

28 August 2023

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

Dear Sir/Madam

FY23 Full-year investor presentation

Please find attached a copy of Codan Limited's investor presentation dated 28 August 2023 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:-

Michael Barton
Company Secretary & CFO
Codan Limited
(08) 8305 0392

Kayi Li
Manager, Investor Relations
Codan Limited
(08) 8305 0392



CODAN

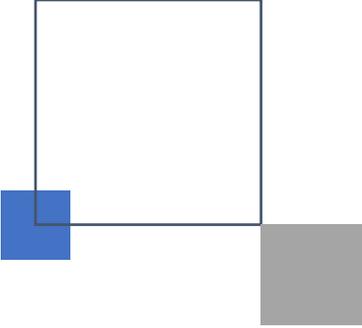
FY23 FULL YEAR

Codan Limited

28th August 2023

Innovation
wherever you are

IMPORTANT NOTICE AND DISCLAIMER



Disclaimer

This presentation has been prepared by Codan Limited (ABN 77 007 590 605) (**Codan**). The information contained in this presentation is for information purposes only and is not investment, financial product, legal or tax advice.

This presentation contains summary information about the current activities of Codan and its subsidiaries. The information in this presentation does not purport to be complete nor does it purport to contain all the information that a prospective investor may require in evaluating a possible investment in Codan. This presentation should be read in conjunction with Codan's other periodic and continuous disclosure announcements lodged with the Australian Securities Exchange (**ASX**), which are available at www.asx.com.au.

Statements in this presentation are made only as of the date of this presentation unless otherwise stated and the information in this presentation remains subject to change without notice. Codan is not responsible for providing updated information to any prospective investors.

Past performance information given in this presentation is given for illustrative purposes only and should not be relied upon as (and is not) an indication of future performance. The historical information in this presentation is, or is based upon, information that has been released to the market. For further information, please see past announcements released to ASX.

This presentation may contain forward-looking statements with respect to the financial condition, results of operations, business of Codan and certain plans and objectives of the management of Codan. Actual outcomes may differ materially from forward-looking statements. Forward-looking statements, opinions and estimates provided in this presentation are likely to involve uncertainties, assumptions, contingencies and other factors. As a result, unknown risks may arise, many of which are outside the control of Codan. Forward-looking statements including projections, guidance on future earnings and estimates are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. Codan disclaims any intent or obligation to update publicly any forward-looking statements, whether as a result of new information, future events or results or otherwise.

Should you have any specific queries in respect of this disclaimer please contact Codan directly.

CONTENTS

RESULT HIGHLIGHTS

BUSINESS UNITS

- Tactical Communications | DTC
- Zetron
- Minelab

STRATEGY OVERVIEW

SUMMARY AND OUTLOOK

APPENDIX



FY23 HIGHLIGHTS

Revenue

\$456.5m

-10% vs. FY22

EBITDA

\$116.8m

-28% vs. FY22

Underlying NPAT

\$65.5m

-35% vs. FY22

Underlying EPS

36.3 cents

-35% vs. FY22

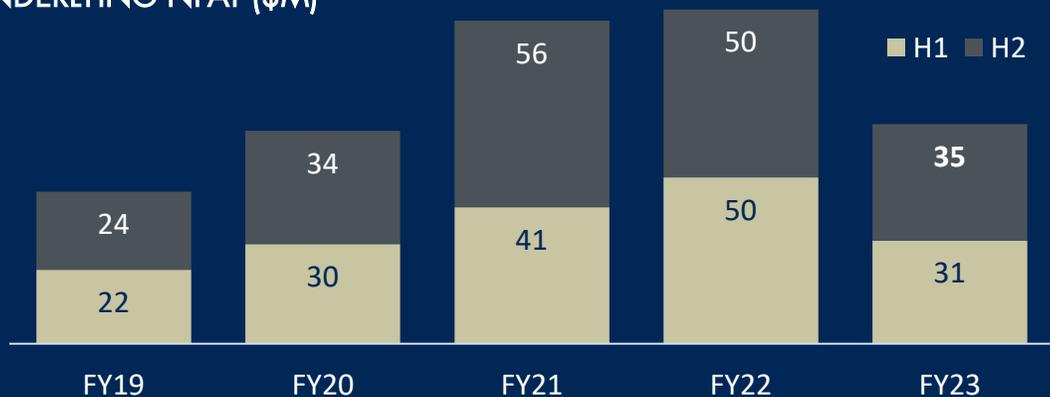
- Strong results amidst unprecedented challenges and uncertain geopolitical and macroeconomic factors
- Group revenue of \$456.5 million, delivering statutory net profit after tax of \$67.7 million and underlying net profit after tax of \$65.5 million
- Reduction versus FY22 reflects ongoing disruption in Minelab's African market
- Partially offset by:
 - Strong organic growth within Communications, revenues +14% versus FY22, towards upper end of target range
 - Minelab Rest of World (RoW)¹ recreational detector sales remarkably resilient, supported by innovative new products
- Communications forward orderbook increased 9% versus 30 June 2022, to \$163 million

