

ASX RELEASE

15 August 2023

FY23 Trading Update**Codan delivers a stronger second half**

Codan Limited (ASX:CDA) (**Codan** or the **Company**) announced on 10 August 2023 that it would hold a webinar to release its full year 2023 audited results on Thursday 17 August 2023.

Due to a current health issue impacting our audit team, they are unable to complete their audit by the scheduled release date of 17 August 2023. As a direct result, we have been advised that additional time will be required before we can release our audited results.

In relation to the company's FY23 performance, the Board is not aware of any unresolved material matters that will impact the FY23 results.

Therefore, the investor webinar with our Managing Director, Alf Ianniello, has been rescheduled to 11:00am (AEST) on Monday 28 August 2023. This briefing will be available via the following link – [2023 Full Year Results Briefing](#). If you have already registered for the briefing, there is no need to re-register.

The Board provides the following commentary on the unaudited results.

FY23 HIGHLIGHTS:

- **Group revenue of \$457 million, down 10% versus FY22**
- **Underlying net profit after tax of circa \$65 million, down 35% from FY22**
- **H2 FY23 underlying net profit after tax of \$35 million, up 13% versus H1 FY23**
- **Ongoing strength in Communications businesses:**
 - **FY23 Communications revenue increased 14% versus FY22 to \$274 million, upper end of target range**
 - **Communications achieved segment profit margins of 25%, versus 21% in FY22, as a result of positive operating leverage**
 - **Communications orderbook of \$163 million, up 9% versus 30 June 2022**
- **Metal detection revenues increased 38% in H2**
- **Net debt of \$52 million, down from \$61 million at December 2022**

Communications (Tactical & Zetron)

Communications had an excellent year in FY23, with both Tactical Communications and Zetron achieving strong growth, with revenues increasing by 14% to \$274 million and a segment profit margin of 25%, up from 21% in FY22.

Success across the Company's Communications businesses reflects the strategic shift to enter large and growing addressable markets, namely military and law enforcement, public safety, unmanned systems and broadcast. This strategic shift has resulted in an increased portion of Communications revenues being derived from developed world markets and government customers which enhances the quality of our revenues and stability of the business.

Tactical Communications achieved double-digit revenue growth in FY23, driven by particular strength in the unmanned systems and broadcast segments. Also contributing to this growth was \$20 million in FY23 revenues relating to a large military communications project announced in October 2021. While a pleasing contribution to the FY23 result, management does not expect revenue from this project to be repeated in FY24.

Zetron also achieved double-digit revenue growth in FY23, as the US public safety market continues to grow and recognise the value of Zetron's integrated command and control solutions. Zetron was successfully awarded business from an expanding mix of high-quality enterprise and government customers throughout North America. Zetron's long-term support contracts provide greater predictability of future revenues and these accounted for ~30% of Zetron's FY23 revenues.

Communications enters FY24 with an orderbook of \$163 million, up 9% versus pcp and this continues to be a strong lead indicator of future revenues, underwriting the Company's objective of growing revenues with greater predictability.

Metal Detection (Minelab)

Minelab delivered revenues of \$176 million (FY22: \$262 million). Notwithstanding, the reduction in Minelab revenues versus FY22, which is a direct result of continuing disruption in the Northeast African market, Minelab delivered a stronger second half across all its key markets, being Rest of World (**RoW**) recreational detectors, Countermine and also in the African market. Minelab's FY23 segment profit margin remained stable compared to H1 at 32%.

Despite the global trend of increasing inflationary pressures affecting consumer sentiment and discretionary spending, the revenues from RoW recreational detectors have remained remarkably resilient, growing 9% versus pcp after adjusting for the ceased Russian recreational market. This sector continued to expand, exceeding the record FY22 levels which were driven by government stimulus and unprecedented COVID-related demand. The newly released Manticore, X-Terra Pro, Equinox 700 and 900 detectors have been well received and the products delivered exceptional results driving the FY23 RoW recreational market revenue growth. The Company anticipates a full year benefit from these products in FY24, although we continue to closely monitor the impact of global macroeconomic conditions.

Within Africa, significant disruptions experienced in the Northeast African region have persisted throughout FY23 and these are continuing with no sign of any improvement in that disrupted market. Importantly, revenues from other parts of Africa have stabilised and are largely returning to pre-COVID levels. Consistent with previous years, in FY23 the African market benefited from seasonal conditions in the second half.

Further information, including our preliminary full year accounts, will be released ahead of the investor webinar.

On behalf of the Board



Michael Barton
Company Secretary

This announcement was authorised for release to the market by the Board of Directors.

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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:-

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