

26 October 2022

Company Announcements Office
Australian Securities Exchange
Level 4
20 Bridge Street
SYDNEY NSW 2000

Dear Sir/Madam

2022 AGM - Investor Presentation

Please find attached a copy of Codan Limited's investor presentation dated 26 October 2022 for release to the market.

Yours faithfully



Michael Barton
Company Secretary
On behalf of the Board

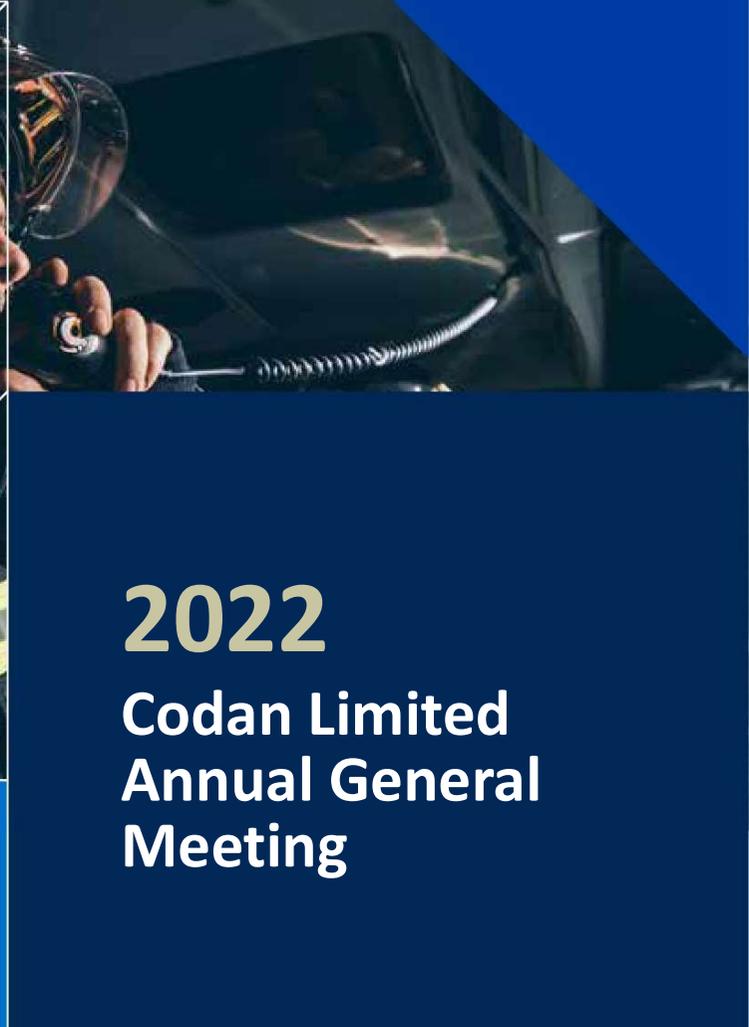
This announcement was authorised for release to the market by the Board of Directors.

Codan is a technology company that develops robust technology solutions to solve customers' communications, safety, security and productivity problems in some of the harshest environments around the world.

FOR ADDITIONAL INFORMATION, PLEASE CONTACT:-

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2022
Codan Limited
Annual General
Meeting

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FY22 FULL YEAR SUMMARY

Sales

\$506.1m

Increased by 16%

EBITDA

\$162.0m

Increased by 2%

Underlying NPAT

\$100.5m

Increased by 3%

Underlying EPS

55.7 cents

Increased by 3%

Record group sales of \$506 million (+16% YoY) and underlying NPAT of \$100.5 million (+3% YoY)

Acquisition of DTC and Zetron, balancing sales portfolio and geographic exposure

- Exceeding first year targets, achieving \$19 million and \$15 million EBITDA respectively

Balanced, well-diversified sales across core segments

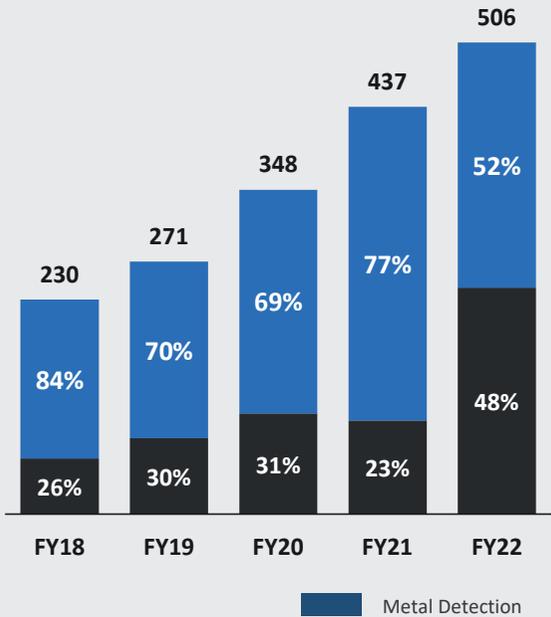
Enhanced geographic diversification across Rest of World

