

**ASX ANNOUNCEMENT
2021 ANNUAL GENERAL MEETING
27 OCTOBER 2021**

CHAIRMAN'S ADDRESS TO SHAREHOLDERS

Good morning ladies and gentlemen. Welcome to the 2021 Codan AGM.

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.

The financial results we achieved last year were outstanding on all measures. We achieved a record level of sales, profitability and cash flow and were able to reward shareholders with an annual dividend of 27 cents fully franked. These results were achieved against a backdrop of the challenges that COVID-19 continued to throw up. In our case we saw a significant increase in sales of Minelab products in first world recreational markets; however, our communications business suffered a severe downturn as a number of major projects in tactical communications were delayed due to the financial pressure caused by the pandemic, particularly in developing world countries. While global economies performed better than expected, ongoing and unpredictable restrictions designed to curb the spread of COVID-19 disrupted supply chains and shipping networks (with the latter resulting in a significant increase in costs). To increase underlying profit by over 50% in these circumstances was truly a remarkable result.

Late in the financial year we deployed circa \$174M in capital to acquire the Domo Tactical Communications (DTC) and Zetron businesses. We have detailed and executable plans to reshape and grow both businesses so that they become significant contributors to Codan over time. In our first full year of ownership of Minelab, which was 2009, the business turned over \$42M. Last year, the same business turned over \$326M. We know that investing in quality businesses will bring results. We will bring this thinking to both DTC and Zetron. Later in the meeting Paul Sangster and Scott French will tell you about some of the plans they have to invest in and grow these two new Codan businesses. I will also ask Peter Charlesworth about his plans to further grow the Minelab business.

We will continue to change our business mix as we reshape our portfolio of businesses. In line with this philosophy, we sold the Minetec business to Caterpillar effective 1st July this year and we are reviewing acquisition opportunities in adjacent markets for all businesses. We believe that small, programmatic acquisitions to speed the way to new markets and products makes sense for Codan on the back of our significant commitment to in house R&D and product development.

In August we advised the market that Donald McGurk would be retiring as Managing Director of Codan. Donald's commitment to assisting with the transition to a new CEO is much appreciated by the Board. To this end, I can advise that our search is very well progressed and that we should be in a position to make an appointment sometime in November. Our search criteria of appointing a CEO with international experience running a complex business at scale will be fulfilled. With international travel hopefully opening up towards the end of the calendar year, Donald should be able to travel to all of our operations and introduce our new CEO to our staff, our customers and our key suppliers.

I can confirm that our detailed 3-year plan remains in place and that with the assistance of our high quality, committed executive team, no momentum will be lost as we work through the change of leadership. We fully expect that our new Managing Director will pick this plan up and own it. No big business or organisational review, just a simple plan to get on with it.

I can also advise that our search for a Director based in the USA is similarly well progressed. Given the reshaping of our business following the DTC and Zetron acquisitions, we think it is sensible to have some Board presence on the ground in the USA. We now have approaching 300 staff employed in North America. Technical leadership is the governing criteria for this search.

There are significant headwinds facing many companies in Australia and around the world due to the unpredictable restrictions caused by COVID outbreaks. We are not immune from these. As vaccinations levels improve globally, a sense of normality should return. This year will present many challenges I am sure but I am pleased to report that our first quarter results are ahead of what was a record year last year, but there is still a long way to go.

This year is all about integrating our two new businesses whilst keeping the momentum going across the balance of Codan, particularly in Minelab. This morning's announcement of our success in securing a multi-year contract to supply DTC software defined mesh radios into a major military program, coupled with the fact that we are positioning Zetron to access the emerging Next Generation 911 program across the USA gives me confidence that our strategy to diversify our revenue base is on track. Shareholders will be rewarded by our success.

Thank you for your interest in Codan. 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 comment on our record 2021 financial year and the current state of the business, ahead of a more informal discussion with our executives.

FY21 was a year of significant challenge for every business. Despite this, we were able to achieve record levels of profitability, as well as make two high quality acquisitions in an environment where we were challenged to conduct face to face meetings outside of Australia.

