance costs		(1,536)	(1,451)
Income tax paid		(32,367)	(45,496)
<b>Net cash provided by Operating Activities</b>	20	<b>125,285</b>	<b>90,404</b>
<b>Cash Flows From Investing Activities</b>			
Payments for property, plant and equipment	9	(48,050)	(40,585)
Payments for development costs	10	(3,591)	(4,749)
Payments for intangible software assets	10	(316)	(539)
Proceeds from sales of property, plant & equipment		6,275	891
Payment for equity accounted investments	21	(11,031)	-
Payment for acquiring interest in subsidiaries	10	(5,094)	-
<b>Net cash used in Investing Activities</b>		<b>(61,807)</b>	<b>(44,982)</b>
<b>Cash Flows From Financing Activities</b>			
Dividends paid		(44,719)	(45,284)
Payments for lease liabilities		(7,208)	(6,988)
<b>Net cash used in Financing Activities</b>		<b>(51,927)</b>	<b>(52,272)</b>
Foreign exchange differences		6	(912)
<b>Net increase / (decrease) in cash held</b>		<b>11,557</b>	<b>(7,762)</b>
Cash at the beginning of the financial year		44,945	52,707
<b>Cash at the end of the financial year</b>	20	<b>56,502</b>	<b>44,945</b>

The accompanying notes form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 30 JUNE 2024

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## NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2024

### 1. STATEMENT OF MATERIAL ACCOUNTING POLICIES

The following is a summary of material 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 which 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. Amounts are presented in Australian dollars with all values rounded to the nearest \$1,000 unless otherwise stated, in accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191.

The financial report covers ARB Corporation Limited (the parent company) 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 intercompany 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) 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.



**NOTES TO THE FINANCIAL STATEMENTS (continued)**

FOR THE YEAR ENDED 30 JUNE 2024

**1. STATEMENT OF MATERIAL ACCOUNTING POLICIES (continued)****(f) 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:	<u>2024</u>	<u>2023</u>
- Buildings:	40 years	40 years
- Plant and equipment:	3 to 20 years	3 to 20 years

**(g) 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.

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.

**(h) Intangibles***Goodwill*

Goodwill is initially measured as described in Note 1 (n). 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.

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.

*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.

The effective lives for each class of assets are:	<u>2024</u>	<u>2023</u>
- Research and development:	5 years	5 years

**(i) 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.

*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.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

FOR THE YEAR ENDED 30 JUNE 2024

**1. STATEMENT OF MATERIAL ACCOUNTING POLICIES (continued)****(j) 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 or 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.

**(k) 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.

**(l) Comparatives**

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

**(m) Material 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 material 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:

*Inventory provisions*

Management estimates an inventory provision at the end of every financial reporting period. This provision is applicable to obsolete, end-of-life and slow-moving items. In making this assessment, management considers the recent sales experience and other factors that may affect the level of the provision required.

*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 10 of the financial statements.

**(n) 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.

**(o) New and revised accounting standards effective at 30 June 2024**

The Group has applied all new and revised Australian Accounting Standards that apply to annual reporting periods beginning on or after 1 July 2023. The impact of the new and revised standards was not material.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2024

### 1. STATEMENT OF MATERIAL ACCOUNTING POLICIES (continued)

#### (p) New accounting standards and interpretations issued but not operative at 30 June 2024

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.

#### (q) Investments in associates

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS 5.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

#### (r) Share-based payments

The cost of equity-settled transactions is measured at fair value on grant date. Fair value is independently determined using the Black Scholes Model that takes into account the exercise price, the term of the option, the share price at grant date, the expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option. No account is taken of any other vesting conditions. The cost of equity-settled transactions is recognised as an expense with a corresponding increase in equity over the vesting period.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

FOR THE YEAR ENDED 30 JUNE 2024

**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 that it, the Audit & Risk Committee and the senior management team recommend 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:

	2024 A\$'000	2023 A\$'000	2024 Forward Rate	2023 Forward Rate
<b>Settlement - less than 12 months</b>				
Sell AUD / Buy THB	13,233	19,371	24.1815	23.2240
Sell GBP / Buy THB	1,270	1,856	45.0961	42.1329
Sell GBP / Buy EURO	85	190	1.1756	1.1400
Sell GBP / Buy AUD	286	782	1.9159	1.8277

The Group utilises 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 material, 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 material 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 2024, property lease payments due within 1 year: \$7.6m; within 1-5 years: \$26.7m; and more than 5 years: \$13.3m.

As at 30 June 2023, property lease payments due within 1 year: \$7.9m; within 1-5 years: \$21.0m; and more than 5 years: \$12.4m.

As at 30 June 2024, deferred consideration due within 1 year: \$nil; and within 1-5 years: \$nil.

As at 30 June 2023, deferred consideration due within 1 year: \$2.5m; and within 1-5 years: \$nil.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

FOR THE YEAR ENDED 30 JUNE 2024

**2. FINANCIAL RISK MANAGEMENT (continued)****(c) Interest rate risk**

The Group monitors its cash flow on a daily basis. Borrowings as at 30 June 2024 were \$nil (2023: \$nil). Finance facilities available and used as at the reporting date are disclosed in Note 13.

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 :		Non Interest Bearing \$'000	Total \$'000
				1 year or less \$'000	More than 1 year \$'000		
<b>2024</b>							
<i>Financial assets</i>							
Cash	20	4.39%	56,502	-	-	-	<b>56,502</b>
Receivables	7	-	-	-	-	92,959	<b>92,959</b>
<i>Financial liabilities</i>							
Payables	12	-	-	-	-	62,881	<b>62,881</b>
Derivative financial instruments		-	-	-	-	241	<b>241</b>
Lease liabilities	14	4.52%	-	5,945	34,306	-	<b>40,251</b>
<b>2023</b>							
<i>Financial assets</i>							
Cash	20	4.14%	44,945	-	-	-	<b>44,945</b>
Receivables	7	-	-	-	-	80,027	<b>80,027</b>
Derivative financial instruments		-	-	-	-	48	<b>48</b>
<i>Financial liabilities</i>							
Payables	12	-	-	-	-	57,625	<b>57,625</b>
Derivative financial instruments		-	-	-	-	166	<b>166</b>
Lease liabilities	14	4.02%	-	6,619	29,225	-	<b>35,844</b>
Provision for deferred consideration	15	2.91%	-	-	-	2,469	<b>2,469</b>