1. ROW metal detection sales, excluding Africa.

FY23 PERFORMANCE

PROFIT & LOSS	FY23	FY22
	\$m	\$m
Revenue		
<i>Communications</i>	\$274.5	\$241.7
<i>Metal Detection</i>	\$176.1	\$262.3
<i>Other</i>	\$5.9	\$2.1
Total Revenue	\$456.5	\$506.1
EBITDA	\$116.8	\$162.0
EBIT	\$88.0	\$137.4
Net interest	(\$5.3)	(\$1.7)
Net profit before tax	\$82.6	\$135.7
Underlying net profit after tax	\$65.5	\$100.5
Recognition of tax losses not previously booked	\$2.2	-
Statutory net profit after tax	\$67.7	\$100.5

UNDERLYING NPAT (\$M)



- H2 FY23 NPAT of \$34.7 million (+13% vs H1 FY23)
- FY23 Communications revenues exceed Metal Detection revenues
- Reduction of gross margin percentage attributed to changes in product mix of revenues²
- NPAT margin of 14%
- NPAT marginally above pre-COVID levels, with much larger contribution from Communications
- Underlying consolidated effective tax rate of 21% (versus 26% in FY22) due to increased proportion of Group earnings generated in UK¹
- One-off benefit from recognising overseas tax losses, deducted from statutory profit

1. United Kingdom company tax rate was 19% for majority of FY23, increasing to 25% in April 2023. Future years effective tax rate to be closer to FY22.
2. Specifically, decrease in African gold detector (higher margin) revenues.

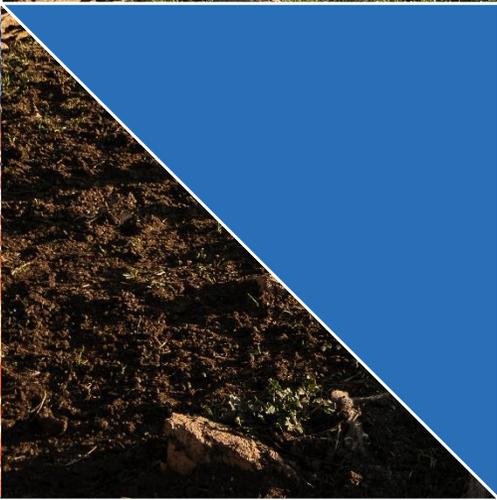
FINANCIAL POSITION

Strengthened balance sheet – working capital normalisation ongoing

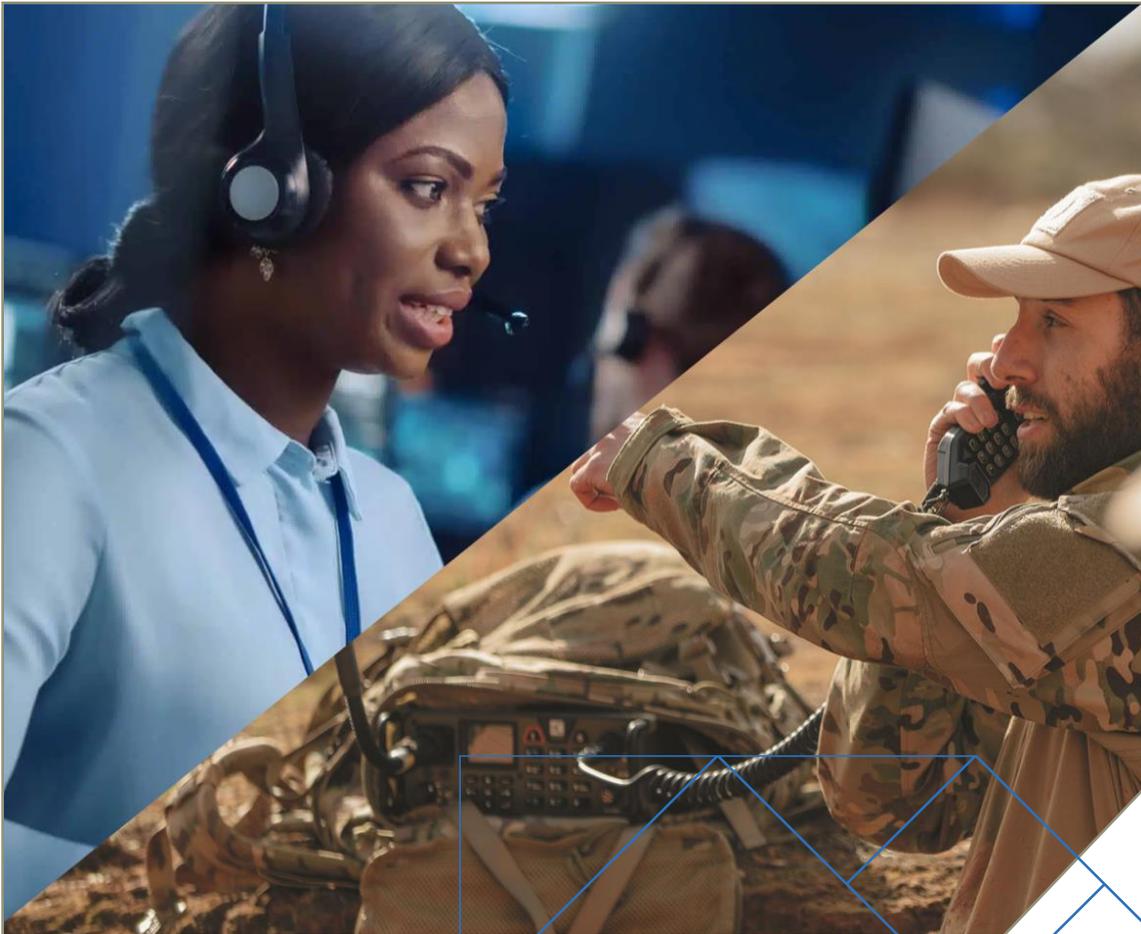
Balance Sheet	Jun-23	Jun-22	Change
	\$m	\$m	\$m
Receivables	71.0	59.8	11.2
Inventories	121.4	102.5	18.9
Payables	(110.8)	(95.8)	(15.0)
Total working capital	81.6	66.5	15.1
Property, plant & equipment	37.7	19.7	18.0
Product development	108.2	92.3	15.9
Intangible assets	312.5	275.4	37.1
Other assets	18.8	18.6	0.2
Other liabilities	(100.8)	(75.2)	(25.6)
Net assets before debt	458.0	397.3	60.6
Net cash (debt)	(51.7)	(29.4)	(22.3)
Net assets	406.3	368.0	38.3

