



4X4 ACCESSORIES

ARB CORPORATION LTD

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

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

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

Dear Shareholder

RESULTS

The Directors of ARB Corporation Limited (“**ARB**” or the “**Company**”) report that the Company generated sales revenue of \$729.9 million for the financial year ended 30 June 2025 (“**FY2025**”), up 5.3% compared with the previous financial year.

Reported profit before tax for FY2025 was \$134.9 million, representing a decline of 4.6% compared with the previous year. Reported profit after tax for FY2025 was \$97.5 million, representing a decline of 5.0% compared with the previous year.

Profit after tax excluding one-off adjustments related to gains on property sales, transaction costs related to acquisitions and final settlement of contingent acquisition consideration in the prior year (see notes 1, 2 & 3 below) was \$96.2 million, a decline of 7.6% from the previous financial year.

The full year results are summarised below:

Year ended	30 Jun 25	30 Jun 24	Change
	\$'000	\$'000	
Sales revenue	729,949	693,154	5.3%
Other revenue	9,082	5,599	
Total revenue	739,031	698,753	5.8%
Profit before tax	134,938	141,419	(4.6%)
Tax expense	(37,411)	(38,736)	
Profit after tax	97,527	102,683	(5.0%)
Add back:			
Gain on sale of property after tax ¹	(2,518)	(1,058)	
Transaction costs ²	1,214	-	
Truckman adjustments ³	-	2,498	
Profit after tax excluding adjustments ^{1 2 3}	96,223	104,123	(7.6%)
Basic EPS before adjustments - cents	117.74	124.91	(5.7%)
Basic EPS after adjustments - cents	116.16	126.66	(8.3%)
DPS (cents): Interim	34.0	34.0	
Special	50.0	-	
Final	<u>35.0</u>	<u>35.0</u>	
Total	<u>119.0</u>	<u>69.0</u>	72.5%
Franking (at 30% tax rate)	100%	100%	

- (1) Represents the after-tax profit generated on the sale of two retail properties (profit before tax of \$3,597,000). The prior year includes after-tax profit generated on the sale of a factory in Thailand (profit before tax of \$1,255,000).
- (2) Represents ARB’s after-tax transaction costs relating to the acquisition of two retail stores and its increased investment in its US based associate, ORW USA, Inc. (“**ORW**”), and ARB’s equity accounted share of ORW’s transaction costs for the acquisition of the 4WP business (transaction costs before tax of \$1,281,000).
- (3) Represents the payment expensed for the prospective earnout of the Truckman business (before and after tax).

The Company has declared a special dividend of 50.0 cents per share, fully franked at a 30% tax rate. The special dividend will be paid from ARB’s existing cash reserves on 11 September 2025 and the Record Date will be 25 August 2025.

The Company has declared a final dividend of 35.0 cents per share, fully franked at a 30% tax rate. The final dividend will be paid on 17 October 2025 and the Record Date will be 3 October 2025.

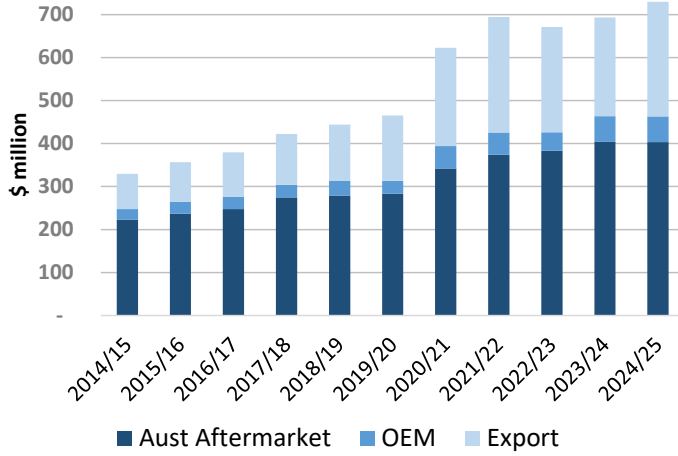
Total fully franked dividends for FY2025 of 119.0 cents per share represents an increase of 72.5% compared with FY2024.