**(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 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 2024

**3. REVENUE**

	Note	2024 \$'000	2023 \$'000
Revenue from sale of goods		<b>693,154</b>	<b>671,240</b>
Australian Aftermarket		404,135	383,540
Export		229,424	245,297
Original Equipment		59,595	42,403
Other income:			
Interest		1,299	267
Net gain on disposal of property, plant and equipment		496	249
Other		3,804	3,281
Total other income		<b>5,599</b>	<b>3,797</b>
<b>Total revenue</b>		<b>698,753</b>	<b>675,037</b>

**4. OPERATING PROFIT**

	Note	2024 \$'000	2023 \$'000
Profit before income tax has been determined after:			
Cost of goods sold		<b>375,347</b>	<b>383,651</b>
Depreciation of non-current assets:			
Buildings	9	4,143	3,312
Plant and equipment	9	12,871	12,059
		<b>17,014</b>	<b>15,371</b>
Amortisation of non-current assets:			
Development costs capitalised	10	3,453	2,794
Intangible software assets	10	653	695
Right-of-use assets	11	7,314	7,024
		<b>11,420</b>	<b>10,513</b>
Total depreciation and amortisation		<b>28,434</b>	<b>25,884</b>
Trade receivables (recovered) / written off		(154)	(48)
Provision for inventory obsolescence		1,344	3,081
Research and development expenditure		15,754	13,814

## NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2024

## 5. INCOME TAX

	2024 \$'000	2023 \$'000
<b>(a) The components of tax expense:</b>		
Current tax	41,370	33,571
Deferred tax	(2,529)	354
(Over) / Underprovision prior year	(105)	(304)
<b>Total income tax expense</b>	<b>38,736</b>	<b>33,621</b>
<b>(b) Income tax expense</b>		
Prima facie income tax expense at 30% (2023: 30%) on the operating profit	42,245	36,623
Increase/(decrease) in income tax expense due to:		
Differences in overseas tax rates	(4,287)	(2,983)
Research & development	(87)	(119)
Other	970	404
<b>Income tax expense on operating profit</b>	<b>38,841</b>	<b>33,925</b>
(Over) / Underprovision prior year	(105)	(304)
<b>Total income tax expense</b>	<b>38,736</b>	<b>33,621</b>
<b>(c) Deferred tax</b>		
<b>Deferred tax assets</b>		
Deferred tax asset comprises the estimated future benefits at applicable income tax rates of the following items:		
Provisions, accruals and accrued employee benefits	7,303	6,434
Doubtful debt impairment	160	193
Provision for stock obsolescence	4,177	3,471
Inventories	3,518	3,404
Leases	1,756	1,724
Other	432	348
	<b>17,346</b>	<b>15,574</b>
<b>Deferred tax liabilities</b>		
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	2,855	3,342
Development costs capitalised	4,355	4,535
Other income not yet assessable	(142)	59
	<b>7,068</b>	<b>7,936</b>
<b>Net deferred tax assets</b>	<b>10,278</b>	<b>7,638</b>
<b>Disclosed on Balance Sheet:</b>		
Deferred tax assets	11,333	8,774
Deferred tax liabilities	(1,055)	(1,136)
<b>Net deferred tax assets</b>	<b>10,278</b>	<b>7,638</b>
<b>(d) Current tax liabilities</b>		
Balance at the beginning of the financial year	(3,036)	9,179
Income tax	41,370	33,571
Tax payments	(32,367)	(45,496)
(Over) / Underprovision	29	(304)
Other	(23)	14
<b>Current tax liabilities</b>	<b>5,973</b>	<b>(3,036)</b>
<b>Disclosed on Balance Sheet:</b>		
Current tax receivable	323	3,064
Current tax liability	(6,296)	(28)
<b>Net current tax receivable / (liability)</b>	<b>(5,973)</b>	<b>3,036</b>

## NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2024

## 6. DIVIDENDS

	Note	2024 \$'000	2023 \$'000
Dividends recommended or paid by the Company are:			
<b>Recognised amounts</b>			
A final fully franked ordinary dividend of 30.0 cents per share was paid on 20 October 2023 (2023: 32 cents fully franked)		24,365	25,923
An interim fully franked ordinary dividend of 34.0 cents per share was paid on 19 April 2024 (2023: 32 cents fully franked)		27,700	25,964
	18	<b>52,065</b>	<b>51,887</b>
<b>Unrecognised amounts</b>			
A final fully franked ordinary dividend is proposed of 35.0 cents per share to be paid on 18 October 2024 (2023: 30.0 cents fully franked)		<b>28,816</b>	<b>24,630</b>

The final dividend was declared subsequent to 30 June 2024 and is therefore not recognised as a liability at 30 June 2024.

The dividends paid by the Company were fully franked at the tax rate of 30% (2023: 30%) and the recommended dividend 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:

Franking credits (measured on a tax paid basis under Australian Legislation)	<b>100,750</b>	<b>94,865</b>
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## 7. RECEIVABLES

	2024 \$'000	2023 \$'000
<b>Current</b>		
Trade receivables	89,950	79,670
Other receivables	3,603	1,105
	93,553	80,775
Less: allowance for credit losses	(594)	(748)
	<b>92,959</b>	<b>80,027</b>
<b>Allowance for credit losses</b>		
Receivables ageing analysis at 30 June is:		
Not past due	85,225	76,202
Past due 0 - 30 days	3,787	1,313
Past due 31 - 90 days	2,200	1,509
Past due more than 91 days	2,341	1,751
	<b>93,553</b>	<b>80,775</b>

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.