- Both receivables and payables remain well-managed
- Net debt reduced from \$61.0 in Dec-22 to \$51.7 million¹, a direct result of improved financial performance and continued focus on working capital
- \$140 million bank facility renewed (+ \$150 million additional capacity), providing added flexibility
- Inventory increased \$18.9 million to support Communications growth and build stock of Minelab's newly released detectors (H2 FY23)
- Inventory expected to decline in FY24, further enhancing cash generation and reducing net debt

Business Units & Outlook



COMMUNICATIONS



- FY23 Communications revenue of \$274.5 million (FY22: \$241.7 million)
 - Increased by 14% versus pcp (vs 10-15% guided range)
 - Both Tactical Communications and Zetron achieved strong growth
- Strong segment profit margin of 25%, in line with FY23 target (FY22: 21%)
- 9% growth in orderbook to \$163 million (vs \$149 million as at 30 June 2022)
- Continues to invest in its technology platforms, further enhancing its value proposition to new and existing customers
- Considerable effort and investment directed towards strengthening sales teams and ensuring resources and expertise are in place to pursue opportunities in key growth markets

TACTICAL COMMUNICATIONS



- Tactical Communications achieved double-digit revenue growth in FY23, driven by:
 - Strength in unmanned systems and law enforcement
 - Dominant presence in the growing European wireless broadcast market
 - \$20 million in FY23 revenue on single large military Communications project – not expected to repeat in FY24
- Ongoing investment into new technologies across key markets:
 - Waveform enhancements to deliver significant improvements in contested environments that will provide a unique offering to the global military market in the next 12 to 18 months
 - Released 6161 Sentry Mesh Radio tailored for soldier systems and military modernisation programs
 - DTC recently launched its Onyx platform to address growing demand in remote broadcast production



- Zetron also achieved double-digit revenue growth in FY23, given:
 - Continued expansion of U.S. public safety market
 - Ongoing recognition of inherent value of Zetron’s integrated command and control solutions
- Successfully awarded business – both new and renewal – across expanding mix of high-quality enterprise and government customers throughout North America
- Long term support contracts accounted for ~30% of Zetron’s FY23 revenues, providing greater predictability of future revenues
- Supplementing organic growth initiatives, Zetron also completed the acquisitions of GeoConex and Eagle NewCo Limited

ACQUISITION OF EAGLE – AUGUST 2023

Strong strategic fit, acquiring technology and capability to accelerate growth

STRATEGIC FIT

- Consistent with Codan’s inorganic growth strategy to acquire technology and capability through complementary acquisitions that accelerate growth
- Focussed on Zetron’s core public safety market segment
- Eagle solutions will accelerate Zetron’s next generation dispatch and emergency call taking development strategy

GEOGRAPHIC EXPANSION

- Once integrated, Eagle will significantly strengthen presence in the UK public safety market
- Provides platform to further expand across Europe and the Middle East
- Also create new addressable market opportunities across APAC and North American public safety and transportation markets

RECURRING REVENUE

- ~45% of Eagle’s existing revenues of A\$21 million come from recurring support and services contracts
- Provides more stable and predictable revenues