The ARB Dividend Reinvestment Plan and Bonus Share Plan (the “**Plans**”) will be in operation for the special and final dividends. Information about the Plans, can be found on the Company’s website at <https://www.arb.com.au/about/investor-relations/>. Investors wishing to make or change an election to participate in either of the Plans can do so online via the Computershare Investor Centre website at www.computershare.com.au/easyupdate/arb or by phoning Computershare on 1300 850 505.

For personal use only

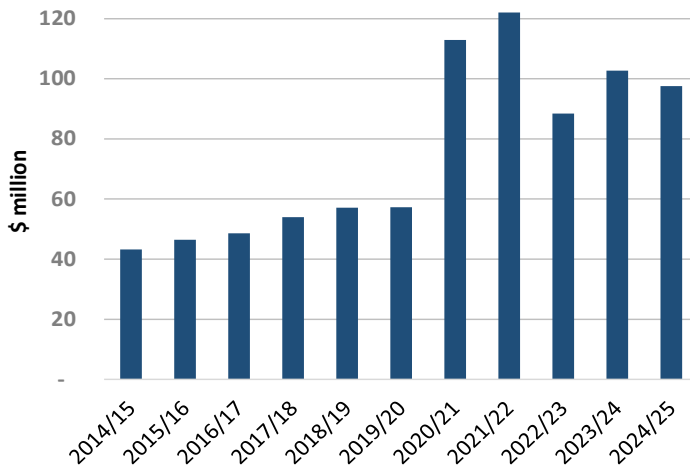
10 YEAR HISTORICAL PERFORMANCE

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



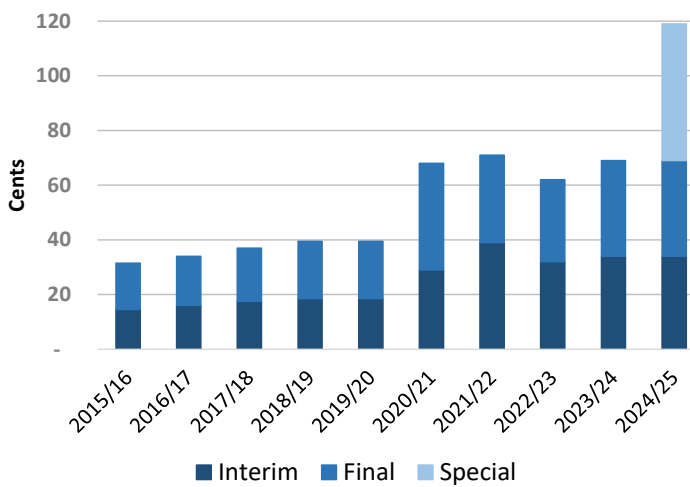
SALES REVENUE

Annual sales revenue has grown at an average compound rate of 8.3% over the past 10 years.



NET PROFIT AFTER TAX

Net profit after tax has grown at an average compound rate of 8.3% over the past 10 years.



DIVIDENDS PER SHARE

Dividends per share have grown over the past 10 years in line with profit after tax.

All dividends have been fully franked.

HIGHLIGHTS OF THE 2024/25 YEAR

Sales and Distribution

The Company's sales revenue grew by 5.3% in FY2025 compared with the previous year. This reflects sales growth of 5.9% in the first half and sales growth of 4.7% in the second half of the financial year. Pleasingly, sales momentum grew throughout the second half with Q4 FY2025 sales up 6.5% compared with the corresponding quarter.

Sales to Export markets grew by 16.4% whilst sales to the Australian Aftermarket and Original Equipment Manufacturers ("OEM") were broadly in line with last year:

Customer Category	Percentage of Sales		Sales Growth
	12 months to Jun 2025	12 months to Jun 2024	
Australian Aftermarket	55.2%	58.3%	(0.2%)
Exports	36.6%	33.1%	16.4%
Original Equipment	8.2%	8.6%	0.1%
Total	100.0%	100.0%	5.3%

Sales to the Australian Aftermarket were impacted by lower new vehicle sales, a key driver of ARB's sales to this category, and inflationary pressures constraining consumer discretionary spending. However, ARB's steady Australian Aftermarket sales was a solid result given that new vehicle sales of key models including the Toyota Hilux 4x4, Ford Ranger and the Isuzu D-Max were all down 17% for the financial year. While new entrants to the Australian carpark in BYD Shark and Kia Tasman will represent an opportunity for ARB, the market is yet to see accessory demand for these two models relative to other popular pick-up models.