Movements in the allowance for credit losses were:

Opening balance at 1 July	(748)	(796)
Writeback / (charge) for the year	(12)	35
Amounts written off	166	30
Foreign exchange translation	-	(17)
Closing balance at 30 June	<b>(594)</b>	<b>(748)</b>



**NOTES TO THE FINANCIAL STATEMENTS (continued)**

FOR THE YEAR ENDED 30 JUNE 2024

**8. INVENTORIES**

	2024 \$'000	2023 \$'000
<b>Current</b>		
Raw materials and work in progress ("WIP")	50,643	44,376
Finished goods	167,288	166,711
Goods in transit, at cost	38,107	37,044
Less: Provision for stock obsolescence	(16,283)	(14,939)
	<b>239,755</b>	<b>233,192</b>

**9. PROPERTY, PLANT AND EQUIPMENT**

	2024 \$'000	2023 \$'000
Land and buildings, at cost	249,609	214,012
Less: accumulated depreciation	(27,779)	(25,046)
	<b>221,830</b>	<b>188,966</b>
Plant and equipment, at cost	163,381	158,139
Less: accumulated depreciation	(103,951)	(98,205)
	<b>59,430</b>	<b>59,934</b>
Capital WIP, at cost	10,565	19,944
	<b>10,565</b>	<b>19,944</b>
Total property, plant and equipment & capital WIP	<b>291,825</b>	<b>268,844</b>

Movements in the carrying amounts	Land & Buildings \$'000	Plant & Equipment \$'000	Capital WIP \$'000	Total \$'000
<b>2024</b>				
Balance at the beginning of financial year	188,966	59,934	19,944	268,844
Additions	33,050	15,001	-	48,051
Disposals	(4,041)	(1,343)	-	(5,384)
Depreciation	(4,143)	(12,871)	-	(17,014)
Transfers	9,658	(279)	(9,379)	-
Foreign exchange impact	(1,660)	(1,012)	-	(2,672)
Balance at the end of financial year	<b>221,830</b>	<b>59,430</b>	<b>10,565</b>	<b>291,825</b>
<b>2023</b>				
Balance at the beginning of financial year	168,957	53,348	18,817	241,122
Additions	21,567	19,018	-	40,585
Disposals	-	(642)	-	(642)
Depreciation	(3,312)	(12,059)	-	(15,371)
Transfers	(489)	(638)	1,127	-
Foreign exchange impact	2,243	907	-	3,150
Balance at the end of financial year	<b>188,966</b>	<b>59,934</b>	<b>19,944</b>	<b>268,844</b>

Property, plant and equipment has been granted as security over bank facilities. Refer to Note 13 for details.

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 \$267.4 million, compared with the collective carrying value of \$221.8 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.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2024

## 10. INTANGIBLE ASSETS

	2024 \$'000	2023 \$'000
Goodwill	35,391	35,404
Development costs	25,756	22,588
Less: accumulated amortisation	(11,763)	(8,337)
	13,993	14,251
Intangible software assets	5,155	4,540
Less: accumulated amortisation	(3,905)	(2,953)
	1,250	1,587
Total intangible assets	50,634	51,242

Movements in the carrying amounts	Development		Intangible	Total \$'000
	Goodwill \$'000	Costs \$'000	Software Assets \$'000	
<b>2024</b>				
Balance at the beginning of financial year	35,404	14,251	1,587	51,242
Additions	-	3,591	316	3,907
Disposals	-	(396)	-	(396)
Amortisation	-	(3,453)	(653)	(4,106)
Foreign exchange impact	(13)	-	-	(13)
Balance at the end of financial year	35,391	13,993	1,250	50,634
<b>2023</b>				
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

## 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 model with year 1 forecast cash flows approved by management and years 2 to 5 projected using an assumed growth rate. Cash flows beyond that 5-year period have been extrapolated using long term growth rates for the markets in which ARB operates.

	Goodwill \$'000	Terminal Growth Rate	Discount Rate (post tax)	Period of projection
<b>2024</b>				
ARB Australia (i)	19,553	3.0%	9.0%	5 years
ARB New Zealand (aftermarket)	3,223	2.5%	10.0%	5 years
Auto Styling Truckman Group Limited	12,614	2.5%	9.0%	5 years
<b>2023</b>				
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 (aftermarket)	3,237	4.5%	9.0%	5 years
Auto Styling Truckman Group Limited	12,614	4.5%	9.0%	5 years

(i) At 30 June 2024, resulting from a review of current operations and internal management structures, the Group moved to impairment testing for a combined ARB Australia CGU. This realignment provides a more accurate representation of the Group's operational structure and financial performance. The goodwill within the ARB Australia CGU consists of previously recognised goodwill within the GoActive Outdoors, Kingsley Enterprises, SmartBar and ARB Corporation (Australia) CGUs. There is no goodwill reallocated to the ARB Australia CGU from other cash generating units. The comparative period illustrates the prior year CGU disclosure.

With the exception of ARB New Zealand, no reasonable change in any of the key assumptions would result in a material impairment.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

FOR THE YEAR ENDED 30 JUNE 2024

**10. INTANGIBLE ASSETS (continued)**

Specifically for the New Zealand CGU, the value in use model results in a headroom of \$1.3m. The value in use model assumes a compound annual EBITDA growth rate of 13% over the 5-year period from FY2024 (or 2.0% from FY2023's result), a post-tax discount rate of 10% and a long-term growth rate of 2.5%. Changes to the following critical assumptions, as outlined below, may require an impairment of the goodwill of this CGU:

- (a) if the compound annual EBITDA growth rate reduces below 13.0% and costs are unchanged;
- (b) if the post-tax discount rate increases above 10.5%; or
- (c) if the long-term growth rate decreases below 1.9%.

**Change in fair-value of contingent consideration***30 June 2023*

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 and the general economic environment in the UK.

Based on management's projection of Truckman's trading result, goodwill (\$13,407,000) was impaired during the half year ended 31 December 2022. The Directors also considered it unlikely that the contingent consideration (\$13,673,000) would be payable, hence a gain from change in fair value of the contingent consideration was recognised.

*30 June 2024*

Truckman's operations and results improved significantly during the financial year ended 30 June 2024 due to improved supply of new vehicles into the UK, sales price increases and stabilisation of operational costs. The Company paid \$5,094,000 on 20 May 2024, in final settlement of the Truckman acquisition, which included a contingent consideration of \$2,497,000 paid as a result of the improved profitability in Truckman during the financial year.

