

**ASX RELEASE**

21 August 2025

**RESULTS ANNOUNCEMENT FOR THE  
FULL YEAR ENDED 30 JUNE 2025**

In accordance with ASX Listing Rule 4.3A, please find attached the following documents for the year ended 30 June 2025 for Codan Limited (**ASX:CDA**):

1. Appendix 4E;
2. Directors' Report; and
3. Financial Report.

On behalf of the Board.



Daniel Widera  
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.

**FOR ADDITIONAL INFORMATION, PLEASE CONTACT:**

Alf Ianniello  
Managing Director & CEO  
Codan Limited  
(08) 8305 0392

Michael Barton  
Company Secretary & CFO  
Codan Limited  
(08) 8305 0392

# Codan Limited

## Appendix 4E Preliminary Final Report under ASX Listing Rule 4.3A

For the year ended 30 June 2025

ABN		Previous corresponding period		
77 007 590 605		30 June 2024		
<b>Results for announcement to the market</b>				
<b>\$A'000</b>				
Revenue from ordinary activities	Increased	22%	to	674,226
Profit after tax	Increased	27%	to	103,493
Profit from ordinary activities after tax attributable to members	Increased	27%	to	103,493
Net profit for the period attributable to members	Increased	27%	to	103,493
<b>Dividends</b>		Amount per security		Franked amount per security at 30% tax
Current Period: Final ordinary dividend proposed		16.0 cents		16.0 cents
Current Period: Interim ordinary dividend paid		12.5 cents		12.5 cents
Year end 30 June 2024: Final dividend paid		12.0 cents		12.0 cents
Record date for determining entitlements to dividends:		3 September 2025		
<i>Brief explanation of any figures disclosed above which is necessary to enable the figures to be understood:</i>				
The 30 June 2025 Financial Report and the Market Announcement dated 21 August 2025 form part of and should be read in conjunction with this Preliminary Final Report (Appendix 4E).				
This report is based on financial statements that have been audited. The audit report is included in the 30 June 2025 Financial Report.				

**Codan Limited  
and its Controlled Entities  
ABN 77 007 590 605**

**Financial Report  
30 June 2025**

# Contents

	Page
Directors' report	1
Lead auditor's independence declaration	31
Consolidated income statement	32
Consolidated statement of comprehensive income	33
Consolidated balance sheet	34
Consolidated statement of changes in equity	35
Consolidated statement of cash flows	36
Notes to and forming part of the financial statements	37
Consolidated entity disclosure statement	70
Directors' declaration	71
Independent auditor's report	72

The directors present their report together with the financial statements of the group comprising Codan Limited ("the Company") and its subsidiaries for the financial year ended 30 June 2025 and the auditor's report thereon.

## DIRECTORS

The directors of the Company at any time during or since the end of the financial year are:

Name and Qualifications	Experience
<b>Graeme Barclay</b> MAICD, F Fin, CA, MA (Hons)	Graeme was appointed to the Codan board in 2015 and became Chairman in February 2023. Graeme was appointed as a non-executive director of Aussie Broadband Limited (ASX:ABB) in April 2025.
Chair	Graeme is a former CEO and Chartered Accountant with 40 years' experience in professional services, investment banking, broadcast and telecommunications infrastructure businesses.
Independent Non-Executive Director	Over the past 20 years Graeme has held Executive Chairman or Group CEO roles at BAI Communications, Transit Wireless LLC (New York), Nextgen Networks, Metronode data centres and Axicom group (formerly Crown Castle Australia), and for 8 years during this period was also an executive director in Macquarie Group's infrastructure team. In these roles, Graeme was responsible for all aspects of strategy, M&A, sales and business development, contract delivery and operations, as well as implementing the appropriate capital structure and raising equity and third-party debt for these businesses in Australia, UK, Hong Kong, Singapore, Canada, USA and New Zealand.
Chair of Remuneration and Nomination Committee	Over the past 20 years in these businesses, Graeme led and completed more than 20 acquisition and divestment transactions including the sale of Nextgen Networks to Vocus for \$820 million in 2016 and the sale of Metronode to Equinix for \$1.04 billion in 2018. In his role as Chairman of Uniti Group Limited (ASX: UWL), he led the company from a market capitalisation of \$30 million at IPO in February 2019, through 10 acquisition transactions, to the successful divestment via a Scheme of Arrangement to a consortium of investors led by HRL Morrison and Brookfield Asset Management at an enterprise value of \$3.8 billion in August 2022.  Included in his prior board appointments are: Arqiva Limited (institutionally owned UK telecommunications infrastructure group), Chairman of the main board and of the Audit and Risk committee for Nextgen group (Ontario Teachers' Pension Plan majority owned fibre network and data centre owner), NED and member of the Audit and Risk Committee of Axicom Group (institutionally owned mobile tower business), and from September 2018 until August 2022, Chairman of Uniti Group Limited (ASX:UWL) (fibre to the premise network owner and operator).  Graeme holds an honours economics degree, is a Chartered Accountant, a fellow of FINSIA and a member of AICD.

<b>Alf Ianniello</b> Wharton GCP, GradCertMgmt, BEng(Electronics)  Managing Director and Chief Executive Officer	<p>Alf Ianniello joined Codan as Chief Executive Officer and Managing Director in January 2022.</p> <p>Having held numerous global executive leadership roles in his career – spanning three decades – Alf has considerable expertise across packaging, defence and automotive industries.</p> <p>Prior to joining Codan, Alf was Chief Executive Officer of Detmold Group for 14 years. Throughout this tenure, Alf identified growth opportunities and opened new markets and product lines to position the Australian family-owned and operated business as a global leader in the provision of sustainable packaging products.</p> <p>In a highly competitive market, Alf was responsible for significant expansion in Detmold's profitability and development, and under his stewardship, Alf successfully positioned Detmold as an employer of choice, given his focus on fostering positive culture, developing individuals and promoting teamwork.</p> <p>After earning a Bachelor of Engineering (Electronic Engineering) in 1994, Alf began his career as a Design and Production Engineer with British Aerospace Australia.</p> <p>He then spent 7 years with Schefenacker Vision Systems, as a Customer Engineer and Branch Manager in the USA, before moving to the organisation's Australian division in 2000 as Project Manager. In 2007, Alf was appointed Schefenacker's Australian Managing Director.</p> <p>Known for his ability to leverage innovation and organisational capabilities, Alf has managed major facilities across Australia, China, Vietnam, Philippines, India, Singapore, Dubai, Indonesia, US, UK, Germany and South Africa.</p> <p>Alf attended the Wharton Business School Global CEO Program at the University of Pennsylvania in 2012. He also holds a Graduate Certificate in Management and Bachelor of Engineering (Electronic Engineering) from the University of South Australia and graduate of the Australian Institution of Company Directors.</p>
<b>Kathy Gramp</b> BA (Acc), FCA, FAICD <i>Life</i>  Independent Non- Executive Director  Chair of Audit and Risk Committee	<p>Kathy was appointed to the board of Codan in November 2015. She has had a long and distinguished executive career and over 26 years of board experience across a diverse range of complex organisations and industry sectors. She has significant experience as Chair of Audit &amp; Risk Committees.</p> <p>Prior to joining Codan, Kathy was CFO of Austereo Ltd. She joined Austereo in 1989 and retired in June 2011. In that time the company grew from 2 radio stations to the largest commercial radio network in Australia, and the leader in Digital and Online Media. Leadership roles and responsibilities included business planning &amp; re-engineering, debt &amp; equity raising, acquisitions &amp; integration, capital investment, major IT projects, corporate governance, risk management, financial management, tax &amp; accounting, change management and investor &amp; key stakeholder relations. Further experience was gained through exposure to international markets such as Greece, UK, USA, South Africa, Argentina, Malaysia, and New Zealand.</p> <p>Kathy was a Director of Uniti Group Limited (ASX:UWL) from May 2018 until August 2022, Chair of Audit &amp; Risk Committee and member of the Nomination &amp; Remuneration Committee. Uniti, a diversified provider of telecommunication services, listed in February 2019 and through acquisition and organic growth, increased its enterprise value from around \$30 million at the time of listing to \$3.8 billion in August 2022 when the business was sold to a consortium of financial investors.</p> <p>She was a Director of QANTM IP Limited (ASX: QIP) from May 2022 until August 2024, and also served as Chair of the Audit and Risk Committee until August 2024 when the company successfully completed a Scheme of Arrangement. QANTM was the owner of a group of leading intellectual property and trademark services businesses operating in Australia, New Zealand, Singapore, and Malaysia.</p> <p>Kathy is the Chair of the RAA Group.</p> <p>Kathy holds a BA Accounting, is a Chartered Accountant (Fellow) and a Life Fellow of the Australian Institute of Company Directors and is a member of Chief Executive Women.</p>

