

**ASX ANNOUNCEMENT
2020 ANNUAL GENERAL MEETING
28 OCTOBER 2020**

CHAIRMAN'S ADDRESS TO SHAREHOLDERS

Good morning ladies and gentlemen. Welcome to the 2020 Codan AGM. It would have been nice to conduct this meeting in person at Mawson Lakes, but given the uncertainty in relation to meeting numbers, we took the decision some time ago to conduct this meeting virtually.

Given the nature of this meeting, I intend to keep my comments relatively brief. Once we have attended to the formalities, I will ask Donald and a number of his key executives to join me in a more informal discussion, which I think you will find interesting. We have received a number of written questions from shareholders which I will answer during the course of the meeting.

Last year, I noted that we had achieved a number of milestones, including surpassing \$1B in market capitalisation for the first time. Notwithstanding the volatility in capital markets caused by COVID-19, it is pleasing to note that our market capitalisation has more than doubled since this time last year, such that we are now in the top 150 public companies in Australia based on market capitalisation. The further re-rating of your Codan stock is testament to the fact that the market will reward consistent, quality earnings, with the main determinants of quality being growth and cash generation. Notwithstanding record levels of expenditure on real R&D and new product development, the free cash flow that we generated last year was a record.

In my letter in the annual report, I said that I would provide you with details of the changes we have made to our Short Term Incentive (STI) arrangements this year. Historically our STI scheme has rewarded outperformance vs budget or the previous year, or some combination thereof. An executive running a business unit would typically have a business unit component plus a total Codan-group component to his or her STI. Given the real uncertainty that we faced in May/June 2020 and the Board's desire for the total executive team to focus on the things that they could control, we decided to implement a group or pooled approach to STI's this year. To this end, all STI's for 2020/21 will be referenced to total Codan-group performance.

Executive remuneration remains a hot topic in Australia and around the world. At Codan, we are not immune to changes in sentiment, be they regulatory or shareholder driven. We are very likely to completely reshape our remuneration policies over the next few years to be much more focussed on long-term rewards for outperformance. Developing the capability of current and future leaders across our business is fundamental to such a change of emphasis. The principle that we want our executive team to share in the wealth creation for shareholders will remain.

Today, we have some headwinds, but we also have some great opportunities. In a few minutes, Donald will talk in some detail about the year that was, but perhaps more importantly, how we see this year unfolding. Suffice to say that we have gotten off to a great start in the first four months but, as always, there is a long way to go.

As a shareholder, you can be certain that innovation and capability development will remain at the forefront of our strategy. This is how we will build value in Codan over the long term.

Thank you for your interest and investment in Codan. I should also mention that Donald intends to sell a small percentage of his overall shareholding from late November this year, to meet some personal tax liabilities.

I will now hand over to your Managing Director, Donald McGurk.

David Simmons
Chairman

CHIEF EXECUTIVE OFFICER'S ADDRESS TO SHAREHOLDERS

Thank you David. I would like to say a few words ahead of a more informal discussion with our business unit leaders to hear their thoughts and insights on innovation, strategy and the steps we are taking to future-proof our business.

As mentioned previously, FY20 was another record year for your company as we significantly increased sales and profitability across both Metal Detecting and Communications. We are now really starting to reap the benefits of our increased spend on new product development and our geographic expansion across all of our business units.

The transition from a product-centric business to a complete solutions provider in Communications has been driven by our customers' desire to partner with providers who can solve and manage their increasingly complex communications requirements.

We are continuing our innovation journey by investing more in data solutions. Technologies like video, that are today widely utilised in the developed world, will become more relevant and affordable as time passes, enabling us to leverage our comprehensive distribution network to offer such solutions in places like Africa, Central Asia, the Middle East and Asia Pacific.

Codan's ongoing product development is today being complemented by strategic partnerships with key technology suppliers in order to further broaden our solutions offering. Our strategy is to increase the intellectual property that we own in these emerging communications-technology markets so that we can better meet the future requirements of our global customer base and maximise our share of profit margins.

We continue to accelerate the pace of innovation in Minelab. Over the past two years we have moved from simultaneously developing three new metal detecting products to six, which has increased the frequency of new product releases to the market.

Revenue and profit growth in Minelab have been driven by both gold and recreational detector sales as we continue to out-innovate, out-market and ultimately out-compete our competitors. The decision to introduce Multi-IQ® technology into our recreational metal detectors, coupled with a geographical expansion strategy, has delivered strong growth over the past 24 months and is expected to serve us well in the future.

We now have a number of market-leading gold detectors selling into an ever-increasing number of regions. While the Minelab business as a whole performed well in FY20, the outperformance was evenly spread between sales of GPZ 7000®, Gold Monster® and SDC 2300® gold detectors into artisanal markets, strongly complemented by sales of the Equinox® and Vanquish® coin and treasure detectors into our rapidly expanding recreational market.



We continue to see the relationship between Minetec and Caterpillar strengthen. We have now successfully integrated Minetec's high-precision tracking capability into the CAT MineStar® solution, and we are now receiving orders from a number of mine sites that we have been jointly working on.

Our combination of cash on hand and cash generation underwrites our investment in new product innovation.

As a result of the strategic initiatives being implemented in the business, Codan remains well positioned for another successful year in FY21. Demand for our metal detection products remains strong, and this year Minelab will benefit from a full year of Vanquish® sales and the launch of a new gold detector.

While elements of our business remain difficult to forecast, particularly during these unprecedented times, we have made an excellent start to the year. We have delivered a first quarter result ahead of our record FY20 run rate, and we see that momentum continuing into the second quarter. At this stage, we expect that last year's record first-half result of \$30 million will be exceeded in this half.

Finally, on behalf of the Board, I would like to acknowledge the significant efforts of our people and thank them for their resilience and contribution during this period, which has been difficult for everyone.

I would now like to pass back over to David, who will introduce the executives who are going to participate in a question and answer session. David's discussion with the team will further inform shareholders about what we are doing to drive further growth and protect our market positions.

Donald McGurk
Managing Director & CEO

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.

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