	Note	2024 \$'000	2023 \$'000
Gain / (loss) from change in fair-value of contingent consideration		(2,498)	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		12,614	26,021
Impairment loss		-	(13,407)
Closing balance at the end of the financial period		12,614	12,614

**11. 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 5 years to reflect prevailing market conditions.

	2024 \$'000	2023 \$'000
<b>Lease assets</b>		
Land and buildings under lease arrangements at cost	67,328	62,540
Accumulated depreciation	(33,019)	(32,439)
	<b>34,309</b>	<b>30,101</b>
<b>Movements in the carrying amounts</b>	<b>2024 \$'000</b>	<b>2023 \$'000</b>
Balance at the beginning of financial year	30,101	32,197
Additions and modifications	12,755	5,228
Disposals	(1,228)	(284)
Depreciation	(7,314)	(7,024)
Foreign exchange impact	(5)	(16)
Balance at the end of financial year	<b>34,309</b>	<b>30,101</b>

## NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2024

## 12. PAYABLES

	2024 \$'000	2023 \$'000
<b>Current</b>		
Trade payables	2,837	8,865
Other payables	60,044	48,760
	<b>62,881</b>	<b>57,625</b>

## 13. FINANCING ARRANGEMENTS

	2024 \$'000	2023 \$'000
<b>Financing arrangements</b>		
The Group has access to the following lines of credit:		
Total facilities available:		
Market loans	20,000	20,000
Lease guarantees	3,000	3,000
Standby letter of credit	2,000	2,000
	<b>25,000</b>	<b>25,000</b>
Facilities utilised at balance date:		
Market loan	-	-
Lease guarantees	1,420	2,124
Standby letter of credit	1,284	452
	<b>2,704</b>	<b>2,577</b>
Facilities not utilised at balance date:		
Market loan	20,000	20,000
Lease guarantees	1,580	876
Standby letter of credit	716	1,548
	<b>22,296</b>	<b>22,423</b>

**(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.

## 14. LEASE LIABILITIES

	2024 \$'000	2023 \$'000
<b>Lease liabilities</b>		
Current lease liabilities	5,945	6,619
Non-current lease liabilities	34,306	29,225
	<b>40,251</b>	<b>35,844</b>
<b>Lease expenses and cash flows</b>		
Interest expense on lease liabilities	1,653	1,387
Amortisation expense on lease assets	7,313	7,024
Cash outflow in relation to leases	8,861	8,375

## NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2024

## 15. PROVISIONS

	2024 \$'000	2023 \$'000
<b>Current</b>		
Employee benefits	19,444	18,100
Provision for warranty	1,309	1,181
Provision for deferred consideration (i)	-	2,469
Other	60	-
	<b>20,813</b>	<b>21,750</b>
<b>Non-current</b>		
Employee benefits	1,316	1,118
	<b>1,316</b>	<b>1,118</b>
<b>Total provisions</b>	<b>22,129</b>	<b>22,868</b>
<b>Total employee benefits</b>	<b>20,760</b>	<b>19,218</b>

(i) The movement in provision for current deferred consideration is attributable to the final instalment payment on the third year anniversary of the acquisition of Truckman.

Movements in the carrying amounts	Employee benefits \$'000	Provision for warranty \$'000	Provision for deferred considera- tion \$'000	Provision for contingent considera- tion \$'000	Other \$'000	Total \$'000
<b>2024</b>						
Balance at beginning of financial year	19,218	1,181	2,469	-	-	22,868
Additional provision in the year	14,863	128	-	-	60	15,051
Utilisation of provision	(13,321)	-	(2,469)	-	-	(15,790)
Balance at the end of financial year	<b>20,760</b>	<b>1,309</b>	<b>-</b>	<b>-</b>	<b>60</b>	<b>22,129</b>
<b>2023</b>						
Balance at beginning of financial year	19,537	-	4,533	13,407	-	37,477
Additional provision in the year	12,014	1,181	-	-	-	13,195
Utilisation of provision	(12,333)	-	(2,064)	(13,407)	-	(27,804)
Balance at the end of financial year	<b>19,218</b>	<b>1,181</b>	<b>2,469</b>	<b>-</b>	<b>-</b>	<b>22,868</b>

## 16. CONTRIBUTED EQUITY

	2024 \$'000	2023 \$'000
<b>Issued and paid up capital</b>		
82,332,195 ordinary shares (2023: 82,099,299)	197,509	190,163
Fully paid ordinary shares carry one vote and carry the right to dividends.		
<b>Movements during the year</b>	<b>2024 Shares</b>	<b>2023 Shares</b>
Balance at the beginning of the financial year	82,099,299	81,855,789
Dividend reinvestment plan and Bonus share plan	232,896	243,510
Balance at the end of the financial year	<b>82,332,195</b>	<b>82,099,299</b>
	<b>2024 \$'000</b>	<b>2023 \$'000</b>
Balance at the beginning of the financial year	190,163	183,560
Dividend reinvestment plan and Bonus share plan	7,346	6,603
Balance at the end of the financial year	<b>197,509</b>	<b>190,163</b>

## 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.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

FOR THE YEAR ENDED 30 JUNE 2024

**17. RESERVES**

	Note	2024 \$'000	2023 \$'000
Capital profits reserve	(i)	4,090	4,090
Foreign currency translation reserve	(ii)	6,091	12,068
Cash flow hedge reserve	(iii)	(201)	(269)
Equity-settled share-based payments reserve (note 28)	(iv)	224	-
		<b>10,204</b>	<b>15,889</b>

(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.

(iv) Equity-settled share-based payments reserve represents the value of equity benefits provided to employees as part of their remuneration.

Movements in the carrying amounts	Capital Profits Reserve \$'000	Foreign Currency Translation Reserve \$'000	Cash Flow Hedge Reserve \$'000	Equity-Settled Share-Based Payments Reserve \$'000	Total \$'000
<b>2024</b>					
Balance at the beginning of the financial year	4,090	12,068	(269)	-	15,889
Amount recognised in other comprehensive income	-	(5,977)	68	-	(5,909)
Amount recognised in the profit and loss	-	-	-	224	224
Balance at the end of the financial year	<b>4,090</b>	<b>6,091</b>	<b>(201)</b>	<b>224</b>	<b>10,204</b>
<b>2023</b>					
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	<b>4,090</b>	<b>12,068</b>	<b>(269)</b>	<b>-</b>	<b>15,889</b>

**18. RETAINED EARNINGS**

	Note	2024 \$'000	2023 \$'000
Retained earnings		<b>451,703</b>	<b>401,074</b>
<b>Retained earnings</b>			
Balance at the beginning of the financial year		401,074	364,506
Net profit attributable to members of the parent entity		102,683	88,455
Difference arising on winding up interest in subsidiary		11	-
Dividends recognised	6	(52,065)	(51,887)
Balance at the end of the financial year		<b>451,703</b>	<b>401,074</b>