Domo Tactical Communications and Zetron were acquired in May of this year and we sold Minetec to our long-standing partner Caterpillar. We delivered another record year, with metal detection sales achieving a new all-time high.

Minelab has continued to reap the benefits of our increased investment into new product development, widening the technology gap between Minelab and its competitors. This has most recently been demonstrated by the release of a new top-end gold detector, the GPX6000®, which we expect to make a significant impact on future gold detector sales. Based on our previous experience, there is generally a more gradual uptake of new gold detectors into developing world markets. I am pleased to announce, since the launch of the GPX6000®,

the reviews have been overwhelmingly positive, and the machine has been very well received by the metal detecting communities in Australia, North America and Europe.

The pandemic has undoubtedly posed different challenges and opportunities for our metal detection segment. The travel restrictions have increased the exposure of outdoor recreation hobbies such as metal detecting, which accelerated our growth in our consumer business and government stimulus may also have been a positive in FY21. These factors combined are estimated to have contributed between \$15 to \$20 million to sales during FY21.

Some 18 months ago, the business made a conscious effort to increase Minelab inventory levels, in order to mitigate supply chain risk and minimise escalating freight costs. As a result, Minelab inventory increased \$15 million during the year, which is serving us well given the current shortage of key electronic components. I would like to reassure you that we are well positioned for the balance of the financial year and we continue to actively manage our supply chain risk through sourcing alternate parts and carrying additional holdings of key components.

Turning our attention to the Communications business, our strategy for growth is to transition to a full communications solution's provider, and during FY21 we made further progress by broadening our technology offerings, which will deliver greater value and better serve our existing and future customer's needs.

We have made substantial progress integrating the DTC business, which supplies products and solution into the video, broadcast, command and control and covert surveillance markets. DTC has previously focused heavily on its Video Communications business, which targets first world military markets. This technology allows DTC to participate in large military programmes, such as this morning's announcement of a multi-year contract to supply software defined mesh radios. While the military market is a key focus for DTC, there are also applications in other industries and market segments, which provide further opportunity for growth.

The Broadcast business provides audio and low latency video transmission solutions and as the world starts to relax COVID restrictions and sporting events return to normal, we are seeing signs of recovery in this industry.

The Covert Surveillance business provides audio and video capabilities to law enforcement, national security and intelligence agencies. This business is also experiencing a resurgence in demand, and has recently won a number of large projects on the back of increased spending in homeland security markets.

Order intake for the first quarter has been strong with \$33 million of orders secured, which is in line with our acquisition assumptions. We are on track to deliver against our FY22 EBITDA target for this business of \$14 million.

At Zetron, the emphasis of our first year of ownership has been to restructure, refocus and then grow the business. We are pleased to advise that we are on track to deliver the planned savings and the previously stated \$8 million EBITDA. Accelerated integration of our services and support teams is allowing for greater levels of customer service and delivery to our customers. Feedback from our distribution partners and customers have been very positive and we look forward to realising significant sales synergies in FY23 and beyond.

The Communications segment will grow in FY22, with that growth largely coming from the newly acquired DTC and Zetron businesses.

During August we announced my intention to retire, I want to emphasise to Codan shareholders that I am committed to ensuring a smooth and seamless transition to the new CEO. Codan's well stated strategy is to invest in ourselves, strengthen our core through geographic, product and technology expansion and to pursue acquisitions that build on our communications core and take us into adjacent markets. This strategy is well documented and will continue past my retirement due to exceptional strength of Codan's executive and senior management team.

While parts of our business remain difficult to forecast, we have made an excellent start to the financial year. Our existing businesses are tracking in line with last year's record first half profitability, while DTC and Zetron are transitioning and integrating well into the Codan group and are tracking in line with plan. The Board is pleased to see a much more distributed and balanced business portfolio and we are confident of delivering a new record first half result.

Finally, on behalf of the Board, I would like to acknowledge the significant efforts of our people and thank them for their contribution to the outstanding results achieved again last year.

I would now like to pass back to David.

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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