UK COMMAND & CONTROL ACQUISITION

ZETRON

Expanding Zetron into the United Kingdom, Europe and the Middle East



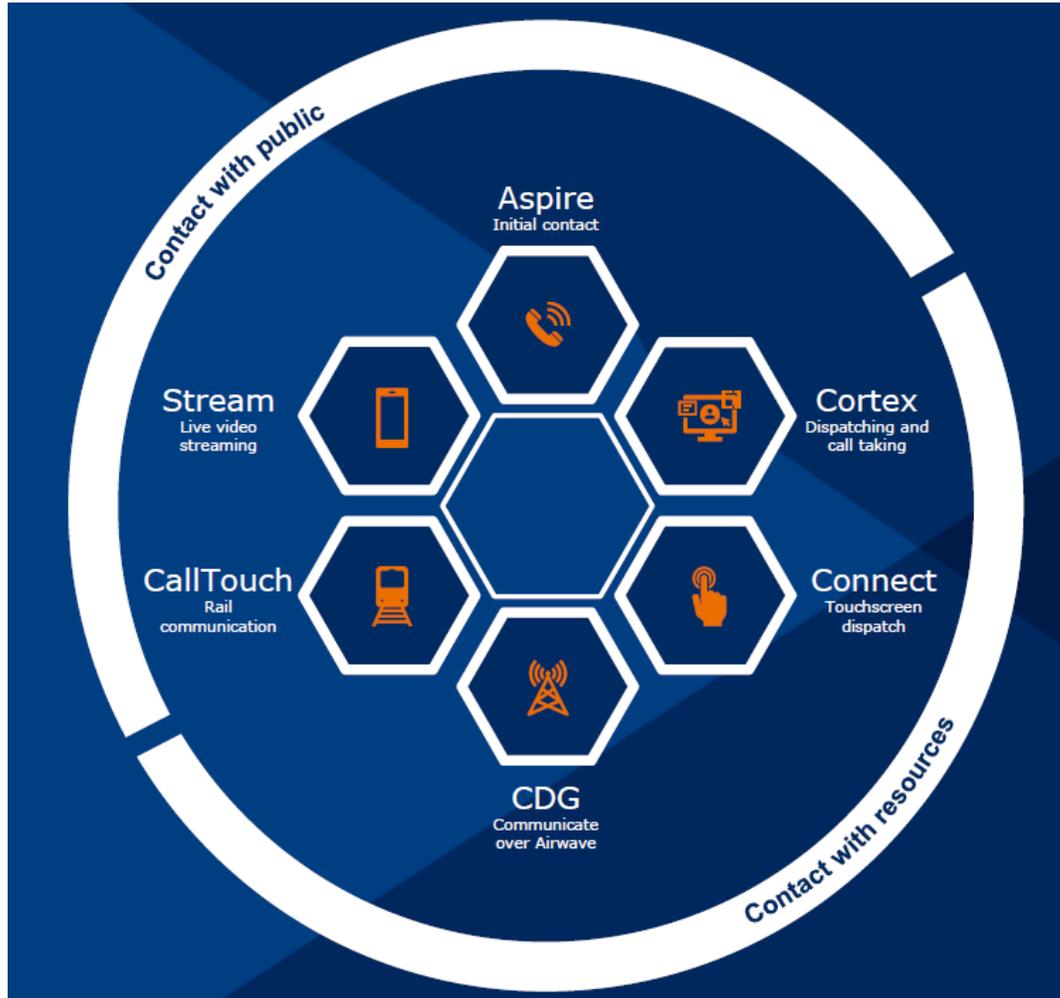
- Completed acquisition of 100% of Eagle NewCo Limited (**Eagle**), a UK command and control solutions business (to trade as Zetron UK)
- UK Government forced sale by NEC Software Solutions UK Limited
- Significantly strengthens Zetron's presence in the UK public safety market and provides a platform to further geographical expansion
- Supplier to the UK Home Office on the Emergency Services Network (ESN) transition project¹
- A\$22 million acquisition, debt funded
- Generated FY23 sales A\$21 million, EBITDA of A\$3 million²
- Entered into transitional services agreement with NEC and expects integration to be completed within 12 months
- Expected to marginally contribute to FY24 profitability. EPS accretive from year two

1. The ESN project is to enable fast, safe and secure voice, video and data across the 4G network for use by first responders.
2. Year ended 31 March 2023.

EAGLE'S TECHNOLOGY OFFERING

ZETRON

Highly complementary technology, aligning to Zetron's core command and control portfolio



- Leading software supplier to the emergency services, public safety and control room markets
- Provides mission critical control room communication and workforce management solutions to over 100 emergency services and transport customers across the United Kingdom, Europe and the Middle East
- Solutions currently used by more than two-thirds of police forces in the UK, as well as by major transportation hubs and airports (including Dubai International airport) and the London underground



METAL DETECTION



- FY23 Minelab revenue of \$176.1 million (FY22: \$262.3 million), decline due to post-Covid reduction and continued disruption of Northeast African market
- All key markets – Rest of World (RoW)¹ recreation, African market and Countermine – delivered stronger H2
 - H2 Minelab revenues +38% versus H1
- RoW recreational detectors remained resilient, growing 9% versus FY22²
 - Continues to expand, exceeding record FY22 levels, which were driven by government stimulus and unprecedented COVID-related demand
 - Newly released Manticore, X-Terra Pro, Equinox 700 and 900 detectors well received, delivering exceptional results³
- Countermine delivered a strong result, supporting humanitarian efforts to de-mine in countries such as Ukraine
- FY23 segment profit margin remained stable versus H1 at 32%
- Ben Harvey promoted to succeed as Minelab Executive General Manager, effective October 2023

1. ROW metal detector revenue includes countries other than Africa
2. After adjusting for the ceased Russian market
3. New products commenced sales in December 2022

PERFORMANCE // IS EVERYTHING®



 MANTICORE



POWERED BY **Multi-IQ**

High Power Simultaneous Multi-Frequency

EQUINOX 700 | 900



POWERED BY **Multi-IQ**

Simultaneous Multi-Frequency Technology

X-TERRA PRO



POWERED BY **Pro-Switch**
Switchable Frequency Technology

World's Best Metal Detection Technologies



Strategy Overview



STRATEGY OVERVIEW

Codan's renewed growth strategy focused on three core pillars that drive long-term value