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

FOR THE YEAR ENDED 30 JUNE 2024

**19. PARENT ENTITY INFORMATION**

	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
Profit before income tax expense	137,747	107,223
Income tax expense	(33,671)	(30,600)
<b>Profit attributable to members of the parent entity</b>	<b>104,076</b>	<b>76,623</b>
<b>Total comprehensive income for the year attributable to members of the parent entity</b>	<b>103,807</b>	<b>76,470</b>
Current assets	234,574	208,470
Non-current assets	335,353	303,744
<b>Total assets</b>	<b>569,927</b>	<b>512,214</b>
Current liabilities	56,518	58,917
Non-current liabilities	27,044	26,506
<b>Total liabilities</b>	<b>83,562</b>	<b>85,423</b>
<b>Net assets</b>	<b>486,365</b>	<b>426,791</b>
<b>Equity</b>		
Contributed equity	197,509	190,163
Reserves	4,088	3,872
Retained earnings	284,768	232,756
<b>Total equity</b>	<b>486,365</b>	<b>426,791</b>
<b>Capital expenditure commitments</b>		
Contracted, but not provided for and payable within one year (i)	<b>10,988</b>	<b>15,464</b>

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

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

FOR THE YEAR ENDED 30 JUNE 2024

**20. CASH FLOW INFORMATION**

	2024 \$'000	2023 \$'000
<b>(i) Reconciliation of cash</b>		
Cash	<b>56,502</b>	<b>44,945</b>
<b>(ii) Reconciliations of the net profit after tax to the net cash flows from operations:</b>		
Net profit	102,683	88,455
Add/(less):		
(Profit)/loss on disposal of non-current assets	(496)	(249)
Equity Accounted Investments	670	-
Impairment of goodwill	-	13,407
Write back of contingent consideration	2,498	(13,673)
Depreciation and amortisation	28,434	25,884
Allowance for credit losses of receivables	(155)	(48)
Provision for inventory obsolescence	1,590	3,081
Impact of foreign exchange	(2,349)	6,545
Share based payments expense	224	-
Other	545	-
Net cash provided by operating activities before change in assets and liabilities	<b>133,644</b>	<b>123,402</b>
<b>Change in assets and liabilities</b>		
(Increase)/decrease in trade receivables	(10,280)	(4,724)
(Increase)/decrease in other receivables	(2,498)	1,458
(Increase)/decrease in inventories	(8,153)	(12,657)
(Increase)/decrease in other assets	(176)	1,424
(Increase)/decrease in deferred tax asset	(2,559)	322
(Decrease)/increase in payables	5,256	(5,436)
(Decrease)/increase in income tax payable	9,009	(12,215)
(Decrease)/increase in deferred tax liability	(81)	32
(Decrease)/increase in provisions	1,123	(1,202)
Net cash flow from operating activities	<b>125,285</b>	<b>90,404</b>

**(iii) Credit stand-by arrangements are identified at Note 13.**



**NOTES TO THE FINANCIAL STATEMENTS (continued)**

FOR THE YEAR ENDED 30 JUNE 2024

**21. INVESTMENTS IN ASSOCIATES****Details of associates**

Details of each of the Group's associates at the end of the reporting period are as follows:

Name of Associate	Principal Activity	Place of incorporation and principal place of business	Proportion of ownership interest and voting rights held by the group	
			2024	2023
Nacho LED LLC	Sale of off-road motor vehicle lighting products	United States of America	49%	-
ORW USA, Inc.	Sale of off-road motor vehicle lighting products	United States of America	30%	-

All of the above associates are accounted for using the equity method in these consolidated financial statements as set out in the Group's accounting policies in note 1(q).

	2024 \$'000	2023 \$'000
Investment in associates	9,898	-
<b>Movement in investment in associates</b>		
Net carrying amount at the beginning of the year	-	-
Associates acquired during the year	11,031	-
Share of net profits/(losses) of associates	(670)	-
Foreign exchange	(463)	-
<b>Net carrying amount at the end of the year</b>	<b>9,898</b>	<b>-</b>
<b>Total comprehensive income from associates</b>		
Share of net profits/(losses) from associates	(670)	-
<b>Total comprehensive income for the year</b>	<b>(670)</b>	<b>-</b>

**Recognition and measurement**

The Group's investments in its associates, being entities in which the Group has significant influence and are neither subsidiaries nor joint arrangements, are accounted for using the equity method. Under this method, the investments in the associates are carried in the balance sheet at cost plus any post-acquisition changes in the Group's share of the net assets of the associate.

Goodwill relating to associates is included in the carrying amount of the investment and is not amortised. After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group's investment. The income statement reflects the Group's share of the result of the operations of the associate.

Where there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes and discloses this in the statement of comprehensive income.

Where the reporting dates of the associates and the Group vary, the associates' management accounts for the period to the Group's balance date are used for equity accounting. The accounting policies of associates are consistent with those used by the Group for like transactions and events in similar circumstances.

Investment properties owned by associates are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the financial reporting period. Gains or losses arising from changes in the fair values of investment properties are recognised in profit or loss of the associate, in the year in which they arise. This is consistent with the Group's policy.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

FOR THE YEAR ENDED 30 JUNE 2024

**22. COMMITMENTS AND CONTINGENCIES**

	2024 \$'000	2023 \$'000
<b>Capital expenditure commitments</b>		
Contracted, but not provided for and payable within one year		
Land & buildings (i)	8,588	19,707
Plant & equipment	7,495	1,277
Other	954	32
	<b>17,037</b>	<b>21,016</b>

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

**23. EARNINGS PER SHARE**

	2024 cents	2023 cents
Basic earnings per share (cents)	<b>124.91</b>	<b>107.92</b>
Diluted earnings per share (cents)	<b>124.88</b>	<b>107.92</b>
Weighted average number of ordinary shares used in the calculation of basic earnings per share	<b>82,205,991</b>	<b>81,962,045</b>
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	<b>82,222,862</b>	<b>81,962,045</b>

**24. AUDITORS' REMUNERATION**

	2024 \$	2023 \$
<b>Deloitte and related network firms (i)</b>		
Audit or review of financial reports:		
Group	473,000	-
Subsidiaries	172,900	-
	645,900	-
Other assurance services under other legislation or contractual requirements	18,000	-
	<b>663,900</b>	-
<b>Other auditors and their related network firms</b>		
Audit or review of financial reports:		
Group	-	312,000
Subsidiaries	40,046	228,325
	40,046	540,325
Other assurance services under other legislation or contractual requirements	-	4,000
Other services:		
Taxation services (ii)	-	139,980
Total other auditors' remuneration	<b>40,046</b>	<b>684,305</b>

(i) The auditor of ARB Corporation Limited is Deloitte Touche Tohmatsu.