## **DIRECTORS (CONTINUED)**

<b>Sarah Adam-Gedge</b>  BBus (Acc), FCA, GAICD	<p>Sarah was appointed to the Board in February 2023. She has expertise in digital and technology businesses with an executive background that includes 12 years at IBM Global Business Services, and 8 years as CEO of Avanade Australia, Publicis Sapient Australia and Wipro Limited Australia and New Zealand.</p>
Independent Non-Executive Director	<p>Sarah has extensive international experience as a result of leadership roles in global information technology companies, and significant experience driving growth, customer relationship management, and across different markets. Prior to joining IBM, Sarah was a Consulting Managing Partner at PWC, and Audit and Business Consulting Partner at Arthur Andersen.</p> <p>She is a non-executive Director of Bravura Solutions Ltd (ASX:BVS) since September 2023, Emeco Holdings Ltd (ASX: EHL) since October 2023 and Aussie Broadband Limited (ASX:ABB) since July 2025. She is also on the board of Cricket Australia, and was previously Deputy Chair and NED at Austal Ltd ASX: ASB) where she served from August 2017 to April 2025.</p> <p>Sarah is a Chartered Accountant (Fellow), a graduate of the Australian Institute of Company Directors, and currently mentors for the Minerva Network and CAANZ.</p>
<b>Heith Mackay-Cruise</b> BA (Econ), FAICD	<p>Heith was appointed to the Board in March 2023 and has been involved in the media, education and technology sectors over the past 25 years. Heith is currently the non-executive Chair of Southern Cross Media Group Limited (ASX:SXL) where he has served as non-executive director since October 2020 and is also the Deputy Chair of the Australian Institute of Company Directors.</p>
Independent Non-Executive Director	<p>Heith was a non-executive Chair of Straker (ASX:STG) from July 2022 to July 2024, LiteracyPlanet, hipages Group (ASX:HPG) and the Vision Australia Foundation as well as a previous non-executive Director of LifeHealthcare and Bailador Technology Investments (ASX:BTI). In Heith's prior executive career, he was the founding CEO of Sterling Early Education, the Global CEO and Managing Director of Study Group, and CEO for PBL Media New Zealand. Heith also held senior executive positions with Australian Consolidated Press and worked in sales and marketing roles for PepsiCo around Australia.</p> <p>Heith is a mentor with Kilfinan Australia, a Fellow of the Australian Institute of Company Directors and has a Bachelor of Economics degree from the University of New England.</p>

## **COMPANY SECRETARY**

### **Mr Michael Barton** BA (Acc), FCA

Michael joined Codan in May 2004 as Group Finance Manager after a 14-year career with KPMG in their assurance division. He was appointed Company Secretary in May 2008 and in September 2009, Michael was promoted to the position of Chief Financial Officer and Company Secretary. Michael leads a team responsible for managing Codan's financial operations as well as legal and commercial matters and investor relations. He holds a Bachelor of Arts in Accountancy from the University of South Australia and is a fellow of Chartered Accountants Australia and New Zealand.

### **Mr Daniel Widera** LLB/LP, Harvard PLD

Daniel joined Codan in March 2013 as Senior Legal Counsel, following eight years of experience as a corporate lawyer in both private practice and in-house roles. In September 2022, he was appointed General Counsel and Joint Company Secretary of Codan. In this capacity, Daniel leads Codan's global legal and compliance functions and oversees the group's Environmental, Social and Governance (ESG) program. He holds a Bachelor of Laws and Legal Practice from Flinders University and completed the Program for Leadership Development at Harvard Business School, earning full HBS alumni status in 2024.

## DIRECTORS' REPORT

Codan Limited and its Controlled Entities

### DIRECTORS' MEETINGS

The number of directors' meetings (including meetings of committees of directors) and number of meetings attended by each of the directors of the Company during the financial year are set out below:

Director	Board meetings		Audit and Risk Committee meetings		Remuneration and Nomination Committee meetings	
	A	B	A	B	A	B
Mr A Ianniello	18	18				
Mr G R C Barclay	18	18	4	4	5	5
Ms K J Gramp	17	18	4	4	4	5
Ms S Adam-Gedge	17	18	4	4		
Mr H Mackay-Cruise	18	18			5	5

A – Number of meetings attended

B – Number of meetings held during the time the director held office during the year



## **REMUNERATION REPORT – AUDITED**

### **Key messages from Chair of Remuneration and Nomination Committee**

Dear Shareholders,

I am pleased to present the Codan Group remuneration report for FY25.

#### **FY25 Remuneration Framework**

In formulating our remuneration strategy and framework we engage with key stakeholders and external independent advisors in order to understand how Codan should attract, retain and motivate the high calibre executive leaders and team members we require to execute on our strategy and to deliver superior returns for our shareholders.

Our philosophy is that our Executive Key Management Personnel (KMP) should be motivated to act as long-term owners of the Company and that their remuneration incentives are directly aligned with shareholder interests. The FY25 remuneration structure for Executive KMP is therefore designed to achieve this alignment, with the key elements as follows:

- STI for Executive KMP is based on a scorecard approach including targets for revenue growth, profitability and free cash flow (group and business unit targets), order book growth and achievement of sustainability and safety targets;
- These performance metrics were tailored for each Executive KMP to reflect the specific areas of their responsibility and control, weighted to those metrics that an Executive has the greatest ability to directly influence;
- For each of the STI performance metrics, the Board set a minimum performance threshold (below which no STI applies for that metric), an on-target performance level (which reflects the annual plan approved by the Board) and a stretch target that is typically greater than 110% of the on-target performance level;
- A cap of a maximum of 100% of fixed remuneration applies to all STI payments to Executive KMP;
- LTI is a 3-year performance period using two metrics: a) EPS growth to requiring compound annual growth of between 8% at threshold, 10.5% at target and 13% at maximum with a 67% weighting; and b) a Relative Total Shareholder Return (RTSR) performance, with a 33% weighting, requires performance above the 50th percentile at threshold, 62.5th percentile at target and above the 75th percentile at maximum, compared to peer group performance; and
- In FY25 we have made a further amendment to our LTI plan with the introduction of an additional Superior Performance Incentive Rights (SPIR) component providing the CEO and Executive KMP the opportunity to earn additional rights up to a maximum of the value of their fixed salary if compound annual EPS growth of between 14% and 21% is achieved over a 3 year measurement period. We believe this additional incentive motivates our leadership team to deliver exceptional long-term growth.