STRATEGY

INVEST IN OURSELVES



GETTING EVERYTHING RIGHT

- Continued focus across people, process and systems
- Drive improvement in core financial metrics
- Investment into innovation and new product development
- Strong pipeline of future projects
- Leading technology in markets we serve



QUALITY OF TOPLINE

- Global opportunity - Ongoing geographic diversification
- Expansion of product suite and full-service solutions (Communications)
- Enhance total addressable market via wider range of customers and verticals
- Diversified earnings – Building more stable and predictable revenue streams

STRENGTHEN CORE BUSINESSES

DISCIPLINED CAPITAL ALLOCATION



ACQUISITIONS THAT CREATE VALUE

- Seek strategically-aligned opportunities, offering:
 - enhanced scale
 - increased penetration into adjacent markets
- Bolt-on opportunities complementing existing technology and markets
- Target emerging technologies to further strengthen differentiated product pipeline

LEADERSHIP TEAM



Alf Ianniello

Managing Director
and CEO



Michael Barton

Chief Financial Officer
and Company Secretary



Marjolijn Woods

Chief Human
Resources Officer



Peter Charlesworth

Chief Technology Officer



Ben Harvey

Executive General
Manager, Minelab



Paul Sangster

Executive General Manager,
Tactical Communications



Scott French

Executive General
Manager, Zetron



Daniel Hutchinson

Executive General Manager, Strategy,
Corporate Development and M&A

NEAR TERM STRATEGY

Successful execution will see a more-balanced, integrated and sustainable Codan



Enhanced offering as full solutions provider

- Increasing awareness and capabilities of DTC across several growth markets (military, law enforcement, unmanned, broadcast)
- Expand presence via improved products and solutions
- Grow systems integration capability
- Sentry 6161 Mesh radio to target significant long-term soldier system military programs
- Leverage new technology in Broadcast market to maintain dominance in Europe



Expansion and growth of systems and support contracts

- Increase relevance in the public safety market
- Expand systems support contracts and predictability of recurring services revenue
- Launch next-gen MT5 LMR radio platform targeting communications in the harshest environments
- Integrate and leverage GeoConex and Eagle into command and control suite of applications and services

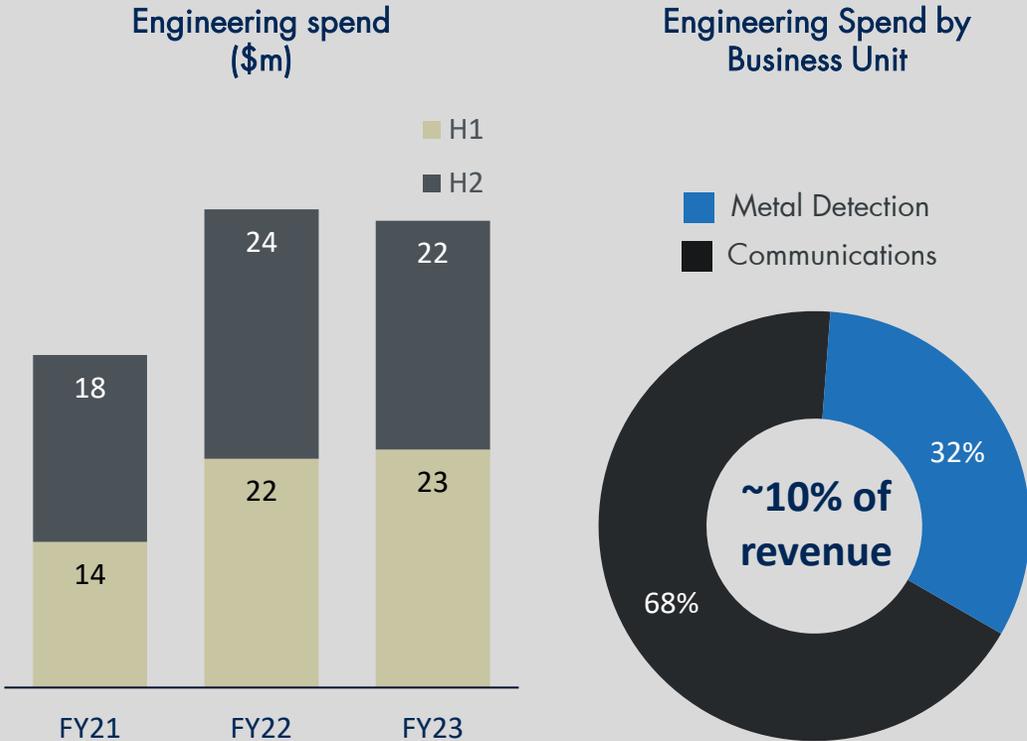


Promote new products & expand channels to market

- Invest into pioneering next generation of detectors
- Promote newly-launched Manticore, Equinox 700|900 and X-Terra products
- Geographical expansion, including development of sub-scale markets
- Grow recreational market share via expansion of retail distribution footprint, leveraging eCommerce channel

ENGINEERING INVESTMENT

Invest in ourselves - strong pipeline of projects



- FY23 engineering spend of \$45 million, equating to 10% of revenues
- Sustained engineering investment across segments ensures competitive position maintained
- Ongoing focus on product development, drives innovation and improved product and solution offering
- Supportive of short, medium and long-term revenue opportunity

ESG INITIATIVES



Environment

- Alignment with TCFD and making first (partial) disclosures within ESG Report.
- Stakeholder engagement and internal capacity building to identify climate related risks and opportunities.
- Terms of reference developed for Sustainability Council.
- First full organisational carbon footprint obtained through engagement with environmental consultants.