Final dividend declared of 15.0cps, taking full year dividends to 28cps (+4% YoY)

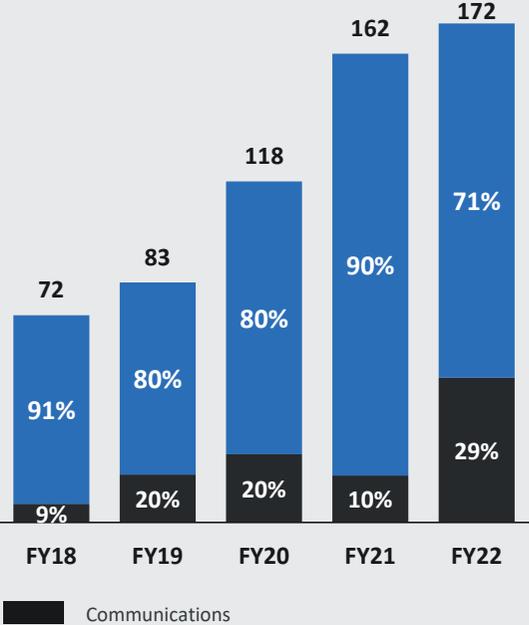
DIVERSIFICATION – METAL DETECTION VS COMMUNICATIONS

Achieving a more-balanced and predictable revenue base

Sales (\$m)



Segment profit (\$m)

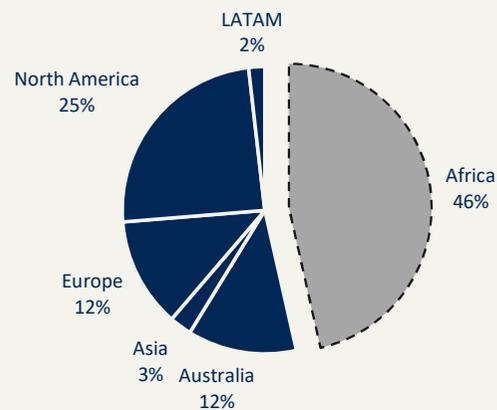


- Successfully diversified both sales and segment profit
 - Communications sales +153% YoY, driven by DTC and Zetron
 - Communications segment profit of 29% in FY22
- Continued focus on growing Communications segment profit margin
- Targeting long-term Communication segment profit margins ~30%

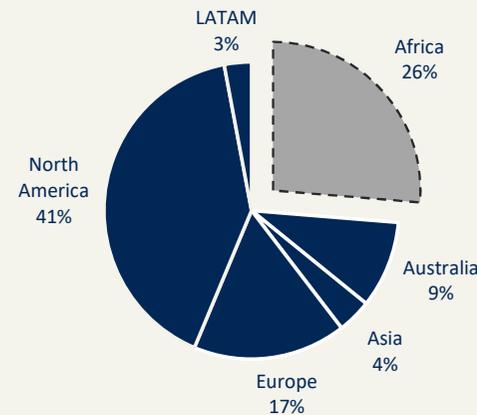
AFRICA VS REST OF WORLD

Favorable geographic mix, enhancing group stability

FY21 Sales



FY22 Sales



- Growing RoW¹ contribution, notably developed markets exposure
- During FY22, RoW sales grew \$139 million (+59% YoY)
- Greater stability, predictability of revenues with reduced dependence on Africa
 - In FY22, Africa sales reduced to ~26% of group sales (from 46% in FY21)
- RoW sales in FY22 was evenly distributed across business units:
 - Minelab (37%)
 - Tactical/DTC (36%)
 - Zetron (27%)

METAL DETECTION OUTLOOK

Challenging market conditions remain



 CODAN

- Execution of strategy to strengthen Minelab via geographic expansion and development
- Africa – historically Minelab’s largest market – remains materially disrupted
- RoW represents an encouraging growth opportunity, continues to perform well
 - Expect H1 FY23 to be in line with prior year after normalisation for ceased FY22 Russian sales
 - Launch of several new coin and treasure detectors, slated for release in FY23
- H1 FY23 Minelab guidance of:
 - Sales: \$75 to \$80 million¹ (vs \$138 million in H1 FY22)
 - Segment profit margin: ~30% (from 45% in H1 FY22)

¹ Reduction primarily relates to: (i) disrupted African market; (ii) normalisation of sales, post COVID; (iii) ~\$15 million of additional FY22 sales not repeated in FY23; and (iv) ceased FY22 Russian sales of \$7 million.