This structure provided our Executive KMP with the ability to influence the outcome of their STI performance more directly, with performance metrics that reflect the key value drivers for Codan and most importantly, in combination with the LTI and SPIR structure and metrics, better aligns reward outcomes for Executive KMP with our shareholders. All rewards under the LTI and SPIR are equity-based, based on multi-year outcomes and restrict Australian Executive KMP from disposing of 90% of the shares for a further 2 years after vesting, further reinforcing alignment with shareholders over the long term.

#### **FY25 Remuneration Structure and Outcomes**

Executive KMP, other than the CEO, had their fixed remuneration reviewed during the year with increases made in line with relevant market conditions. The CEO's fixed remuneration will be reviewed in FY26.

Codan's performance in FY25 was outstanding, achieving significant growth over the prior year with revenues increasing by 22% to \$674 million, EBIT increasing by 28% to \$146 million, and NPAT increasing 27% to \$104 million. This improved performance allowed dividends per share to also be increased by 27% over FY24. This improved financial performance has resulted in increased short-term incentive outcomes for our Executive KMP in FY25.

All segments of our business delivered improved financial performance in FY25 and it is pleasing to report that each Executive KMP has earned STI payments for FY25 to reflect their contribution, as detailed in the report. The CEO has elected to take all of his FY25 STI in shares.

## REMUNERATION REPORT – AUDITED (CONTINUED)

### Key messages from Chair of Remuneration and Nomination Committee (continued)

Codan's LTI plan involves an annual grant of rights, with vesting dependent on performance against pre-determined targets over 3-year measurement periods. Therefore, at any point in time, Executive KMP are participating in three annual LTI plans, as follows:

- The Codan group FY23 LTI plan used a single metric of aggregate EPS over the FY23-FY25 period. Now that the 3-year performance period has ended, we report the outcome for the FY23 LTI plan is that no LTI plan performance rights will vest for any Executive KMP as performance did not meet the required threshold.
- In FY23, following the acquisition of the Zetron and DTC businesses, we granted additional performance rights to the two Executives who lead the Zetron and DTC businesses that make up our Communications division. Under this grant each had the opportunity for up to 125,000 shares to vest if certain financial targets were achieved by the communications division and if they satisfactorily met service conditions through to 1 January 2027. Over the three-year performance period applying to this grant, the Communications division has increased revenues by 71% from \$242 million in FY22 to \$413 million in FY25 and increased profitability by 116% from \$50 million to \$108 million. As a result, the performance condition to vesting of 175,000 share rights that were based on financial performance will fully vest in August 2025. 75,000 share rights remain unvested subject to the service conditions.
- The FY24 and FY25 LTI plans are equity rights plans that have two performance measures, measured over a three-year period, being EPS CAGR and RTSR. The FY24 and FY25 LTI plans are in their second and first years, respectively, of their three-year performance period so the vesting outcomes of these LTI plans for Executive KMP will not be known until the completion of FY26 and FY27, respectively. To provide some guidance to shareholders on how these plans are currently tracking, it is worth noting that in FY24 EPS growth of 24% was achieved and Codan's share price increased from \$8.03 to \$12.03, and in FY25 EPS growth of 27% was achieved and Codan's share price increased from \$12.03 to \$20.11.

### FY26 Remuneration Structure

As we move into FY26 our intent is to ensure we have a reward structure that a) is competitive in each geography that our Executive KMP reside and operate, noting the global span of Codan's businesses; and b) will incentivise and motivate Executive KMP to deliver sustainably superior returns for our shareholders over the medium to long term. During FY26 we will continue to consider further changes to the way our Executive KMP are incentivised to remain employed by Codan and motivated to deliver exceptional outcomes for our shareholders.

Graeme Barclay  
Chair, Remuneration and Nomination Committee

### Key Management Personnel

This report has been prepared in accordance with section 300A of the Corporations Act 2001 (Cth)(Act) and Accounting Standards. It outlines our remuneration strategy for the financial year ended 30 June 2025 and gives detailed information on the remuneration arrangements of KMP. KMP are those who have authority and responsibility for planning, directing, and controlling the Group's activities, either directly or indirectly. The table below shows the KMP covered by the FY25 Remuneration Report.

Name	Position	Term	Country of Residence
<b>Non-Executive Directors</b>			
Graeme Barclay	Chair	Full Year	Australia
Sarah Adam-Gedge	Non-Executive Director	Full Year	Australia
Kathy Gramp	Non-Executive Director	Full Year	Australia
Heith Mackay-Cruise	Non-Executive Director	Full Year	Australia
<b>Executive KMP</b>			
Alf Ianniello	Chief Executive Officer and Managing Director	Full Year	Australia
Michael Barton	Chief Financial Officer and Company Secretary	Full Year	Australia
Ben Harvey	Executive General Manager, Minelab	Full Year	USA
Scott French	Executive General Manager, Zetron	Full Year	USA
Paul Sangster	Executive General Manager, DTC	Full Year	USA

## **REMUNERATION REPORT – AUDITED (CONTINUED)**

### **Executive Remuneration Structure**

Codan's remuneration framework for Executive KMP is in place to support our strategy and drive sustainable outperformance. Our remuneration framework must be globally competitive to attract, motivate and retain our top talent across our businesses. This is increasingly important as each of Codan's business units continue to grow, both organically and through acquisition, in countries outside of Australia.

Remuneration packages are competitively set to attract and retain appropriately experienced and qualified executives and include a mix of fixed remuneration and performance-based remuneration. Shareholder alignment is created through the performance-based incentives provided to executives, including equity-based remuneration.

Fixed remuneration is reviewed annually and gives our Executive KMP a competitive fixed salary and related benefits. Fixed salary levels reflect the executive's experience, capability, performance and potential and is set in relation to market conditions and relevant benchmarks. Executive KMP are eligible for certain benefits in line with our policies in the jurisdiction they are based in. These benefits include retirement contributions (such as statutory superannuation contributions) and basic insurances (such as disability, life and medical) where it is local market practice for employees in those countries. We may also provide benefits to support the global mobilisation of our executives.

Our Executive KMP remuneration framework has two variable components, being a short-term incentive plan (STI) and a long-term incentive plan (LTI).

The STI plan focusses the executive team on delivering the financial and strategic priorities relevant to the financial year. The plan motivates Executive KMP to achieve financial and operational targets and rewards them for outperformance against targets.