Social

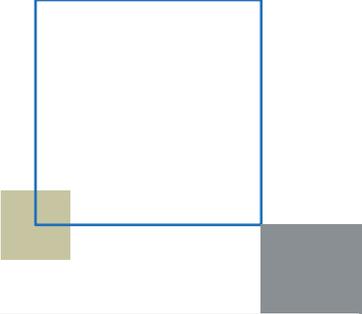
- Women in STEM scholarships at UniSA & long-term commitment to Codan Founders PhD Scholarships at University of Adelaide.
- Ongoing investment in our people through mentoring program, investment in health & wellbeing programs.
- Funding and sponsoring installation of an Artesian water well to provide clean drinking water for a Mali community.
- Charitable contributions & partnerships - Youth Opportunities, Variety, Kick Start, Hutt Street Centre, Behind the Badge.
- Sponsorship of South Australian Indigenous football team.



Governance

- Female directors now exceeds ASX benchmark, and first female appointed to the Executive team.
- Ongoing commitment to conducting business in accordance with our core values.
- A strong and relevant governance program ensuring regulatory compliance, focussed on managing risks, issues and opportunities important to our business and stakeholders.
- Continued training and education on critical compliance programs group wide (ABAC, Modern Slavery, Share Trading)

BUILDING A STRONGER CODAN



GLOBAL OPPORTUNITY

Large, globally addressable market, notably within developed market economies



PROFITABLE GROWTH

Targeting sustainable revenue and profitability growth across business segments



CASH GENERATION

History of strong cash generation, ensuring appropriate working capital maintained



DIVERSIFIED EARNINGS

A more-balanced, stable and predictable revenue base



INNOVATIVE PRODUCT DEVELOPMENT

Engineering investment to enhance suite of future products and solutions



BALANCE SHEET

Strong capital position, maximising flexibility

Summary & Outlook



GROUP OUTLOOK



There are a number of key considerations regarding the Company's outlook for FY24:

- After normalising for the impact of the large Communications project delivered in FY23 (~\$20 million), the Communications business (excluding Eagle) is targeting to deliver 10-15% revenue growth in FY24;
- Minelab's RoW recreational market is targeting high single digit revenue growth, with full-year benefit from newly launched detectors; and
- Regional geopolitical issues persist and global macroeconomic conditions remain uncertain.

A further business update will be provided at the Annual General Meeting on October 25, 2023

Appendix



2

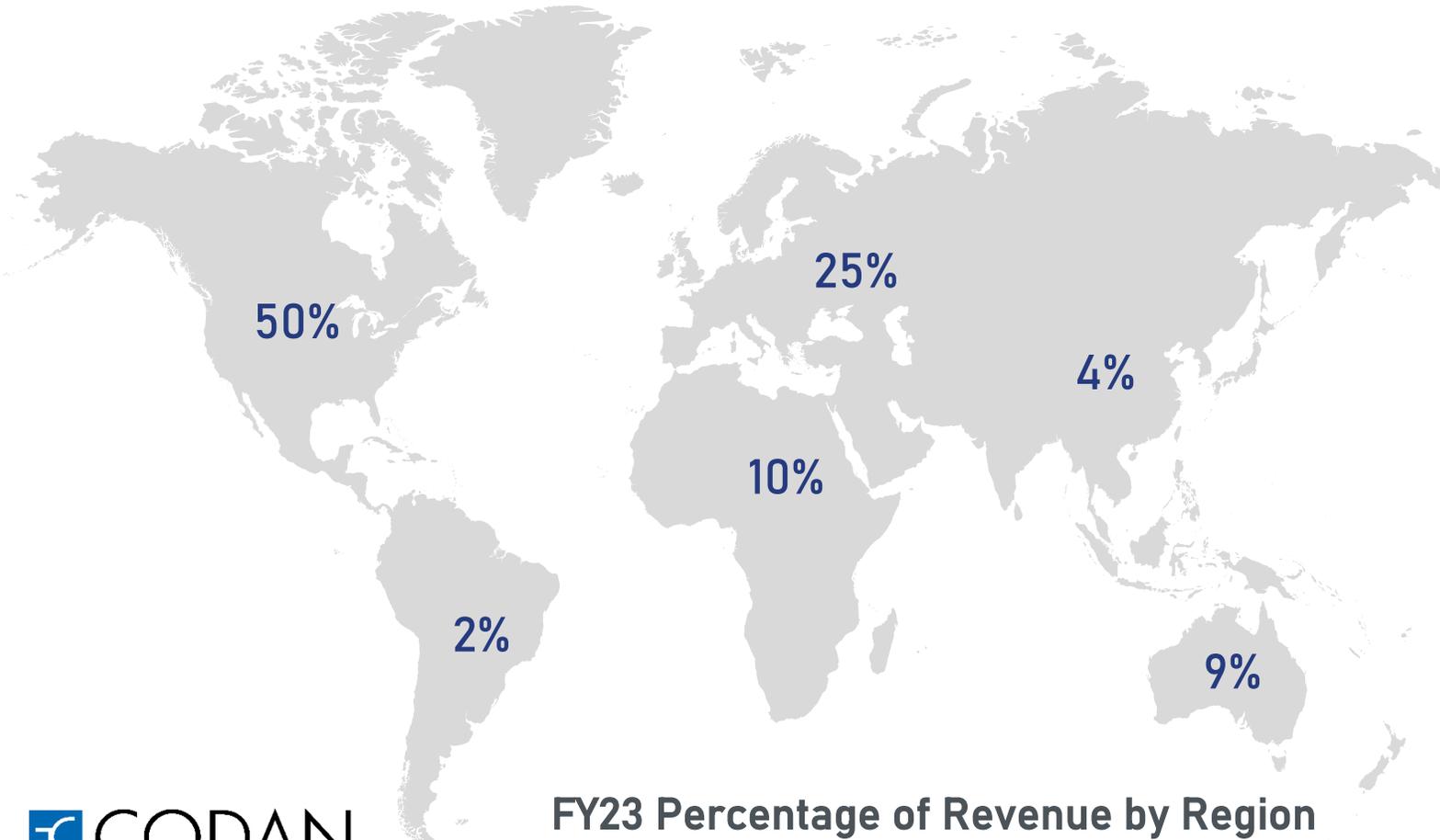
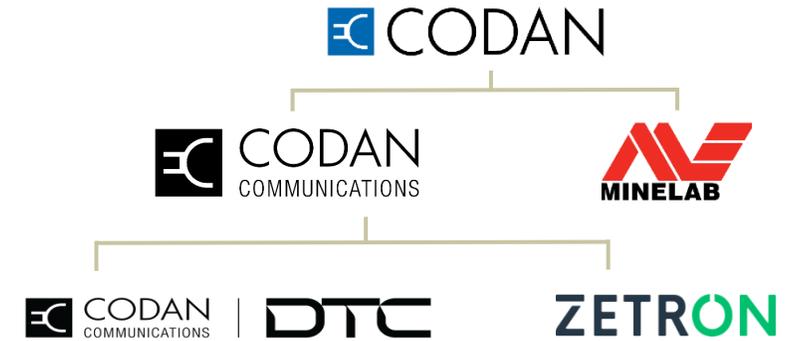
GLOBALY DIVERSIFIED TECHNOLOGY COMPANY