(ii) Non-audit services provided by the auditor of the parent entity represent 0.0% of the total auditor's remuneration for auditing the parent entity in the current financial year (FY2023: 30.7%).

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

FOR THE YEAR ENDED 30 JUNE 2024

**25. CONTROLLED ENTITIES**

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

	Country of Incorporation	2024 %	2023 %
<b>Parent entity</b>			
ARB Corporation Limited	Australia		
<b>Controlled entities</b>			
Air Locker, Inc.	United States of America	100	100
ARB 4X4 Holdings, LLC (ii)	United States of America	100	-
Kingsley Enterprises Pty Ltd	Australia	100	100
Off Road Accessories Ltd	Thailand	100	100
ARB Off Road Ltd (i)	Thailand	-	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

(i) ARB Off Road Ltd was dissolved on 22 December 2023.

(ii) ARB 4X4 Holdings, LLC was incorporated on 8 September 2023.

**26. 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.

	2024 \$	2023 \$
<b>Key Management Personnel remuneration by category</b>		
Short term employment benefits	1,926,317	1,991,666
Long term employment benefits	222,445	(275,169)
Post employment benefits	100,154	87,273
	<b>2,248,916</b>	<b>1,803,770</b>

**Controlled entities**

Details of interests in the controlled entities, being wholly-owned subsidiary companies, are set out at Note 25. 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 2024

## 27. 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 Australasia, 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
<b>2023</b>						
<b>Segment revenue</b>						
Total segment revenue	637,513	80,984	107,340	60,348	(211,148)	675,037
Intersegmental revenues	(113,096)	-	(97,711)	(341)	211,148	-
<b>Segment revenue from external source</b>	<b>524,417</b>	<b>80,984</b>	<b>9,629</b>	<b>60,007</b>	<b>-</b>	<b>675,037</b>
Total segment result	78,544	7,443	7,636	3,256	(8,424)	88,455
Intersegmental eliminations	(1,455)	-	(6,951)	(18)	8,424	-
<b>Segment result from external source</b>	<b>77,089</b>	<b>7,443</b>	<b>685</b>	<b>3,238</b>	<b>-</b>	<b>88,455</b>
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
<b>2024</b>						
<b>Segment revenue</b>						
Total segment revenue	672,604	73,610	129,728	65,117	(242,306)	698,753
Intersegmental revenues	(121,338)	(640)	(120,122)	(206)	242,306	-
<b>Segment revenue from external source</b>	<b>551,266</b>	<b>72,970</b>	<b>9,606</b>	<b>64,911</b>	<b>-</b>	<b>698,753</b>
Total segment result	106,149	5,881	13,063	6,182	(28,592)	102,683
Intersegmental eliminations	(16,425)	(51)	(12,096)	(20)	28,592	-
<b>Segment result from external source</b>	<b>89,724</b>	<b>5,830</b>	<b>967</b>	<b>6,162</b>	<b>-</b>	<b>102,683</b>
Items included within the segment result:						
Net interest income / (expense)	(182)	(165)	7	(48)	(6)	(394)
Depreciation and amortisation expense	18,153	1,694	6,691	1,656	239	28,433
Income tax expense	34,342	1,696	678	2,020	-	38,736
<b>(b) Statement of Financial Position</b>	<b>Australasia</b>	<b>USA</b>	<b>Thailand</b>	<b>Middle East Europe &amp; UK</b>	<b>Eliminations</b>	<b>Consolidated</b>
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2023</b>						
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
<b>2024</b>						
Segment assets	642,019	78,403	142,763	52,771	(123,687)	792,269
Segment liabilities	101,101	25,612	23,890	16,549	(34,298)	132,854
Segment acquisition of property, plant, equipment and intangibles	43,018	1,945	6,263	732	-	51,958

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

FOR THE YEAR ENDED 30 JUNE 2024

**28. SHARE-BASED PAYMENTS**

The Group has established a Senior Executives Performance Rights Plan to assist in the reward and retention of Senior Executives. The share-based payment expense for the year was \$215,135 (2023: nil) and the balance at the end of the financial year in the equity-settled share-based payments reserve was \$224,454 (2023: nil). This included deferred tax recognised directly in the reserve of \$9,319 (2023: nil). The number of performance rights to be granted is determined by dividing the total value of the award by the share price at grant date.

The performance rights have a two year and three year performance period which commences on the grant date in the financial year they are offered. Performance is measured against the compound annual growth rate ("CAGR") of the Group's earnings per share. The rights will vest, subject to the Senior Executive's continued service and conditional upon to the satisfaction of the performance targets.

Each performance right entitles the Senior Executive to one ordinary share in the Company when it vests. The Board may, in its absolute discretion, waive any of the above vesting conditions.

If a Senior Executive ceases to be employed before their performance rights vest, the following treatment will apply, unless the Board determines otherwise;

- (i) Where the Senior Executive resigns or is summarily terminated, all their unvested performance rights will lapse.
- (ii) If the Senior Executive ceases employment in any other circumstances including retirement, the participant will be entitled to retain a pro-rata amount of their unvested performance rights (based on the proportion of the vesting period that the participant was employed by the Group, by reference to the number of whole months employed). All other unvested performance rights held by that participant will lapse.
- (iii) Any unvested performance rights which continue to be held by the participant will be tested at the end of the vesting period, in accordance with the vesting conditions set out in the offer.

Movements in performance rights during the year were as follows:

	2024	2023
<b>Opening balance</b>	-	-
Number of rights awarded during the financial year (i)	28,135	-
Number of rights exercised during the financial year	-	-
Number of rights lapsed/forfeited during the financial year	-	-
<b>Number of rights held at 30 June 2024</b>	<b>28,135</b>	<b>-</b>

The fair value of the rights granted through the Senior Executives Performance Rights Plan were measured using the following assumptions:

Plan	Weighted average grant date fair value	Earliest vesting date	Weighted average remaining life	Exercise price
FY2024 - 2-year performance rights plan	\$ 33.63	30-Sep-25	1.25	\$nil
FY2024 - 3-year performance rights plan	\$ 32.79	30-Sep-26	2.25	\$nil

Plan	Grant date	Dividend yield	Risk free rate	Volatility
FY2024 - 2-year performance rights plan	29-Sep-23	2.0%	4.1%	40.0%
	19-Dec-23	2.0%	3.8%	45.0%
FY2024 - 3-year performance rights plan	29-Sep-23	2.0%	4.1%	40.0%
	19-Dec-23	2.0%	3.8%	45.0%

- (i) Performance rights for KMP (Lachlan McCann) were granted on 29 September 2023. For the other Senior Executives, the performance rights were granted on 19 December 2023.