COMMUNICATIONS OUTLOOK

Significant future growth engine



- Pleasing performance in FY22 has continued into FY23
- Communications well positioned for success – orderbook has increased ~10% since 30 June 2022
- Strong contribution from both Zetron and Tactical communications businesses, as both acquisitions enhance value offering to customers as full-solution provider
- Successfully restructured front-end capability, investment driving demand in key growth markets
- H1 FY23 Communications guidance of:
 - Sales: \$123 to \$135 million¹ (+5 to 15% vs H1 FY22)
 - Segment profit margin to 25% over FY23 (from 21% in FY22)

¹ With respect to the large communications project announced at this time last year, there is currently some uncertainty relating to the timing of shipments.

GROUP OUTLOOK



 CODAN

- To recap, H1 FY23 outlook:
 - Macroeconomic and geopolitical factors significantly impacted Minelab African sales
 - Minelab's RoW sales proving resilient, in line with a normalised FY22
 - Communications to deliver strong growth across sales and segment profit margin
- H1 FY23 NPAT guidance of \$25 – \$30 million (vs \$50 million in FY22):
 - Timing of shipments for the large Communications contract
 - Lack of visibility in a number of African markets, in particular Sudan
- H1 FY23 cash generation impacted by declining Africa sales
- Net debt of ~\$70 million expected as at 31 December 2022
- Expected return to positive cash generation in H2 FY23, driving down net debt position

BUILDING A STRONGER CODAN

MAXIMISING PROFITABILITY

Primary objective of maximising sales and profitability across all business segments



CASH GENERATION

Focused on cash generation and ensuring appropriate working capital requirements maintained within each segment



DIVERSIFIED EARNINGS

Targeting a more diversified earnings base across the group, from both a segment and geographical perspective



REDUCE RELIANCE

Reduce relative reliance on Africa, growing exposure to more stable, repeatable and predicative revenue streams