The LTI plan is equity based and rewards Executive KMP for creating long term shareholder value by delivering long term earnings growth and share price performance above peers. The LTI plan also includes a SPIR to motivate and reward Executive KMP to achieve exceptional long-term earnings growth.

The Remuneration and Nomination Committee reports to the Codan Board and has responsibility for the structure of remuneration paid to Executive KMP, can reference trends in comparative companies both locally and internationally and may obtain independent advice on the appropriateness of remuneration packages and incentive structures.

No independent recommendations in relation to the remuneration of Executive KMP were provided to the Committee or Board.

### **FY25 Executive KMP Remuneration Structure and Outcomes**

#### **CEO Remuneration**

In FY24 the Board addressed the relatively low incentive package available to the CEO, and the particularly low percentage of long-term equity-based incentive remuneration. This was achieved through a combination of fixing base remuneration until FY26 (other than changes to statutory superannuation payments), setting higher vesting performance hurdles to achieve remuneration incentives at target and maximum for LTI and increasing the value of equity-based incentives available to the CEO, particularly at maximum.

The STI available in FY25 is 25% of fixed pay at target performance and 50% at maximum, with at least 50% of STI to be paid in equity, and 50% in either cash or equity at the CEO's election.

Based on external market comparatives, the Board considers target EPS growth in the range of 8 to 13% pa, with a midpoint on-target rate of 10.5% pa, compounding over three-year measurement periods, to be strongly aligned with delivering shareholder value over the medium to long term. These EPS growth rate targets formed the basis of the FY25 LTI plan.

The Board recognises, particularly with the investments that have been made to position the Communications business for growth and the continuing investments in Communications and Minelab product development pipelines, there is an opportunity for the Codan business to deliver superior returns for shareholders that are greater than compound annual growth of 13% in EPS over the next 3 years.

The leadership, contribution and performance of Mr Ianniello as CEO is vitally important to the Company executing the Building a Stronger Codan strategy and achieving EPS growth out-performance. Following shareholder approval of the SPIR structure at the 2024 AGM, the Board granted SPIR to the CEO providing the opportunity to earn an additional 100% of his fixed salary (to be paid wholly in equity) if EPS compound annual growth above 21% is achieved over the three-year performance period of the LTI plan. Pro-rata applies between 14% and 21% EPS CAGR over the performance period.

## REMUNERATION REPORT – AUDITED (CONTINUED)

### FY25 Executive KMP Remuneration Structure and Outcomes (continued)

Therefore, under the FY25 LTI plan the CEO has the opportunity to earn 100% of his fixed salary if 13% CAGR in EPS is achieved over the FY25 – FY27 period and, with the introduction of the SPIR, the opportunity to earn up to 200% of his fixed salary if the SPIR target of 21% EPS CAGR over the FY25 – FY27 period is achieved, with all LTI and SPIR paid in equity.

#### Other Executive KMP Remuneration

The FY25 SPIR plan has also been implemented for each Executive KMP reflecting the importance of aligning and rewarding the senior executive team consistently and fairly for out-performance against long term EPS growth targets. This means each Executive KMP (other than the CEO) has the opportunity to earn 50% of fixed salary if 13% CAGR in EPS is achieved over the FY25 – FY27 period and the opportunity to earn up to 150% of fixed salary if the SPIR target of 21% EPS CAGR over the FY25 – FY27 period is achieved, with all LTI and SPIR paid in equity.

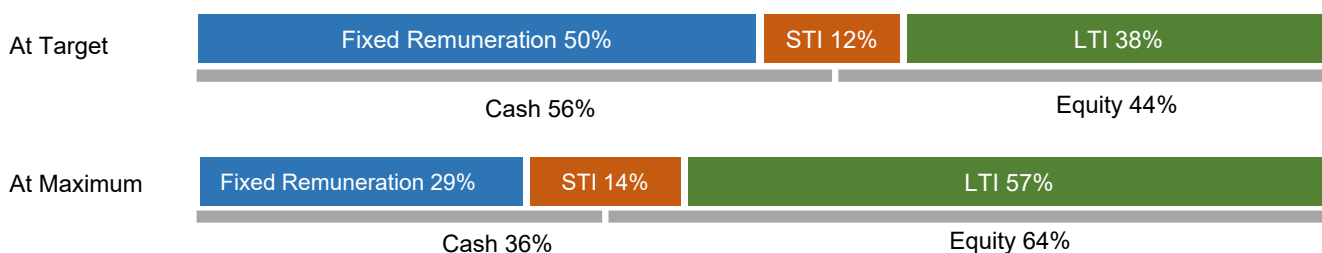
#### Summary of KMP Remuneration Structure for FY25

Executive KMP remuneration for FY25 is:

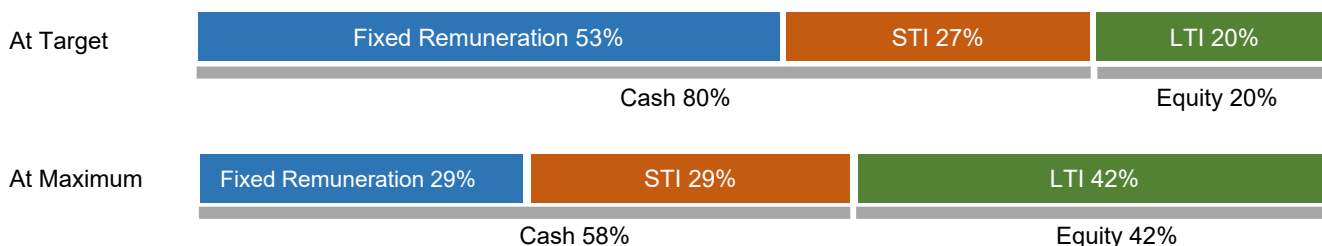
- Performance based:
  - The remuneration for the CEO is 50% performance based at target and 71% performance based at maximum;
  - The remuneration for other Executive KMP is 47% performance based pay at target and 71% performance based at maximum.
- and is equity focussed:
  - at target 44% of the CEO's total remuneration is paid in equity, at maximum 64% of the CEO's total remuneration is paid in equity;
  - at target 20% of other Executive KMP's total remuneration is paid in equity, at maximum 42% of other Executive KMP is paid in equity.
- and multi-year focussed:
  - LTI performance (including SPIR) is measured over a three-year period;
  - Shares issued under the LTI scheme are subject to a further two-year holding lock for Australian based Executive KMP;
  - 10% good leaver holding provisions in place for all Executive KMP.

The chart below sets out the percentage of fixed remuneration, performance-linked at-risk remuneration and the percentage of performance-linked equity-based remuneration for FY25.

#### CEO



#### Other Executive KMP



## REMUNERATION REPORT – AUDITED (CONTINUED)

### FY25 Executive KMP Remuneration Structure and Outcomes (continued)

#### Fixed Remuneration Review

As noted above, other than for the change in superannuation guarantee charge, the CEO's fixed remuneration was not increased during FY25. The Remuneration and Nomination Committee completed a salary benchmarking exercise for Executive KMP during FY25. As a result, Executive KMP (other than the CEO) received an adjustment to fixed remuneration of 3.5% effective 1 January 2025.

