



23 April 2020

**Codan Limited**  
ABN 77 007 590 605  
Technology Park  
2 Second Avenue  
Mawson Lakes SA 5095  
Australia  
  
PO Box 35  
Salisbury South SA 5106  
Australia

**COMPANY ANNOUNCEMENTS PLATFORM**  
**AUSTRALIAN SECURITIES EXCHANGE**

**Trading Update and Cash Position**

Codan Limited today provides an assessment of the impact of COVID-19 on the company and an update on current trading.

We note the ASX Compliance Update and guidelines issued on 31 March 2020, where the ASX acknowledged the disclosure challenges for listed entities arising from the rapidly evolving and highly uncertain situation surrounding the COVID-19 pandemic. All of our businesses are impacted by COVID-19 to varying degrees. Actions and activities taken by countries around the world, particularly industry lockdowns, have and will impact our business. It is not our intention, however, to attempt to quantify the impacts as they arise, unless an event is deemed long term, significant and quantifiable. This is in line with the ASX guidelines.

The Codan group has continued to see strong sales through to the end of March 2020. Profitability for Q3 was in line with the record run rate for the first half.

As previously announced in March, the Malaysian Government suspended all non-essential services, and this has since been extended to the end of April 2020. Fortunately, we have so far been able to reduce the impact on production, as our contract manufacturers have received exemptions from the Malaysian Government to operate, albeit at reduced levels.

Disruptions have extended to the global freight industry, where some costs have quadrupled and the movement of goods and people have been restricted due to border closures and lockdowns. Despite these challenges, we have found a way to continue delivering products to customers in most cases when product is available.

So far in the month of April, we have observed a reduction in sales across our total business in the order of 20%, against our record first-half run rates. This is due to our inability to meet demand, particularly in our gold markets, given these limitations on supply. The extended restrictions on Malaysian manufacturing are expected to limit supply in Q4, but nothing is certain in these times. Given the above, we are not in a position to provide profit guidance for the full year.

Cash generation has continued to be strong, and the balance sheet has further strengthened to circa \$70 million net cash after having paid the interim dividend of \$13.5 million.

We note that a number of leading research organisations have withdrawn their profit forecasts for the companies they follow given the uncertainty caused by COVID-19. We think this is sensible under the current circumstances and note that any research forecasts in the market for Codan that were prepared pre COVID-19 should no longer be viewed as relevant.

On behalf of the Board



Michael Barton  
Company Secretary

This announcement was authorised by the Board of Directors.

Codan is a technology company that provides robust technology solutions that solve customers' communications, safety, security and productivity problems in some of the harshest environments around the world. Our customers include United Nations organisations, mining companies, security and military groups, government departments, major corporates as well as individual consumers and small-scale miners.

**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