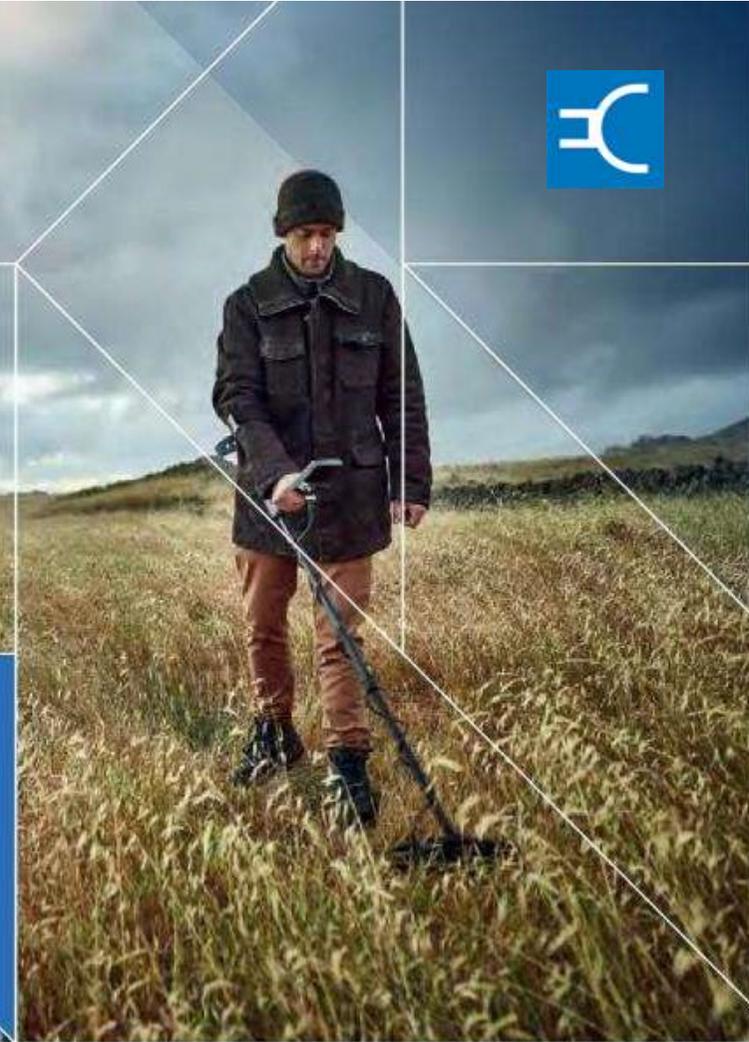


STRENGTHEN BALANCE SHEET

Further strengthen balance sheet, maintaining flexibility



Business Unit Presentation

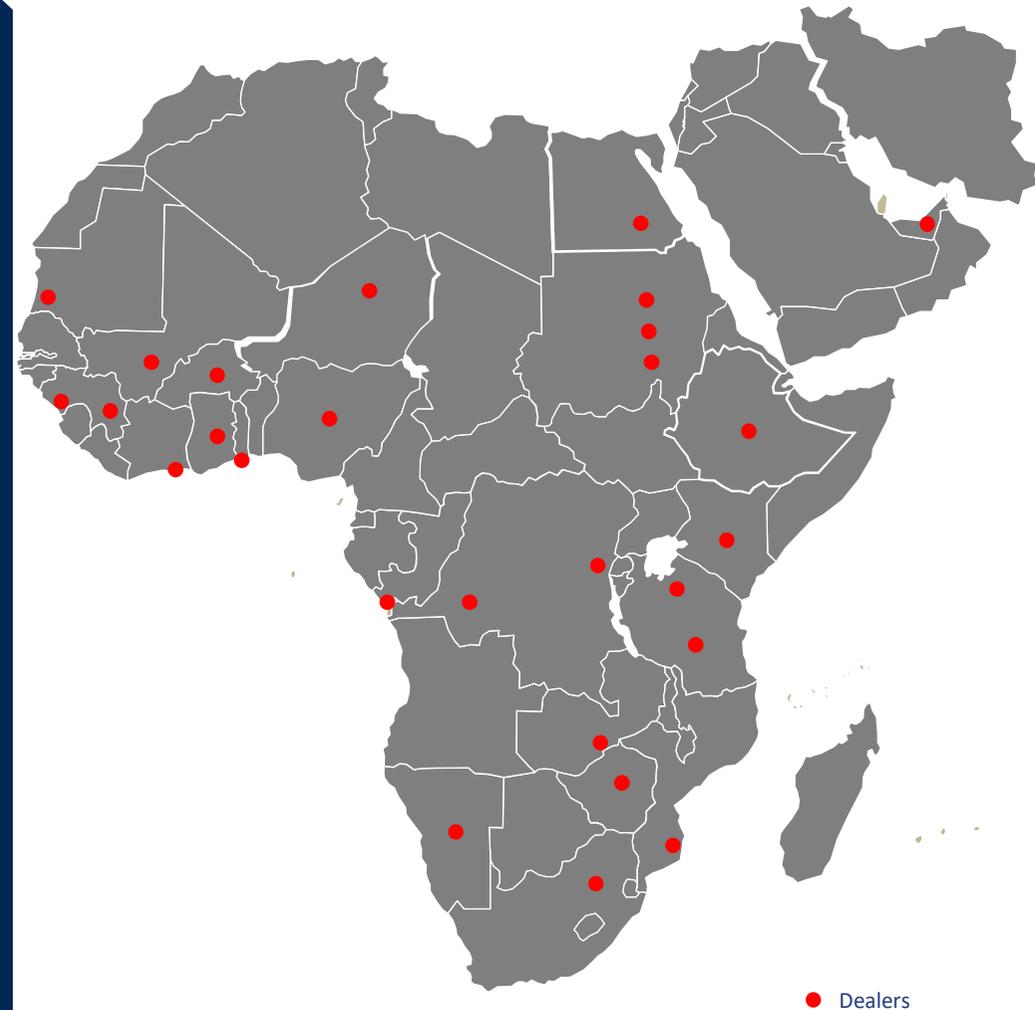


METAL DETECTION – AFRICA

- 54 countries in Africa – almost all have artisanal mining activity
- Codan's footprint includes 10 dealers in 34 countries
- 19 accredited service centres in 13 countries

