


ARB CORPORATION LTD

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Dear Shareholder,

ARB Corporation Limited (“**ARB**” or the “**Company**”) generated sales revenue of \$358.0 million for the half year ended 31 December 2025 (“**1H FY2026**”), down 1.0% compared with the previous corresponding period.

Reported profit before tax and profit after tax for 1H FY2026 were \$57.1 million and \$42.2 million respectively, representing a decrease of 18.8% and 17.2% respectively over the previous corresponding period.

Profit before tax and profit after tax for 1H FY2026 excluding one-off adjustments (see notes 1 to 3 below) of \$58.0 million and \$43.2 million declined by 16.3% and 14.4% respectively.

The half year results are summarised below:

Six months ended	31 Dec 25	31 Dec 24	Change
	\$'000	\$'000	
Sales revenue	357,978	361,727	(1.0%)
Other revenue	4,236	4,940	
Total revenue	362,214	366,667	(1.2%)
Profit before tax	57,111	70,312	(18.8%)
Tax expense	(14,937)	(19,360)	
Profit after tax	42,174	50,952	(17.2%)
Add back:			
Gain on sale of property after tax ¹	(944)	(1,662)	
Thule discontinuation ²	1,984	-	
Transaction costs ³	-	1,214	
Profit after tax excl adjustments ^{1 2 3}	43,214	50,504	(14.4%)
Earnings per share (cents)	50.6	61.7	(17.9%)
Earnings per share excl adjustments (cents) ^{1 2 3}	51.9	61.1	(15.1%)
Interim dividend (cents per share)	34.0	34.0	-
Franking	100%	100%	

- (1) Represents the after-tax profit generated on the sale of a retail property (profit before tax of \$1,348,000). The prior year includes after-tax profit generated on the sale of a retail property (profit before tax of \$2,374,000).
- (2) Represents the after-tax loss related to the termination of the Thule distribution agreement (loss before tax of \$2,188,000).
- (3) The prior year 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., 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).

The Board has declared an interim dividend of 34.0 cents per share, fully franked at a 30% tax rate. The interim dividend will be paid on 17 April 2026 and the record date will be 2 April 2026.

The ARB Dividend Reinvestment Plan and Bonus Share Plan (the “**Plans**”) will operate for the interim dividend to assist with the funding of ARB's ongoing expansion programme. Information about the Plans can be found on the Company's website at: <https://www.arb.com.au/investors/InvestorRelations>. Investors wishing to make or change an election to participate in the Plans can do so online via the Computershare Investor Centre website at: www.computershare.com.au/easyupdate/arb or by phoning Computershare on 1300 850 505.

HIGHLIGHTS OF THE HALF YEAR ENDED 31 DECEMBER 2025

Sales

The Company's sales revenue for 1H FY2025 of \$358.0 million was down 1.0% compared with the previous corresponding period.

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

Customer Category	Percentage of Sales		Sales Growth
	6 months to Dec 2025	6 months to Dec 2024	
Australian Aftermarket	56.9%	57.2%	(1.7%)
Exports	38.0%	34.7%	8.8%
Original Equipment	5.1%	8.1%	(38.2%)
	100.0%	100.0%	(1.0%)

Sales to the Australian Aftermarket declined by 1.7%, affected by lower new vehicle sales for ARB's core model platforms and the ongoing shortage of accessory fitment resources. Sales were down across all states except Western Australia; however, open orders ended the period 5% higher than December 2024, indicating continued underlying customer demand.

Deliveries of vehicles core to ARB's sales were flat in 1H FY2026. In particular, sales of a number of key new vehicle models declined such as the Ford Ranger (-1%), Ford Everest (-9%), Land Cruiser 70 Series (-12%) and Isuzu D Max (-13%). The LandCruiser Prado recorded a 67% increase in sales for the half, reflecting the significantly lower volumes in the prior period due to the model changeover.

Accessory demand for the BYD Shark is being closely monitored through ARB's expansive sales and marketing channels; however, effort within the business is being balanced with models known to have higher accessory attachment rates.

The recent launch of the Ford Super Duty has generated excitement across both the Ford and ARB networks given the favourable customer demographic for this platform. In addition, the release of the new Toyota HiLux is expected to contribute positively to ARB's performance in 2H FY2026.