**29. 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 2024 that has materially affected or may materially affect:

- (a) the operations, in financial years subsequent to 30 June 2024 of the Group;
- (b) the results of those operations; or
- (c) the state of affairs, in financial years subsequent to 30 June 2024 of the Group.

**CONSOLIDATED ENTITY DISCLOSURE STATEMENT**

FOR THE YEAR ENDED 30 JUNE 2024

Entity Name	Share of capital held	Place incorporated	Entity Type	Tax residency	
				Australia or Foreign	Foreign jurisdiction
ARB Corporation Ltd	100%	Australia	Body corporate	Australia	N/A
Air Locker, Inc.	100%	United States of America	Body corporate	Foreign	United States of America
ARB 4X4 Holdings LLC	100%	United States of America	Body corporate	Foreign	United States of America
Kingsley Enterprises Pty Ltd	100%	Australia	Body corporate	Australia	N/A
Off Road Accessories Ltd	100%	Thailand	Body corporate	Foreign	Thailand
ARB Europe s.r.o	100%	Czech Republic	Body corporate	Foreign	Czech Republic
ARB Middle East FZE	100%	United Arab Emirates	Body corporate	Foreign	United Arab Emirates
ARB New Zealand Ltd	100%	New Zealand	Body corporate	Foreign	New Zealand
Auto Styling Truckman Group Ltd	100%	United Kingdom	Body corporate	Foreign	United Kingdom
Auto Styling UK Ltd	100%	United Kingdom	Body corporate	Foreign	United Kingdom

**Basis of preparation**

The consolidated entity disclosure statement has been prepared in accordance with subsection 295(3A)(a) of the *Corporations Act 2001*. The entities listed in the statement are ARB Corporation Limited and all the entities it controls in accordance with *AASB 10 Consolidated Financial Statements*.

The percentage of share capital disclosed for bodies corporate included in the statement represents the economic interest consolidated in the consolidated financial statements.

In developing the disclosures in the statement, the Directors have applied current legislation and where available judicial precedent in the determination of Australian or foreign tax residency.

There are no trusts, partnerships or joint ventures within the consolidated entity. Accordingly, none of the above entities was a trustee of a trust within the consolidated entity, a partner in a partnership within the consolidated entity, or a participant in a joint venture within the consolidated entity.

## DIRECTORS' DECLARATION

The Directors declare that the financial statements and notes set out on pages 18 to 45 are in accordance with the *Corporations Act 2001*, including:

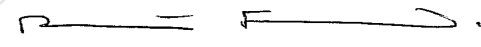
- (a) Complying with Accounting Standards, and the Corporations Regulations 2001, and other mandatory professional reporting requirements;
- (b) Complying with International Financial Reporting Standards as indicated in Note 1; and
- (c) Give a true and fair view of the financial position of the consolidated entity as at 30 June 2024 and of its performance for the year ended on that date.

In the Directors' opinion, the attached consolidated entity disclosure statement on page 46 is true and correct.

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 2024.

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



Robert D Fraser  
Chairman

Melbourne, 20 August, 2024

## Independent Auditor's Report to the Members of ARB Corporation Limited

### Report on the Audit of the Financial Report

#### *Opinion*

We have audited the accompanying financial report of ARB Corporation Limited (the "Company") and its subsidiaries (the "Group") which comprises the consolidated statement of financial position as at 30 June 2024, the consolidated income statement, 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 material accounting policy information and other explanatory information, the directors' declaration and the consolidated entity disclosure statement.

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

- Giving a true and fair view of the Group's financial position as at 30 June 2024 and of its financial performance for the year then ended; and
- 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 & 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 Matter*

The key audit matter is the matter that, in our professional judgement, was of most significance in our audit of the financial report of the current period. The matter was 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 the matter.



Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
<p><b>Carrying value of goodwill and non-current assets</b></p> <p><i>Refer to Note 10 Property, plant and equipment and Note 11 Intangibles in the financial statements.</i></p> <p>As at 30 June 2024, the Group held goodwill of \$35.4 million, intangible assets of \$15.2 million and property, plant and equipment of \$291.8 million, which is allocated to the Group’s cash generating units (CGUs).</p> <p>The assessment of the recoverable amount of each CGU is subject to a high level of judgement and is based on management’s view of key variables and market conditions. The Group has prepared a value-in-use model to determine the recoverable amount of each CGU.</p> <p>The carrying value of the ARB New Zealand CGU of \$20.5 million includes a goodwill balance of \$3.2 million. The recoverable amount of the ARB New Zealand CGU is subject to significant judgement related to the estimation of future cash flows, the discount rate and the terminal value growth rate applied by management in the ARB New Zealand CGU model (“Model”). The recoverable amount is highly sensitive to changes in these assumptions. Accordingly, we consider this to be a Key Audit Matter.</p>	<p>Our procedures to assess the recoverable amount of the ARB New Zealand CGU included, but were not limited to:</p> <ul style="list-style-type: none"> <li>• Understanding the relevant controls and process that management has undertaken to assess the recoverable amount.</li> <li>• In conjunction with our valuation specialists:               <ul style="list-style-type: none"> <li>○ Evaluating the appropriateness of the Model used and the valuation technique applied by management;</li> <li>○ Testing the mechanics of the Model; and</li> <li>○ Comparing the discount rate and the terminal value growth rate applied in the model to an independently developed rate.</li> </ul> </li> <li>• Assessing and challenging the key assumptions in the Model by:               <ul style="list-style-type: none"> <li>○ Agreeing FY25 budgeted cash flows to the approved management budget;</li> <li>○ Comparing historical budgets to actual performance to test the accuracy of management’s budgeting;</li> <li>○ Challenging management on the FY25 approved budget and resulting future cash flows; and</li> <li>○ Developing independent sensitivity analyses to challenge key assumptions including short term growth rates, the terminal value growth rate and the discount rate.</li> </ul> </li> </ul> <p>We have also assessed the adequacy of the disclosures included in Notes 10 and 11 in the financial statements.</p>

*Other Information*

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 2024, 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 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 in accordance with the Corporations Act 2001, including giving a true and fair view of the financial position and performance of the Group in accordance with Australian Accounting Standards; and

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- For such internal control as the directors determine is necessary to enable the preparation of the financial report in accordance with the *Corporations Act 2001*, including giving a true and fair view of the financial position and performance of the Group, and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability 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.
- 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's 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 in pages 13 to 16 of the director's report for the year ended 30 June 2024.

