

ASX RELEASE

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CODAN EXPANDS ITS ZETRON COMMUNICATIONS BUSINESS INTO THE UNITED KINGDOM, EUROPE AND THE MIDDLE EAST THROUGH THE ACQUISITION OF EAGLE

The Codan Group (**Codan**) (ASX:CDA) is pleased to announce that it has entered into a binding agreement and has completed the acquisition of 100% of Eagle NewCo Limited (**Eagle**) – a UK command and control solutions business – from NEC Software Solutions UK Limited (**NEC**).

Eagle, a carve out from NEC's UK operations, is a leading software supplier to the emergency services, public safety and control room markets. Eagle 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. Eagle's solutions are currently used by more than two-thirds of police forces in the United Kingdom, as well as by major transportation hubs and airports (including Dubai International airport) and the London Underground.

This acquisition is consistent with Codan's inorganic growth strategy to acquire technology and capability through complementary acquisitions that accelerate growth, with this acquisition focussed on its core public safety market segment. Eagle will be integrated into Codan's Zetron business and will significantly strengthen Zetron's presence in the UK public safety market and provides a platform to further expand Zetron's business across Europe and the Middle East. Importantly, Eagle is a supplier to the UK Home Office on the Emergency Services Network (ESN)¹ transition project and positions Zetron to capture market opportunities arising from this transition.

Eagle's Cortex, Aspire, Call Touch, Connect and Stream solutions are highly complementary and align especially well with Zetron's core command and control technology portfolio. Offering immediately relevant and broader customer capabilities, Eagle's solutions will accelerate Zetron's next generation dispatch and emergency call taking development strategy and create new addressable market opportunities across our EMEA, APAC and North American public safety and transportation markets.

¹ The UK Home Office is leading a project to deliver a new critical communications system to replace the current airwave services in Great Britain. The objective of the ESN project is to enable fast, safe and secure voice, video and data across the 4G network for use by first responders.

Scott French, Zetron President and Executive General Manager, said:

“This acquisition is an opportunity to bring together two companies with extraordinarily similar values and market pedigrees, each with unwavering commitments to innovation, service and customer choice. The acquired technologies immediately widen our core capabilities and also provide new international growth opportunities across public safety and transportation. We are excited to welcome the Eagle team to Zetron and look forward to the expansion and continued development of our operational footprint in the UK.”

The acquisition has completed and comprises total acquisition consideration of approximately A\$22 million, which was funded by Codan’s existing debt facility. Codan expects to spend a further ~A\$3 million in set up and in integration costs over the next 12 months. As the acquisition is a carve out from NEC’s operations, Codan has entered into a transitional services agreement with NEC while it integrates Eagle into Zetron’s systems and support services for a minimum period of 6 months with options to extend, if needed. Codan expects the integration of Zetron to be fully completed within 12 months.

Taking into account the set up and transitional services costs, Eagle is expected to contribute marginally to Codan’s FY24 profitability. In year 2, under Codan’s ownership, it is expected that the Eagle business will be earnings-per-share accretive, with an estimated year 2 acquisition consideration multiple of ~3 times EBITDA.

Eagle achieved EBITDA of approximately A\$3 million in the year ended 31 March 2023. Approximately 45% of Eagle’s existing revenues of A\$21 million come from recurring support and services contracts.

Codan welcomes and looks forward to working with all Eagle staff and customers to affect a seamless integration with Codan.

On behalf of the Board



Michael Barton
Company Secretary

This announcement was authorised 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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