Our response to the current situation:

- Launch of GPX6000 into Africa has commenced
- Continuous in country product promotion via prospecting teams, driving engagement with end users:
 - Demonstrate
 - Educate
 - Support; and
 - Sales



METAL DETECTION – REST OF WORLD



KEY INITIATIVES:

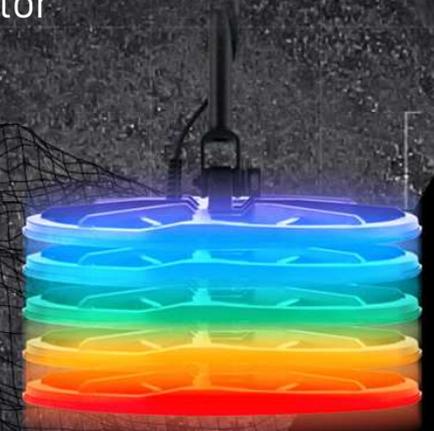
- Several new Coin & Treasure detectors
- Direct E-Commerce presence
- Ongoing development in retail across USA, Australia and Europe
 - New retailers
 - Larger store presence
- Minelab India office established
- Significant Countermine orders:
 - Ukraine
 - Defence



MANTICORE



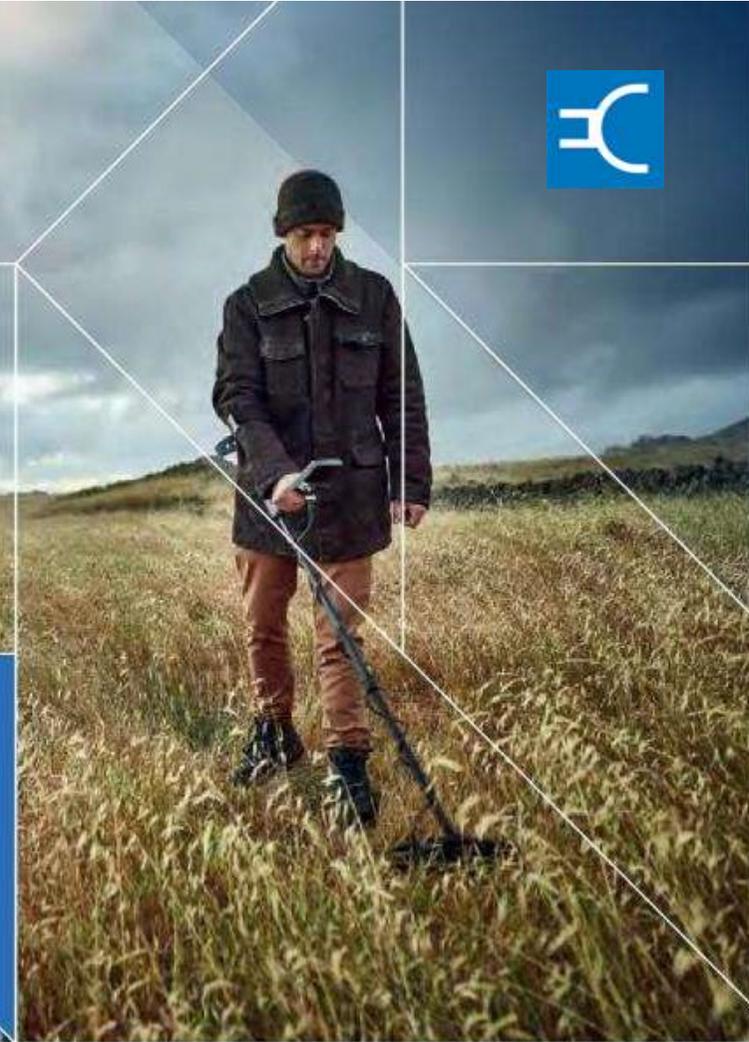
- High End Coin and Treasure Detector
- US\$1,599 RRP
- High Power Multi-IQ+
 - Fast Target Separation
 - More Depth
- 2 Dimensional Discrimination
- Waterproof
- Lightweight
- Significant pre-orders