In our opinion, the Remuneration Report of ARB Corporation Limited, for the year ended 30 June 2024, 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.



DELOITTE TOUCHE TOHMATSU



Andrew Reid  
Partner  
Chartered Accountants  
Melbourne, 20 August 2024

20 August 2024

The Board of Directors  
ARB Corporation Limited  
42-44 Garden Street  
Kilsyth VIC 3137

Dear Board Members

### Auditor's Independence Declaration to ARB Corporation Limited

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the Directors of ARB Corporation Limited.

As lead audit partner for the audit of the financial statements of ARB Corporation Limited for the year ended 30 June 2024, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- ii) any applicable code of professional conduct in relation to the audit.

Yours faithfully



DELOITTE TOUCHE TOHMATSU



Andrew Reid  
Partner  
Chartered Accountants

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## 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 25 July 2024 was:

Shareholder	Ordinary	% of issued ordinary shares held
Australian Super	4,806,552	5.85%
Bennelong Funds Management Group Pty Ltd	10,339,019	12.57%
Rogand Pty Ltd	4,936,208	6.04%
Vanguard Group	4,120,519	5.01%

#### Class of Shares and Voting Rights

At 30 June 2024, there were 9,988 holders of ordinary shares in 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 2024):

	Holders	%	Shares Held	%
1 - 1,000	7,003	70.12	2,110,863	2.56
1,001 - 5,000	2,277	22.80	5,176,846	6.29
5,001 - 10,000	399	3.99	2,888,010	3.51
10,001 - 100,000	279	2.79	6,277,822	7.62
100,001 or more	30	0.30	65,878,654	80.02
	<b>9,988</b>	<b>100.00</b>	<b>82,332,195</b>	<b>100.00</b>

The number of shareholders holding less than a marketable parcel at 30 June 2024 was 288.

#### Twenty largest shareholders (as at 25 July 2024)

Name of Holder	Number of ordinary shares held	% of issued ordinary shares held
Citicorp Nominees Pty Limited	17,781,363	21.60
J P Morgan Nominees Australia Pty Limited	14,395,567	17.48
HSBC Custody Nominees (Australia) Limited	13,096,600	15.91
Rogand Pty Ltd (Rogand Unit A/C)	4,851,183	5.89
Australian Foundation Investment Company Limited	3,640,000	4.42
National Nominees Limited	1,490,122	1.81
BNP Paribas Noms Pty Ltd	1,239,578	1.51
Formax Pty Ltd (Reparar A/C)	1,136,723	1.38
BNP Paribas Nominees Pty Ltd (Agency Lending A/C)	1,009,483	1.23
BKI Investment Company Limited	978,590	1.19
Netwealth Investments Limited (Wrap Services A/C)	898,373	1.09
Ms Judith Caroline Carpenter + Ms Gillian Clare Carpenter (Est Late P Carpenter A/C)	653,831	0.79
HSBC Custody Nominees (Australia) Limited (NT-Comnwith Super Corp A/C)	609,870	0.74
Mirrabooka Investments Limited	606,361	0.74
Santos L Helper Pty Ltd (The Van Paassen Family A/C)	420,000	0.51
Illabarook Pty Ltd	350,000	0.43
Djerriwarrh Investments Limited	292,340	0.36
Ancil 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)	265,387	0.32

The 20 largest shareholders hold 78.08% of the ordinary shares of the Company.

There is no current on-market buy-back 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 20 August 2024 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
- overseeing and monitoring workplace health and safety
- overseeing the Company's sustainability practices
- 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.

## CORPORATE GOVERNANCE STATEMENT (continued)

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 2024. 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/>.

## CORPORATE GOVERNANCE STATEMENT (continued)

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, religion, sexual orientation 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, religions and cultural backgrounds.

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

• Board	29%
• Senior executives	20%
• Office staff	42%
• Engineering	6%
• Factory & Workshops	9%
• Consolidated entity	17%

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 10 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 present composition of the 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.



**CORPORATE GOVERNANCE STATEMENT (continued)**

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 material market announcements are sent to members of the Board promptly after they have been released
- 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 in accordance with their communications preferences
- continuous disclosures made to the ASX pursuant to the ASX Listing Rules
- 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.

## CORPORATE GOVERNANCE STATEMENT (continued)

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.

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 through 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 remunerated by way of fees and other than statutory superannuation. They do not receive any retirement benefits.

The Company has an equity-based Senior Executive Performance Rights Plan. The Company's Share Trading Policy specifically prohibits participants in the plan from entering into any scheme or arrangement which limits the economic risk of entitlements under the plan.

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



Europe Van Life



China GT Show



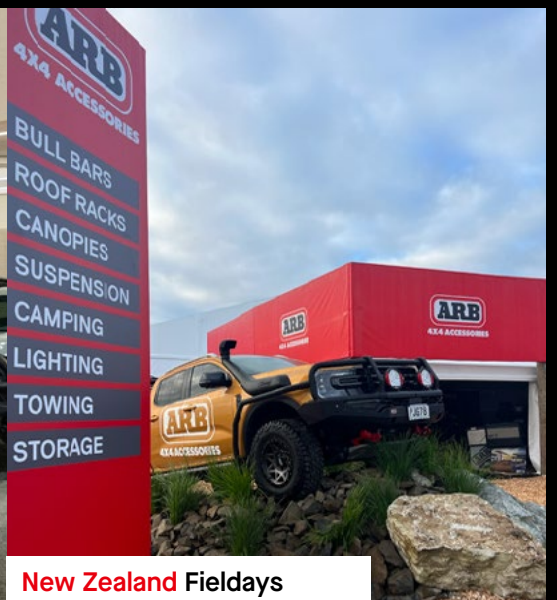
Thailand International Women's Day



Bolivia Show



USA SEMA



New Zealand Fieldays



# ARB WILL CONTINUE TO DRIVE EXCELLENCE WITH PASSION

We will pursue growth as the industry leader in design innovation and engineering of 4WD accessories, using advanced technologies to bring new and improved products to market, to roll-out new ARB Flagship stores across Australia and to continue to grow the export and OE markets.



For personal use only

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**4X4 ACCESSORIES**