The Company distributes products through its market leading ARB store network in Australia, to retail customers, ARB stockists, new vehicle dealers and various fleet operators. There are currently 79 ARB stores in Australia, four more stores than this time last year, of which 32 are Company owned. Five new stores were opened in the new Flagship format: Mittagong and Griffith (NSW), Mildura (Victoria) and Rockingham and Midland (Western Australia). The store in Burnie (Tasmania) was sold and trades as a local non-ARB private distributor.

The Company also relocated its store in Launceston (Tasmania) to a larger site in the new flagship format.

In 2H FY2026, the Company will open a new retail and fleet fitting centre in Auburn (NSW) and the independently owned Townsville (Queensland) store will relocate and upgrade to the new flagship format.

On 18 February 2026, ARB launched its direct-to-consumer e-Commerce site (www.arb.com.au). The web site, developed over several years, incorporates industry-leading proprietary cataloguing software, designed to provide bespoke product solutions across ARB's extensive accessory range. This platform supports the omni-channel strategy driving business to ARB's network of the soon-to-be 80 retail stores across Australia.

ARB's sales to Export markets increased 8.8%, reflecting strong sales growth of 26.1% in the United States ("US"), offset by flat sales to the rest of the world.

Sales growth in the United States continues to be well supported by the Company's strategic relationship with Toyota US, the strong performance of the US e-commerce platform launched in 2024, an accelerated new product programme led by a dedicated US engineering team and expanding wholesale channel activity.

Growth in the US has also been underpinned by increasing sales through ARB's US associate, Off Road Warehouse ("ORW"), incorporating the 4 Wheel Parts ("4WP") network. The combined 48 store ORW / 4WP retail store network is achieving consistent month-on-month sales growth and is now generating steady monthly profits. Continued momentum is expected as ARB progresses the rollout of its store-in-store programme across the 4WP / ORW network following a successful pilot.

ARB's confidence in the growth of the US market is underscored by its recent commitment to an 8,100 sqm facility in Norco, California. ARB will relocate its Seattle, Washington distribution centre to Norco and this new site will accommodate ARB's engineering team and support the future integration of 4 Wheel Parts, as well as the continued expansion of ARB product sales through aftermarket and OEM channels.

Export regions outside the US were affected by isolated challenges in Africa and Europe which are not expected to recur. Sales in other export markets were also impacted by lower new vehicle volumes, particularly the delay in Toyota HiLux deliveries into Europe and New Zealand, which are now expected to arrive in Q4 FY2026. The Company's new operating entity in China is preparing to commence trading in Q4 FY2026, enabling ARB to expand its B2B customer offering and retail consumer product and brand message.

Sales to original equipment manufacturers ("OEM") declined by \$11.2 million or 38.2% compared with the prior corresponding period. While a decline had been anticipated as communicated at the October 2025 Annual General Meeting, the decline was greater than expected. OEM customers had increased inventory levels in 2H FY2025 and the subsequent weaker vehicle sales in 1H FY2026 compounded the decline in OEM orders.

Products

Product development remains central to ARB's long-term success and growth strategy. The Company's ongoing investment in the engineering and development of new products continues to underpin its strategic market position and supports its long-term competitive advantage.

Engineering activity in 1H FY2026 was heavily weighted toward platform development, with design work concentrated on the Ford Ranger Super Duty, Kia Tasman and Mitsubishi Triton, alongside continued development for the BYD Shark and Toyota Prado. ARB's strengthening global relationship with Toyota provided early access to the newly released HiLux and compact LandCruiser models unveiled in Japan. At SEMA, the world's leading aftermarket industry event, ARB launched its new recovery winch. This innovative product, which directly complements sales of the ARB bull bar, has been very well received by wholesale and retail customers. Shipping of the winch to customers commenced in January 2026.

Further products from long-term development projects are scheduled for release throughout 2026. Shareholders can access information on ARB's new product releases via the Company's website at: <https://www.arb.com.au/au/en/product-releases>.

Financial

Reported profit before tax and after tax for 1H FY2026 was \$57.1 million and \$42.2 million, reflecting decreases of 18.8% and 17.2% respectively relative to the prior corresponding period.