#### FY25 Short Term Incentive

The STI structure is a balanced scorecard focussed on those aspects of the Company's performance in the FY25 annual plan within the control of the relevant member of Executive KMP that will impact the value of the Company, and is selected from the following metrics for each Executive KMP member: growth in revenues, profitability, operating free cash flow, order book (where applicable) and the achievement of sustainability and safety targets.

The framework for the FY25 STI plan is as follows:

Feature	Description												
Purpose:	Motivate and reward Executive KMP for contributing to the delivery of annual business performance.												
Value:	<table><thead><tr><th colspan="2"><u>Target</u></th><th colspan="2"><u>Maximum</u></th></tr></thead><tbody><tr><td>CEO</td><td>25% of fixed pay</td><td>CEO</td><td>50% of fixed pay</td></tr><tr><td>Other Executive KMP</td><td>50% of fixed pay</td><td>Other Executive KMP</td><td>100% of fixed pay</td></tr></tbody></table> <p>The CEO has lower STI and higher LTI than other Executive KMP to provide for better long-term alignment with shareholders.</p>	<u>Target</u>		<u>Maximum</u>		CEO	25% of fixed pay	CEO	50% of fixed pay	Other Executive KMP	50% of fixed pay	Other Executive KMP	100% of fixed pay
<u>Target</u>		<u>Maximum</u>											
CEO	25% of fixed pay	CEO	50% of fixed pay										
Other Executive KMP	50% of fixed pay	Other Executive KMP	100% of fixed pay										
Eligibility:	All Executive KMP are eligible to participate in the STI plan. To be eligible for a payment executives must be employed at the time of the STI payment. The Board may exercise discretion when paying an STI to any Executive KMP who has been a “good leaver” during the year, with any payments likely to be made on a pro-rata basis.												
Delivery:	STI’s are paid in cash, other than 50% of any STI for the CEO which will be paid in equity. The CEO has the option to have up to a further 50% of any STI paid in equity. Other Executive KMP have the option to elect to have up to 50% of their STI paid in equity on the same terms as the CEO. Shares issued to Executive KMP under the STI plan are restricted, with 90% restricted for a period of 1 year from issue date and 10% restricted until 12 months after the cessation of employment with the Company. The number of shares issued under the STI plan are calculated using the same share price that is used to calculate the number of share rights to be issued under the LTI plan, with this share price approved by shareholders at the FY24 Annual General Meeting. The price used for the FY25 STI that is to be paid in shares is \$14.99 per share.												
Performance period:	1 year												
Setting performance objectives:	<p>At the start of the financial year a scorecard of objectives is determined by the Board. At the end of the year the Board undertakes a rigorous assessment of actual performance against each of the metrics. The Board has the discretion to increase or decrease the STI allocated to any member of Executive KMP considering their individual performance, approach to business risks and adherence to Codan’s values and code of conduct.</p> <p>Codan’s performance against STI targets is disclosed retrospectively noting that the targets for future years are not disclosed as they are commercially sensitive.</p>												

**REMUNERATION REPORT – AUDITED (CONTINUED)**

**FY25 Executive KMP Remuneration Structure and Outcomes (continued)**

Feature	Description		
Performance Objectives (Group or Business Unit, as applicable):	<u>Measure</u>	<u>Rationale</u>	<u>Measurement</u>
	Revenue	Financial metric focussed on growth	Revenue growth
	Profitability	Financial metric that measures the performance of the business	Group EBIT Segment profit
	Cash flow	Financial metric focussed on cash generation	Operating and investing cashflows
	Order book	Financial metric that provides a lead indicator of future performance	Contracted orders received from customers
	Sustainability and Safety	Codan is committed to providing a safe work environment and operating in a sustainable manner	Measures include performance against agreed operational objectives
Individual Performance Objectives:	Each Executive KMP agreed to an individual scorecard of performance objectives at the start of FY25 against which their performance has been assessed. Individual performance objectives are selected from the above list, tailored to the specific responsibilities of the role. The weighting of financial performance objectives (which includes growth in revenue, profitability, cash flow and order book) for each Executive KMP was at least 80% of their STI for FY25.		
Threshold, Target and Maximum Performance Objectives:	For each of the financial performance objectives the Board has set a minimum performance threshold (usually between 80% and 90% of target levels), an on-target performance level (predominantly being the year's business plan) and a maximum level (typically greater than or equal to 110% of the target performance level).		
Percentage of STI depends on Actual Performance	<u>Performance against STI objectives</u>	<u>Percentage of STI Paid</u>	
	Less than Threshold	0%	
	Equal to Threshold	50%	
	More than Threshold, less than Target	Pro-rated vesting from 50% to 100%	
	Target	100%	
	More than Target, less than Maximum	Pro-rated vesting from 100% to 200%	
	Maximum	200%	
	The above percentages are calculated against the Target STI amount which is 25% of fixed pay for the CEO and 50% of fixed pay for Other Executive KMP. Whilst the overall STI outcome is capped at 2x on-target, individual metrics are capped at 2.5x on-target.		

**FY25 Short Term Incentive Targets and Outcomes**

Codan achieved strong financial performance in FY25. Revenues increased from \$550 million to \$674 million (growth of 22%), EBIT increased 28% to \$146 million and Net Profit after Tax increased from \$81 million to \$104 million (growth of 27%). Strong growth was achieved by both the Communications and Metal Detection businesses. A leading indicator of growth is the customer order book for our Communications business which increased from \$197 million to \$253 million (growth of 28%). Our cash generation was strong at \$146.6 million versus last year of \$106.5 million. Operationally, we have continued to progress our ESG initiatives and have provided a safe work environment for our staff. Overall, the STI outcome for our Executive KMP is aligned with Codan's financial and operational performance for FY25. The CEO has elected to take 100% of his FY25 STI in equity.

**REMUNERATION REPORT – AUDITED (CONTINUED)**

**FY25 Executive KMP Remuneration Structure and Outcomes (continued)**

The FY25 STI performance measures for our Executive KMP are disclosed below:

<b><u>CEO &amp; CFO</u></b>	<b>Weighting</b>	<b>Target</b>	<b>Actual Result</b>	<b>Performance</b>	<b>STI Outcome</b>
<b>Group EBIT</b>	70%	\$134 million	\$145 million	Achieved	184%
<b>Cash Generation</b>	20%	\$51 million	\$81 million	Achieved	235%
<b>Environmental, Social, Governance and Safety</b>	10%	Safety metrics and ESG objectives	All metrics were achieved	Achieved	100%
	<b>100%</b>				<b>186%</b>
<p>Group EBIT is measured after the impact of finance charges on lease liabilities and before the impact of FY25 acquisitions and unbudgeted integration costs and acquisition pursuit expenses. Codan's group EBIT on this basis increased from \$108 million in FY24 to \$145 million in FY25 an increase of 34%. The financial results of the Kägwerks acquisition from December 2024 and unbudgeted acquisition and integration costs incurred in FY25 were removed from both the target and the actual to determine the outcome of this profitability measure for STI purposes. Cash generation for the Codan group is measured by considering operating and investing activities (excluding acquisitions of subsidiaries) which increased from \$51 million in FY24 to \$81 million in FY25 an increase of 59% over the pcp. The Environmental, Social, Governance and Safety objective related to determining our carbon footprint, identifying and delivering environmental improvements and maintaining a safe work environment for our employees, implementing a group-wide safety management system and experiencing no major injuries.</p>					