Codan develops and manufactures innovative lifesaving, mission critical communications and detection technology for individuals, communities and governments.

 **150+** Countries where Codan products & solutions sold

 **800+** Global employees, >30% engineering

Codan's core brands:

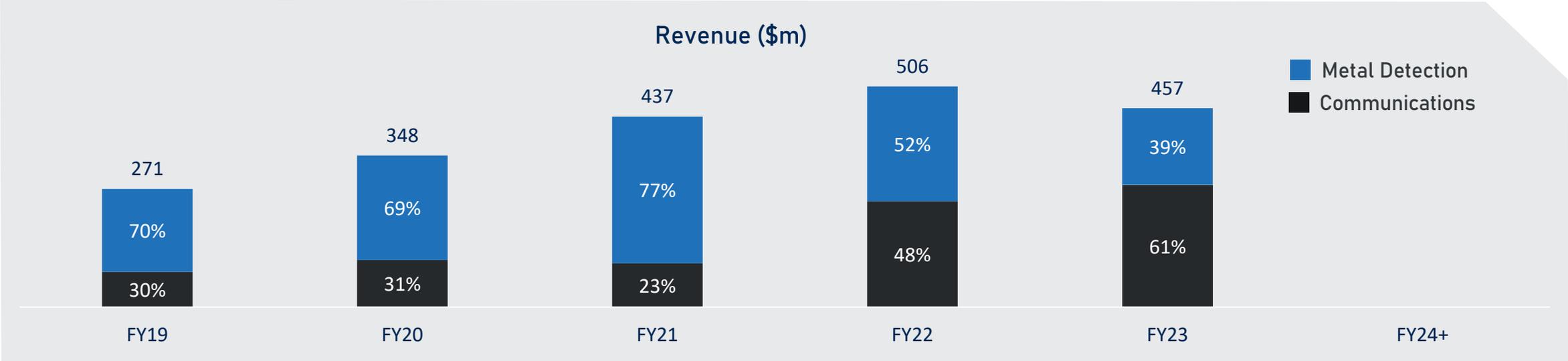


15 Sites globally, across 10 key countries:



RECENT HISTORY / EVOLUTION

Codan's recent history is marked by three distinct periods



Pre-COVID Reliance on metal detection	COVID era Unprecedented impacts	A Stronger Codan Diversified, dependable earnings
<ul style="list-style-type: none"> Minelab historically represented ~70% of Codan's Revenue and a greater percentage of segment profit contribution Dependent upon Africa, notably Sudan Significant cash generation as inventories ran down 	<ul style="list-style-type: none"> COVID-related impacts, including: <ul style="list-style-type: none"> Govt. stimulus temporarily inflating demand in first world markets Unprecedented demand for metal detectors in Africa Supply chain disruptions and investment in inventory Invested significantly in Communications acquisitions 	<ul style="list-style-type: none"> Reduced reliance on Africa Enhanced diversification with strong Communications segment performance Targeting growth in sustainable revenues and profitability growth Engineering investment to enhance offering Focused acquisition strategy