Multi-IQ+

High Power Simultaneous Multi-Frequency

Business Unit Presentation



MARKET DIVERSITY ENSURES REVENUE STABILITY AND GROWTH



MILITARY

Market Segment

- Army
- Navy
- Airforce

Customer Type

- Defence
- Para Military
- Special Forces



LAW ENFORCEMENT & INTELLIGENCE

Market Segment

- Safe Cities
- Domestic Security

Customer Type

- Intelligence Community
- Public Safety
- Homeland Security



UNMANNED

Market Segment

- Air
- Ground
- Maritime

Customer Type

- Military
- Law Enforcement
- Commercial



BROADCAST

Market Segment

- Wireless Camera
- Remote Production

Customer Type

- Sports
- News
- Entertainment



COMMERCIAL/NGO

Market Segment

- NGO
- Commercial
- Oil & Gas

Customer Type

- Humanitarian
- Peacekeeping
- Transport

TACTICAL COMMUNICATIONS

WHY WE WIN

- Unique, world class radio waveforms
- Market segmentation and focus
- Globally distributed engineering of excellence
- Core intellectual property that is scalable
- Long term customer relationships

KEY WINS

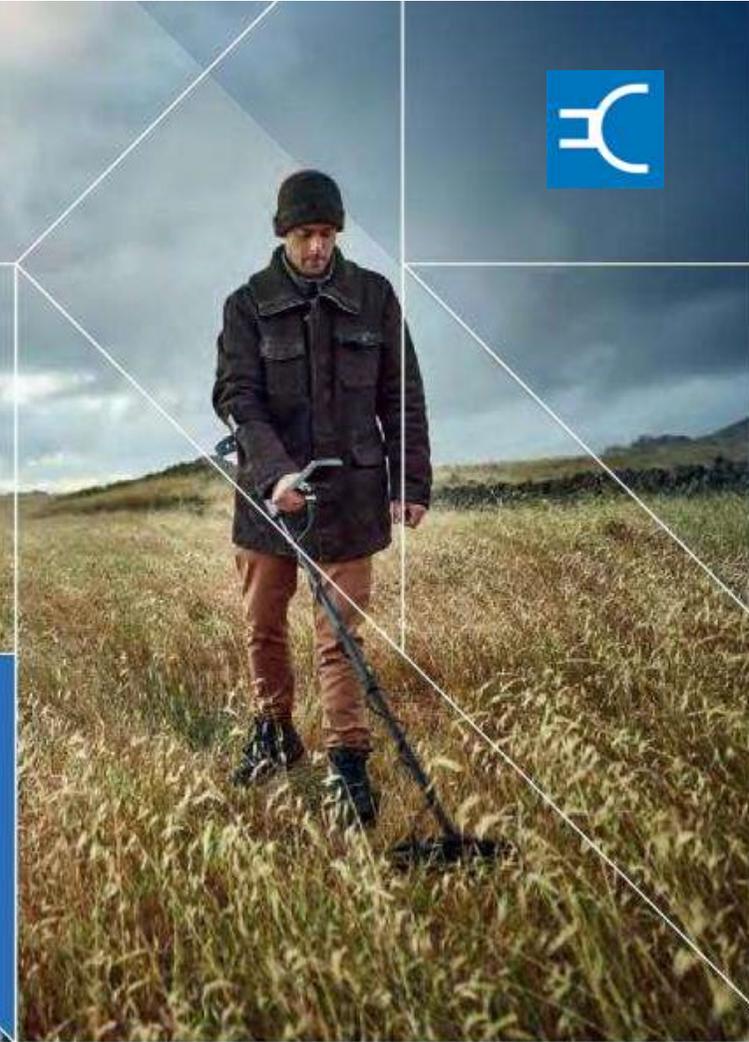
- Strong HF orders \$11.8m in total over the first quarter
- Renewal of US military customer contracts \$8.8m
- Strong broadcast order intake \$6.5m
- UN multi-year contract renewal \$4.1m
- \$2.3m from US Government customer for HF
- Key UAE military customer \$1.4m
- Australian ADF Phase 1 contract award \$0.5m
- Key project wins in US Law Enforcement – DHS Safe Cities \$7.2m and DoJ Safe Cities \$7.1m

TACTICAL COMMUNICATIONS – CASE STUDY SOUTHERN BORDER



- Coverage where you don't have coverage today
- Augment or be augmented by 4G or 5G
- Private spectrum so hard to detect or jam
- Secure with government grade accredited encryption
- Works non-line-of-sight – so where other radio systems struggle
- Very low latency camera allowing law enforcement to detect and track a suspect