ARB's distribution network across the wider Australian Aftermarket remains 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 SmartBar, Kingsley Enterprises and GoActive Outdoors businesses. The net contribution of these subsidiary businesses to the Australian Aftermarket result was lower, primarily reflecting weakness in discretionary consumer spending.

In July 2024, ARB acquired and added ARB Toowoomba, Queensland, previously an independently owned ARB retail store, to its corporately owned store network.

In October 2024, ARB expanded its back-of-ute product range through the acquisition of MITS Alloy, an aluminium service body manufacturing and assembly business based in Newcastle, NSW. The MITS Alloy business demonstrates ARB's focus on pick-up product strategy. The MITS Alloy business will be aided through access to ARB's Australian distribution network and progressively having access to ARB's international sales and operations.

Positively, despite tougher market conditions, the Company's daily order intake remains consistent with last year. ARB's order book is slightly lower than the prior financial year end, reflecting shorter lead times for new vehicles delivered to consumers and independent stockists reducing their inventory holdings. ARB's fitting operations continue to be impacted by a shortage of fitter technicians.

Looking forward, the recent release of the overdue Toyota Prado model and strong new vehicle sales of the Ford Everest (up 33% on last year) provide ARB with a solid platform into 1H FY2026.

Branded ARB stores are an integral part of the Company's distribution network throughout Australia. The total number of ARB stores has grown to 77, of which 31 are Company owned. The Company expects to open an additional three ARB stores and upgrade six existing stores to the ARB flagship store format in FY2026.

ARB's partnership with Ford via the successful Ford License Accessory ("FLA") programme continues to contribute and achieved consistent growth in Australia. A five-year extension to the FLA agreement with Ford is close to finalisation.

The highlight of this financial year is the Company's export business. Its sales grew 16.4% in total in FY2025, with gains recorded in all regions. Growth in the USA represents the successful implementation of a number of new initiatives which the Board is confident will deliver long-term brand and sales growth. These initiatives included: the Company's increased investment in its associate, ORW, providing ARB with access to all of the ORW / Four Wheel Parts ("4WP") branded retail store network; the launch of a direct-to-consumer eCommerce site; the introduction of a design engineering team in the USA strictly focused on the development of ARB accessories for US vehicles; and the expanding partnership with Toyota USA, including ARB branded content fitted ex-factory on the new halo platform Trailhunter.

ARB's international sales offices in New Zealand, Europe, Thailand and the Middle East posted strong revenue growth in FY2025, while the UK result was flat to the prior year mainly due to pick-up vehicle registrations being down 6%.

An example of ARB's commitment to international expansion is represented by the investment in a Company owned 4,000sqm head office and distribution centre in Jebal Ali free-zone, Dubai, UAE which recently opened.

Accessory sales to OEMs held steady after strong sales growth of 40% in FY2024, with contracts for new model vehicles buffering the decline in vehicle sales. Whilst sales to OEMs will be lower in 1H FY2026, they are expected to return to growth in the second half and increase overall in FY2026. It is important to note that sales to Toyota North America for the Trailhunter program are excluded from the OEM segment reporting.

Investment in ORW

As reported in the Chairman's Statement at the half year, ARB's associate company in the USA, ORW, acquired the 4WP business, which included 42 retail stores in the USA, on 1 October 2024. To facilitate ORW's funding for the acquisition, ARB increased its ownership interest in ORW from 30% to 50% for \$25.0 million (US\$16.7 million) and provided a loan to ORW of \$11.2 million (US\$7.5 million).

The other major shareholder in ORW is Greg Adler, whose family founded 4WP in the 1960s. Greg has spent the majority of his working life in the business, including over two decades as CEO of 4WP.

At the time of acquisition, the 4WP business was in Chapter 11 bankruptcy and making significant losses. ARB and ORW moved quickly to re-structure the business and improve performance. The 11 original ORW stores and the acquired 42 4WP stores have now been rationalised to 48 stores. Three stores were closed due to proximity between stores and two due to performance.