TACTICAL COMMUNICATIONS

COMMUNICATIONS SOLUTIONS THAT ENABLE OUR CUSTOMERS TO BE CONNECTED

PRIMARY MARKETS

MILITARY



LAW ENFORCEMENT
& INTELLIGENCE



UNMANNED



BROADCAST



COMMERCIAL/NGO



Favourable market fundamentals:

- Increasing global military and defence spend in the Five Eyes Intelligence community¹
- Smart and safe city initiatives, growing adoption of Internet of Things (IoT) applications
- Growth in use of unmanned systems across diverse industries
- Transition to remote broadcast applications

Tactical's competitive advantage:

- Advanced waveforms
 - ability to transmit voice/data/video utilizing high quality infrastructure-less equipment
 - Optimized latency strength - use of token-passing waveform results in enhanced reliability
- Size, weight and power (SWAP) - ability to penetrate adjacent markets
- Customer intimacy - strengthened sales team
- Leading wired/wireless integration and interoperability

ZETRON

True end-to-end mission critical solutions provider

PRIMARY
MARKET

PUBLIC SAFETY



TRANSPORTATION



UTILITIES



NATURAL RESOURCES



ZETRON
a Codan company

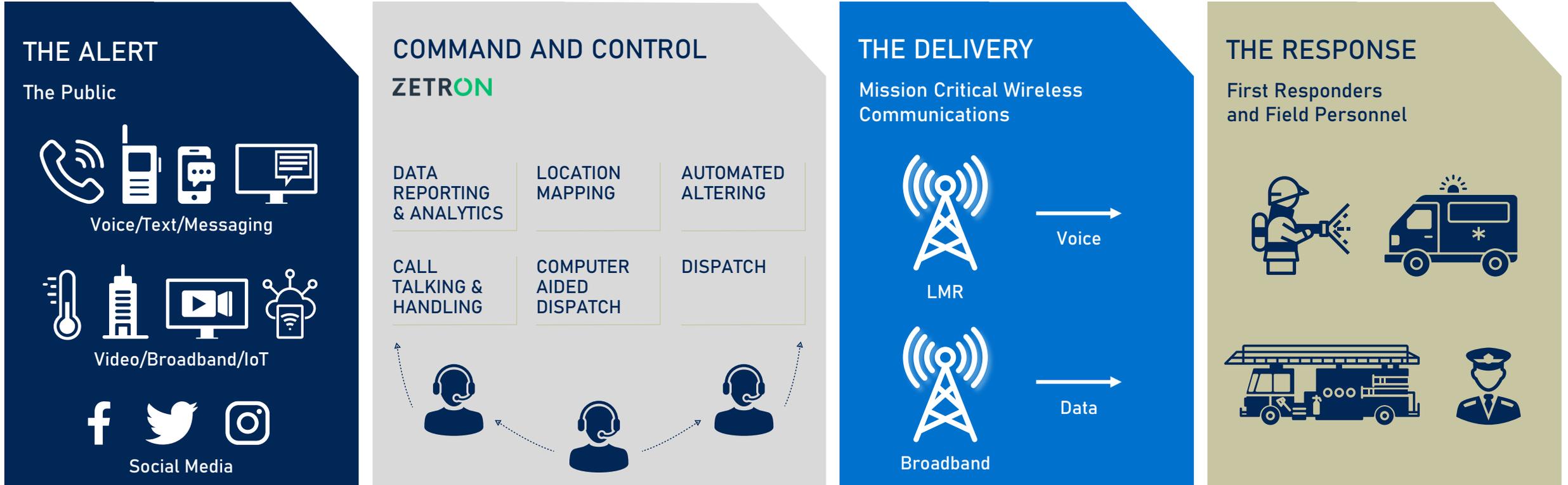
Favourable market fundamentals:

- Government funding environment ~US\$10-15 billion Next Generation 911 funding, upgrading emergency response communications
- Long term contracts – recurring revenue stream
- Technology convergence of broadband, IoT, land mobile radio and AI driving investment and upgrades
- Heightened risk of attacks and natural disasters
- Electric grid modernisation and increasing usage of public transport

Zetron's competitive advantage:

- Long term customer installed base
- End-to-end solution – integrated systems that streamline entire mission critical communication
- Command & control capability – powering complex control room environments
- Leading wired/wireless integration and interoperability
- Exceptionally low power consumption solutions

PUBLIC SAFETY COMMUNICATIONS



The Emergency Response Continuum

MINELAB

Delivering market-leading, innovative detectors



PRIMARY MARKETS

RECREATION /
PROFESSIONAL



GOLD PROSPECTING /
MINING



COUNTERMINE



Favourable market fundamentals:

- Emerging awareness of recreational metal detection
- Shift in consumer preference towards direct-to-consumer and eCommerce channels
- Continued geographic expansion – new and emerging markets (e.g., India)

Minelab's competitive advantage:

- Technological leadership
 - Enhanced discrimination
 - More depth
 - Ease of use
- Creating demand and new markets
- Product range across all price points
- Scale – Minelab is the largest hand-held metal detection company in the world