<b><u>Communications</u></b>	<b>Weighting</b>	<b>Target</b>	<b>Actual Result</b>	<b>Performance</b>	<b>STI Outcome</b>
<b>Sales</b>	20%	\$371 million	\$413 million	Achieved	214%
<b>Segment Result</b>	32.5%	\$100 million	\$108 million	Achieved	185%
<b>Cash Generation</b>	7.5%	\$58 million	\$60 million	Achieved	132%
<b>Order Book</b>	7.5%	\$224 million	\$253 million	Achieved	195%
<b>Acquisitions</b>	12.5%	\$22 million	\$24 million	Achieved	133%
<b>Group EBIT</b>	20%	\$134 million	\$145 million	Achieved	184%
	<b>100%</b>				<b>181%</b>
<p>The actual results for the above balanced scorecard metrics (other than Group EBIT) are for the Communications segment as a whole inclusive of FY25 acquisitions. The STI performance measures for our Executive KMP are specific to the business performance for the portion of the business that they lead and the financial targets for the Communications business are set and measured in United States dollars. Therefore, the STI outcomes for each Executive KMP may vary to the above disclosed results. The Communications business delivered a strong result in FY25 with sales growth of 26%, profit growth of 34%, cash generation growth of 76% and order book growth of 28% versus FY24. The acquisitions metric related to the FY25 profitability of the acquisitions made in the FY24 and FY25 years.</p>					



## REMUNERATION REPORT – AUDITED (CONTINUED)

### FY25 Executive KMP Remuneration Structure and Outcomes (continued)

<u>Metal Detection</u>	Weighting	Target	Actual Result	Performance	STI Outcome
<b>Sales</b>	30%	\$238 million	\$255 million	Achieved	175%
<b>Segment Result</b>	35%	\$89 million	\$98 million	Achieved	203%
<b>Cash Generation</b>	15%	\$73 million	\$91 million	Achieved	250%
<b>Group EBIT</b>	20%	\$134 million	\$145 million	Achieved	184%
	<b>100%</b>				<b>198%</b>
The metal detection segment delivered a strong result in FY25 with sales growth of 16%, profit growth of 26% and excellent cash generation.					

The following table provides the FY25 STI outcomes for Executive KMP:

<b>KMP</b>	<b>STI at Target</b> \$	<b>STI at Maximum</b> \$	<b>STI Achieved</b> \$	<b>STI as a % of Maximum</b>	<b>STI % Not Achieved</b>
A Ianniello	254,290	508,581	473,946	93%	7%
M Barton	216,125	432,250	402,814	93%	7%
B Harvey	310,898	621,797	615,486	99%	1%
S French	328,015	656,031	308,236	47%	53%
P Sangster	328,015	656,031	610,010	93%	7%

All STI payments to Executive KMP are subject to Board discretion so the above STI outcomes can vary to the results of the disclosed STI performance measures. In FY25 the Board has not exercised any discretion to increase or decrease the quantum of the STI outcomes.

### FY25 Long Term Incentive

The LTI incentive structure is focussed on long term performance being delivered for shareholders with reference to growth in EPS and RTSR metric, measured over a three-year period and is designed to motivate superior performance and to retain Executive KMP. The key change to the LTI structure for FY25 versus the prior year relate to the addition of a Superior Performance Incentive Rights (SPIR) grant to Executive KMP, explained below.



**REMUNERATION REPORT – AUDITED (CONTINUED)**

**FY25 Executive KMP Remuneration Structure and Outcomes (continued)**

The framework for the FY25 LTI plan, is as follows:

Feature	Description												
Purpose:	<p>The purpose of the LTI plan is to focus the CEO and other Executive KMP on the creation of sustainable long term shareholder value. It rewards executives for delivering long term earnings performance above a minimum target and for creating value for shareholders with shareholder returns at above the 50<sup>th</sup> percentile of a selected peer group of ASX listed companies.</p> <p>It encourages Executive KMP to remain employed by Codan and aligns their interests with those of shareholders.</p>												
Face value (excluding SPIR):	<p><u>Threshold</u></p> <table> <tr> <td>CEO</td><td>50% of fixed pay</td></tr> <tr> <td>Other Executive KMP</td><td>25% of fixed pay</td></tr> </table> <p><u>Target</u></p> <table> <tr> <td>CEO</td><td>75% of fixed pay</td></tr> <tr> <td>Other Executive KMP</td><td>37.5% of fixed pay</td></tr> </table> <p><u>Maximum</u></p> <table> <tr> <td>CEO</td><td>100% of fixed pay</td></tr> <tr> <td>Other Executive KMP</td><td>50% of fixed pay</td></tr> </table> <p>This represents the face value of the equity should performance targets be achieved. The value ultimately received by Executive KMP will depend on the Codan share price at the time of vesting.</p> <p>The CEO has a higher LTI incentive, relative to other Executive KMP, to increase alignment of his long-term, equity-based financial reward with shareholders.</p>	CEO	50% of fixed pay	Other Executive KMP	25% of fixed pay	CEO	75% of fixed pay	Other Executive KMP	37.5% of fixed pay	CEO	100% of fixed pay	Other Executive KMP	50% of fixed pay
CEO	50% of fixed pay												
Other Executive KMP	25% of fixed pay												
CEO	75% of fixed pay												
Other Executive KMP	37.5% of fixed pay												
CEO	100% of fixed pay												
Other Executive KMP	50% of fixed pay												
Eligibility:	<p>All Executive KMP are eligible to participate in the LTI plan. To be eligible for a grant of performance rights they must have been employed at the beginning of the performance period i.e. 1 July before the grant of that year's performance rights. The Board may exercise discretion for executives employed after 1 July in a year and may consider issuing performance rights on a pro rata basis.</p>												
Instrument:	Performance rights												
Performance period:	3 years, ending 30 June 2027												
Number of performance rights:	<p>The number of rights granted is determined by dividing the relevant LTI percentage of the Executive KMP's fixed salary as of 1 July 2024 by the volume weighted average of the Company's share price in the five days after the release of the Codan group's annual results for FY24 which was \$14.99.</p>												
Summary of performance conditions:	<p>The LTI will be assessed against two independent performance metrics being EPS growth and RTSR.</p> <p><b>EPS growth performance hurdle: 67% weighting</b></p> <p>An EPS growth metric provides a clear line of sight between executive performance and Codan's financial performance over the long term. It is also well understood by the Codan executive team and our shareholders. The Board may adjust the underlying NPAT used to measure performance against the LTI plan where it deems it appropriate to do so, for example as a result of major transactions, such as an acquisition or divestment, or other significant one-off type items.</p>												