Business Unit Presentation



WHY WE WIN



- More than 75 years of proven experience
- Long term steadfast commitment to standards and interoperability
- End to end solutions backed by excellent services and unwavering commitment to quality
- World class RF performance: ensuring the best possible coverage in the harshest environments
- Unparalleled ease of doing business with – our customers and our partners

KEY WINS



\$6.8m LMR & Max Dispatch (5 yr term)



\$6.8m ACOM Command & Control (10 yr term)



\$5.8m MAX Call Taking (5 yr term)



\$3.4m ACOM Command & Control (5 yr term)



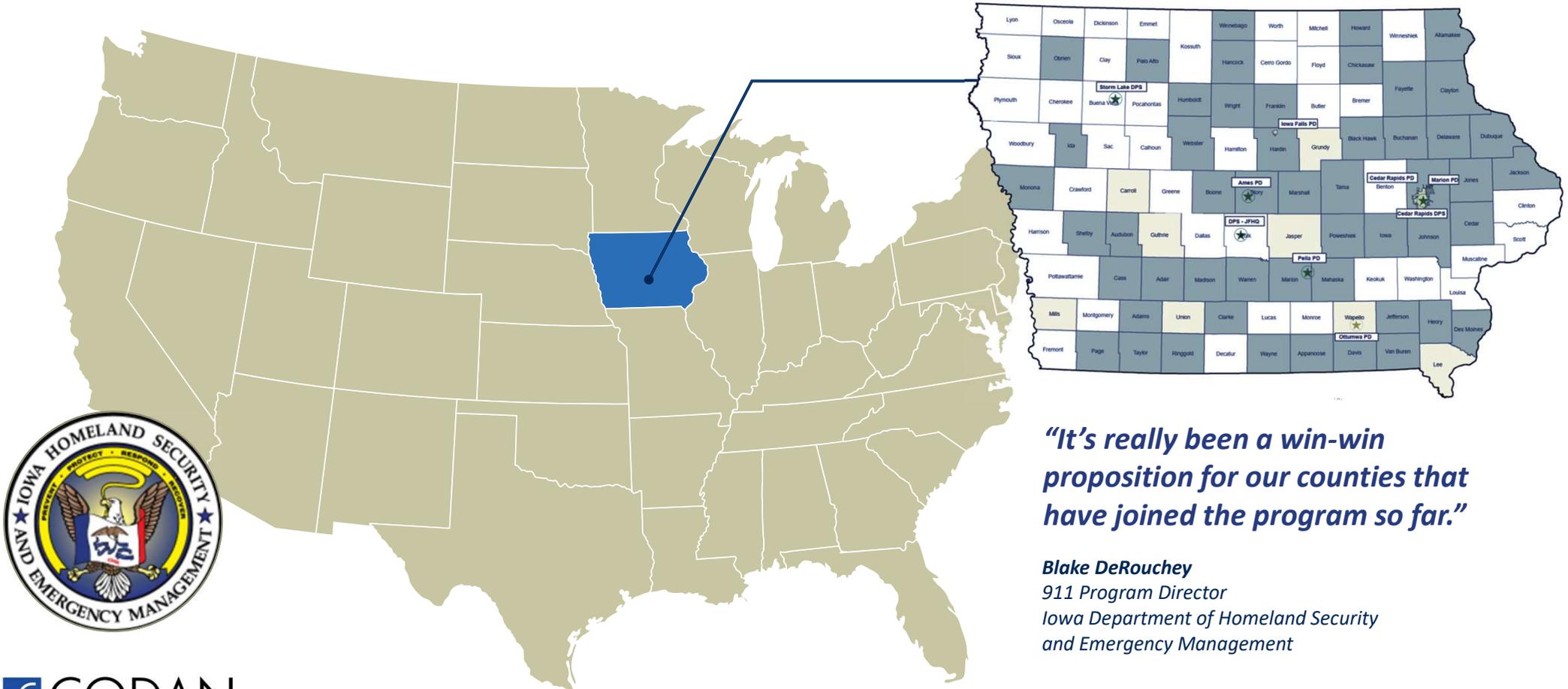
\$1.7m ACOM Upgrade & Service (5 yr term)



\$1.7m ACOM Command & Control (5 yr term)

CASE STUDY - IOWA

IOWA model to update public safety infrastructure – Zetron well positioned for additional NG911 solutions



“It’s really been a win-win proposition for our counties that have joined the program so far.”

Blake DeRouchey
911 Program Director
Iowa Department of Homeland Security and Emergency Management