The Board is very pleased with early progress and the performance of the combined ORW / 4WP business to date is well ahead of expectations and the original business plan. ORW / 4WP is now growing revenue, despite the challenging US market conditions, and importantly ARB product sales through ORW/4WP stores are growing consistently month-on-month. ORW achieved small operating profits in five of the last six months of FY2025 and the business is generating cash. ARB's loan to ORW has been repaid in full and ORW had a positive cash balance of USD \$7.7 million as at 30 June 2025.

ORW's 48 stores are located in only nine US states, providing significant scope for further expansion of the retail store network throughout the USA.

Products and Engineering

ARB continues to maintain its long-term competitive advantage through excellence in product development. ARB launched several significant new products during FY2025, including: the brushless compressor, a technical evolution of an existing global product leader; the ARB Zenith Bull Bar, adding a stylized and contemporary offering to the extensive bull bar line-up; a full suite of accessories for the new Toyota Prado 250 and the US Toyota Tacoma; as well as ARB's new air-bag and parabolic leaf spring solution, adding both load carrying capability and comfort to 4x4 pick-up vehicles.

ARB's Slimline 100 battery and enhancements to the popular Altitude Electronic Rooftop Tent and the Earth Camper have also been added in the financial year. The Company continues to expand the application of existing products to new vehicle models, successfully delivering quality and feature packed products.

Further products from long-term development projects are planned for release throughout FY2026. Shareholders can learn more about ARB's new product releases via the Company's website at: <https://www.arb.com.au/latest-news-and-releases/>.

Financial

Reported profit before and after tax for the financial year ended 30 June 2025 was \$134.9 million and \$97.5 million respectively, representing a decrease of 4.6% and 5.0% respectively compared with the previous financial year. The Company's pre- and post-tax operating profit, excluding the non-operating items detailed in notes 1 to 3 on page 1, declined by 7.0% and 7.6% respectively.

The decline in profitability, despite the 5.3% increase in sales revenue, is attributable to a number of factors including the impact of the historically weak Australian dollar against the Thai Baht, the introduction of US import tariffs, initial equity accounted losses from associates and increased investment in key areas across the business to accommodate future growth. This includes human resources (market adjustments in vital areas and additional resources in engineering, aftermarket, future eCommerce business and in the US), the establishment of a new distribution centre in Texas, USA, depreciation on recent capital expenditures and increased brand advertising globally.

Cash flows generated from operations of \$128.0 million improved \$2.7 million or 2.1%. In particular, management successfully reduced inventory holdings during the second half of the financial year from \$277.8 million as at 31 December 2024 to \$249.1 million as at 30 June 2025.

Cash generated by operations was used to invest in property and equipment of \$46.2 million, investments in associates (ORW and Nacho) of \$25.6 million, business acquisitions of \$13.3 million (MITS Alloy, Toowoomba, QLD and Christchurch, NZ) and to distribute cash dividends of \$23.5 million. ARB expects investments in property in FY2026 to be significantly lower than in recent years.

ARB's cash reserves of \$69.2 million and no debt as at 30 June 2025 have facilitated the declaration of a fully franked special dividend of 50.0 cents per share. ARB's continuing positive cash flows ensure the Company is well placed to continue to invest in future growth initiatives.

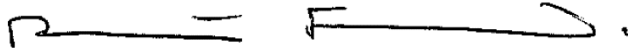
THE FUTURE

The Company's outlook remains positive with ongoing healthy demand for ARB's products, new vehicle models released around the world and new products recently and soon to be released to market. The Company's order book remains healthy and daily sales order intake remains close to historical highs.

ARB continues to invest for future long-term growth, pursuing opportunities to build its product range by developing and releasing new products, increase its distribution partners and sales channels, expand its store network and invest in its people. The Board sees long-term growth opportunities in Australia and export markets and is excited by the prospects for its major US expansion strategy.

The FY2025 result was achieved in challenging conditions with the Australian dollar at historical lows against the Thai Baht, the recent implementation of import tariffs in the USA specifically targeted at automotive, steel and aluminium products, softness in new vehicle supply in Australia and other parts of the world and reduced consumer sentiment.

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



Robert Fraser
Chairman
19 August 2025