**REMUNERATION REPORT – AUDITED (CONTINUED)**

**FY25 Executive KMP Remuneration Structure and Outcomes (continued)**

Feature	Description																																				
Summary of performance conditions	<p>To measure EPS, the Codan Group NPAT is divided by the weighted average number of Codan ordinary shares on issue during the financial year. To measure growth in EPS, the EPS in the financial year immediately preceding the grant (FY24) is compared with the EPS achieved in the measurement year, being Year 3 (FY27). To set the FY27 target the Board has used the EPS performance for FY24 of 45.0 cents per share.</p> <p>Performance rights vest if the EPS achieved in the measurement year exceeds a threshold with all rights vesting if a maximum EPS is achieved. The threshold, target and maximum EPS were calculated by applying a compounding annual growth rate between 8% and 13% to the baseline EPS.</p> <p>This is represented in the below table:</p> <table><tr><th></th><th>Threshold</th><th>Target</th><th>Maximum</th></tr><tr><td>Base EPS (FY24) (cents)</td><td>45.0</td><td>45.0</td><td>45.0</td></tr><tr><td>Compound annual growth rate</td><td>8%</td><td>10.5%</td><td>13%</td></tr><tr><td>FY27 (measurement year) (cents)</td><td>56.7</td><td>60.7</td><td>64.9</td></tr></table> <p>The vesting schedule of the rights subject to the EPS growth hurdle is as follows:</p> <table><tr><th><u>EPS annual compounding growth</u></th><th><u>Percentage of rights vested</u></th></tr><tr><td>Less than Threshold</td><td>0%</td></tr><tr><td>Threshold</td><td>50% of maximum</td></tr><tr><td>More than Threshold less than Maximum</td><td>Pro-rated from 50% to 100%</td></tr><tr><td>At or greater than Maximum</td><td>100% of maximum</td></tr></table> <p>The Board retains full discretion to determine, amend and calculate the vesting outcomes.</p> <p><b>RTSR performance hurdle: 33% weighting</b></p> <p>This RTSR measure represents the relative change in the value of Codan's share price over a period including reinvested dividends, compared to the constituents of a peer group. The change is expressed as a percentage on the opening value of the shares and then ranked as a percentile compared to the peer group. The Board has chosen a RTSR measure as it provides an appropriate comparative measure of shareholder return, reflecting an investor's choice to invest in Codan versus another peer group entity. Executive KMP will only derive value from the RTSR component of the LTI plan if Codan's RTSR performance is at least at the 50<sup>th</sup> percentile of companies in the peer comparison group measured over the three-year period.</p> <p>The vesting schedule of the rights subject to the RTSR hurdle is as follows:</p> <table><tr><th><u>RTSR</u></th><th><u>Percentage of rights vesting</u></th></tr><tr><td>Less than 50% Threshold percentile</td><td>0%</td></tr><tr><td>Threshold is achieved at the 50th percentile</td><td>50% of maximum</td></tr><tr><td>More than Threshold less than 75% Maximum percentile</td><td>Pro-rated from 50% to 100%</td></tr><tr><td>Maximum is achieved at the 75th percentile</td><td>100% of maximum</td></tr></table> <p>For the FY25 rights grant the peer group of companies is companies listed on the ASX within 50% and 200% of Codan's 12-month average market capitalisation as at 30 June 2024, with industry exclusions being any companies in the peer group from the Materials, Finance and Energy GICS sectors.</p> <p>The Board may adjust the peer group constituents to take account of events that happen during the performance period, for example, the impact of corporate activity such as takeovers, mergers or de-listings. The Board retains full discretion to determine, amend and calculate the vesting outcomes.</p>		Threshold	Target	Maximum	Base EPS (FY24) (cents)	45.0	45.0	45.0	Compound annual growth rate	8%	10.5%	13%	FY27 (measurement year) (cents)	56.7	60.7	64.9	<u>EPS annual compounding growth</u>	<u>Percentage of rights vested</u>	Less than Threshold	0%	Threshold	50% of maximum	More than Threshold less than Maximum	Pro-rated from 50% to 100%	At or greater than Maximum	100% of maximum	<u>RTSR</u>	<u>Percentage of rights vesting</u>	Less than 50% Threshold percentile	0%	Threshold is achieved at the 50th percentile	50% of maximum	More than Threshold less than 75% Maximum percentile	Pro-rated from 50% to 100%	Maximum is achieved at the 75th percentile	100% of maximum
		Threshold	Target	Maximum																																	
	Base EPS (FY24) (cents)	45.0	45.0	45.0																																	
	Compound annual growth rate	8%	10.5%	13%																																	
	FY27 (measurement year) (cents)	56.7	60.7	64.9																																	
	<u>EPS annual compounding growth</u>	<u>Percentage of rights vested</u>																																			
	Less than Threshold	0%																																			
	Threshold	50% of maximum																																			
	More than Threshold less than Maximum	Pro-rated from 50% to 100%																																			
	At or greater than Maximum	100% of maximum																																			
<u>RTSR</u>	<u>Percentage of rights vesting</u>																																				
Less than 50% Threshold percentile	0%																																				
Threshold is achieved at the 50th percentile	50% of maximum																																				
More than Threshold less than 75% Maximum percentile	Pro-rated from 50% to 100%																																				
Maximum is achieved at the 75th percentile	100% of maximum																																				

**REMUNERATION REPORT – AUDITED (CONTINUED)**

**FY25 Executive KMP Remuneration Structure and Outcomes (continued)**

Feature	Description																						
Superior Performance Incentive Rights:	<p>The Superior Performance Incentive Rights (SPIR) issued to Executive KMP are an additional award of rights to incentivise Executive KMP to deliver superior financial performance for Codan shareholders above the 13% EPS CAGR noted above.</p> <p>The structure of the SPIR is that for every +1% EPS CAGR at and above 14% over the three-year measurement period Executive KMP will be granted one eighth of the SPIR value, up to a maximum equal to the Executive KMP’s fixed salary for the achievement of 21% EPS CAGR. The maximum SPIR value for each Executive KMP equals that Executive KMP’s fixed salary for FY25.</p> <p>This is represented in the table below:</p> <table><tr><th></th><th>Threshold</th><th>Maximum</th></tr><tr><td>Base EPS (FY24) (cents)</td><td>45.0</td><td>45.0</td></tr><tr><td>Compound annual growth rate</td><td>14%</td><td>21%</td></tr><tr><td>FY27 (measurement year) (cents)</td><td>66.7</td><td>79.7</td></tr></table> <p>The vesting schedule of the SPIR subject to these EPS growth hurdles is as follows:</p> <table><tr><td><u>EPS annual compounding growth</u></td><td><u>Percentage of rights vested</u></td></tr><tr><td>Less than 14%</td><td>0%</td></tr><tr><td>At 14%</td><td>12.5% of maximum</td></tr><tr><td>More than 14% less than 21%</td><td>Pro-rated from 12.5% to 100%</td></tr><tr><td>At or greater than 21%</td><td>100% of maximum</td></tr></table> <p>The Board retains full discretion to determine, amend and calculate the vesting outcomes for the SPIR.</p> <p>The other terms and conditions for the SPIR are consistent with those set out in the table for the FY25 LTI plan.</p>		Threshold	Maximum	Base EPS (FY24) (cents)	45.0	45.0	Compound annual growth rate	14%	21%	FY27 (measurement year) (cents)	66.7	79.7	<u>EPS annual compounding growth</u>	<u>Percentage of rights vested</u>	Less than 14%	0%	At 14%	12.5% of maximum	More than 14% less than 21%	Pro-rated from 12.5% to 100%	At or greater than 21%	100% of maximum
	Threshold	Maximum																					
Base EPS (FY24) (cents)	45.0	45.0																					
Compound annual growth rate	14%	21%																					
FY27 (measurement year) (cents)	66.7	79.7																					
<u>EPS annual compounding growth</u>	<u>Percentage of rights vested</u>																						
Less than 14%	0%																						
At 14%	12.5% of maximum																						
More than 14% less than 21%	Pro-rated from 12.5% to 100%																						
At or greater than 21%	100% of maximum																						
Conversion to shares:	<p>If vested, each performance right is exercisable into one ordinary share in the Company, at nil exercise price, and the Executive KMP has a twelve-month period following vesting to do this. Shares allocated to Executive KMP upon exercise of the performance rights rank equally with all other ordinary shares on issue. Where the shares are subject to further restrictions, they cannot be sold before the restriction period ends. They may still be forfeited in certain circumstances.</p>																						
Restriction periods:	<p>Of the shares granted to Executive KMP, 90% remain restricted for a further two years after vesting whereby Executive KMP are prohibited from trading the shares. This two-year restriction period does not apply to our overseas based Executive KMP due to local taxation regulations.</p> <p>The remaining 10% of shares are subject to a “good leaver” clause such that they remain at risk of forfeiture at the Board’s discretion until twelve months after the Executive KMP leaves the employment of Codan.</p>																						
Leaver provisions:	<p>Performance rights vest subject to Board approval and the Executive KMP remaining an employee of the Group on the vesting date. In certain circumstances the Board may exercise discretion and allow a good leaver to retain their unvested performance rights in whole or part. If the Board does exercise this discretion the Board will determine the conditions and timing of when that vesting may occur. The Board generally would only exercise this discretion in circumstances such as permanent disability, retirement and redundancy, consistent with the notion of a good leaver.</p>																						