On an underlying basis, excluding the non-operating items outlined in notes 1 to 3 on page 1, the Company achieved profit before tax of \$58.0 million and profit after tax of \$43.2 million for 1H FY2026. This represents declines of 16.3% and 14.4% respectively relative to the previous corresponding period.

The reduction in underlying profit was driven primarily by reduced sales margins resulting from the weaker Australian dollar and lower factory overhead recoveries. A significant proportion of ARB's products are manufactured in Thailand, where costs are denominated in Thai baht. The baht strengthened against the Australian dollar in December 2024 and remained at historically high levels throughout 2025, increasing the cost of the Company's Thai-manufactured products relative to 1H FY2025.

In addition, factory overhead recoveries were lower than in 1H FY2025. During that prior period, ARB's inventory levels increased materially, resulting in an over-recovery of factory costs. Inventory was subsequently reduced in 2H FY2025 and again in 1H FY2026, leading to lower recoveries and contributing to the overall decline in profitability in 1H FY2026 compared with the prior December half year.

The Thai baht has now traded broadly within the range of 21.0 - 21.5 baht to the Australian dollar since January 2025. Importantly, the Company has largely hedged its Thai baht exposure for 2H FY2026 at rates slightly more favourable than those contracted in the prior corresponding period and overhead recoveries are forecast to be consistent with 2H FY2025. Consequently, sales margins in 2H FY2026 are expected to be broadly in line with those achieved in 2H FY2025.

The recent appreciation of the Australian dollar against the US dollar is not expected to affect materially the Company's results, as USD-denominated revenues remain largely matched with USD-denominated purchases.

Operating expenses during the half year were largely in line with the prior corresponding period, with the key exception being a \$2.0 million increase in depreciation. This reflects earlier investments made to support future growth, including purchases of manufacturing equipment and the refurbishment of the corporate head office.

Cash generated from operating activities was \$63.9 million, up from \$45.9 million in the prior corresponding period. The improvement primarily reflects inventory movements. Half-year cash flows also included dividend payments of 85.0 cents per share, totalling \$59.3 million, including the special dividend of 50 cents per share paid in September 2025.

The Company invested \$11.7 million in capital assets during the half, being \$5.0 million in building developments and \$6.7 million in factory machinery and motor vehicles to facilitate product development.

The Company maintains a strong balance sheet with a cash balance of \$59.4 million and no debt as at 31 December 2025.

THE FUTURE

The 1H FY2026 result was achieved in challenging conditions both locally and internationally, with the Australian dollar at historical lows against the Thai Baht, softness in new vehicle supply in Australia and other parts of the world and reduced consumer sentiment.

Nonetheless, the Company's longer-term future remains positive as OEMs globally continue to develop and expand their 4x4 SUV and pick-up vehicle models.

Sales margins in 2H FY2026 are expected to be broadly in line with those achieved in 2H FY2025, supported by the Company's Thai baht exposure being nearly fully hedged at slightly more favourable rates.

The Australian Aftermarket remains challenging with new vehicle supply of key 4x4 models continuing to trail last year and ongoing fitment resource constraints. Encouragingly, the Company's order book remains healthy with daily sales order intake close to historical highs. The Company continues to invest in both product and distribution for the Australian market.

The outlook for Export markets remains positive, despite some regional challenges due to new vehicle supply of key models. The Export order book has increased and continued growth in 2H FY2026 is expected, particularly in the US market.

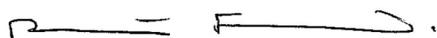
OEM inventory levels and weaker sales of key vehicle models will continue to impact sales to OEM customers. However, OEM sales in 2H FY2026 are expected to trend marginally better than 1H FY2025.

Overall, ARB's financial performance in 2H FY2026 is expected to improve on 1H FY2026 and trade closer to the prior corresponding period.

ARB continues to invest for future long-term growth, pursuing opportunities to broaden its product portfolio through new product releases, expand its distribution partners and sales channels, grow its store network, and further invest in its people and manufacturing capacity. The Board remains confident in the Company's long-term growth prospects across both domestic and export markets and is excited by the strong performance of the US business.

ARB is well positioned for sustained long-term success, supported by its globally recognised brands, loyal customer base, very capable senior management and staff, strong balance sheet and growth strategies in place.

Yours faithfully,



Robert Fraser
Chairman

24 February 2026