## REMUNERATION REPORT – AUDITED (CONTINUED)

### FY25 Executive KMP Remuneration Structure and Outcomes (continued)

Feature	Description
Clawback provisions:	<p>Any performance rights on issue to an Executive KMP will lapse immediately on termination of the executive from the employment of Codan for reasons of misconduct.</p> <p>Any shares issued to an Executive KMP under the LTI plan remain at risk of forfeiture while they remain restricted. Forfeiture of the shares will occur if the Executive KMP:</p> <ul style="list-style-type: none"> <li>• Perpetrates fraud,</li> <li>• Acts dishonestly,</li> <li>• Commits a breach of the executive's obligations to Codan,</li> <li>• Provides services to a competitor of Codan,</li> <li>• Engages in activity that in the opinion of the Board is detrimental to Codan.</li> </ul>
Other equity provisions:	<p>Performance rights issued to Executive KMP carry:</p> <ul style="list-style-type: none"> <li>• no voting or dividend entitlements,</li> <li>• no entitlement to participate in new share issues other than bonus issues (when the Board may adjust the number of rights in accordance with ASX Listing Rules to make sure that there is no advantage or disadvantage to the executive),</li> <li>• no automatic entitlement to shares in the event of a change in control event for Codan, with the Board to exercise discretion in these circumstances.</li> </ul>

### Non-Executive Directors Fee Structure

Total remuneration for all non-executive directors, last voted upon by shareholders at the 2024 AGM, is not to exceed \$1,200,000 per annum. Non-executive directors do not receive any performance-related remuneration, nor are they issued options on securities. Directors' fees cover all main board activities and membership of board committees.

Details of each NED's total remuneration package (including superannuation) for the FY25 year, following an external benchmarking exercise completed during 1H FY25, are set out below. These FY25 fees are inclusive of Committee chair and Committee member roles for each director.

Director	FY25 Fees (inclusive of superannuation)
Graeme Barclay (Chair)	\$250,000
Kathryn Gramp	\$165,000
Sarah Adam-Gedge	\$140,000
Heith Mackay-Cruise	\$140,000

### Service contracts

It is the group's policy that service contracts for Executive KMP are unlimited in term but capable of termination on three to six months' notice, and that the group retains the right to terminate the contract immediately by making payment in lieu of notice. The group has entered a service contract with each Executive KMP.

Executive KMP are also entitled to receive on termination of employment their statutory entitlements of accrued annual and long service leave with the Board to exercise discretion regarding any entitlement to variable components of their remuneration.

## DIRECTORS' REPORT

Codan Limited and its Controlled Entities

### REMUNERATION REPORT – AUDITED (CONTINUED)

#### Other transactions with key management personnel

There have been no loans to key management personnel or their related parties during the financial year.

From time to time, directors and Executive KMP, or their personally related entities, may purchase goods from the group. These purchases occur within a normal employee relationship and are trivial in nature.

#### Director share ownership

The Directors' Shareholding Policy requires directors to build a minimum shareholding in the Company. For non-executive directors, this minimum shareholding should equate to their annual director fee and for executive directors their annual fixed remuneration. Under the policy, directors have five years to reach the minimum holding. All directors are in compliance with the policy.

#### Remuneration Tables (Statutory Disclosures)

##### Corporate performance

As required by the *Corporations Act 2001*, the following information is presented:

	2025	2024	2023	2022	2021
Revenue (\$000)	<b>\$674,226</b>	\$550,459	\$456,468	\$506,145	\$437,049
Earnings before interest and taxes (\$000)	<b>\$145,972</b>	\$113,927	\$87,964	\$137,402	\$139,802
Profit attributable to shareholders (\$000)	<b>\$103,493</b>	\$81,387	\$67,774	\$100,736	\$90,351
Dividends paid (\$000)	<b>\$44,483</b>	\$36,263	\$43,480	\$53,361	\$38,809
Share price at 30 June	<b>\$20.11</b>	\$12.03	\$8.03	\$6.96	\$18.03
Increase(Decrease) in share price at 30 June	<b>\$8.08</b>	\$4.00	\$1.07	(\$11.07)	\$10.94
Earnings per share, fully diluted	<b>56.8c</b>	44.8c	37.4c	55.6c	49.8c

## DIRECTORS' REPORT

Codan Limited and its Controlled Entities

### REMUNERATION REPORT – AUDITED (CONTINUED)

#### Remuneration Tables (Statutory Disclosures) (continued)

##### Directors' and Executive KMP remuneration

Details of the nature and amount of each major element of the remuneration paid or payable to each director of the Company and other key management personnel of the group are:

Directors	Year	Salary and Fees*	Short-term incentives	Other short-term	Post-employment and superannuation contributions	Other long-term	Termination benefits	Performance rights	Total	Proportion of remuneration performance related
		\$	\$	\$	\$	\$	\$	\$	\$	%
<b>NON-EXECUTIVE</b>										
Mr G Barclay	2025	224,215	-	-	25,785	-	-	-	250,000	-
	2024	192,280	-	-	21,151	-	-	-	213,431	-
Ms K Gramp	2025	147,982	-	-	17,018	-	-	-	165,000	-
	2024	104,880	-	-	11,537	-	-	-	116,417	-
Ms S Adam-Gedge	2025	125,561	-	-	14,439	-	-	-	140,000	-
	2024	96,141	-	-	10,575	-	-	-	106,716	-
Mr H Mackay-Cruise	2025	125,561	-	-	14,439	-	-	-	140,000	-
	2024	96,141	-	-	10,575	-	-	-	106,716	-
<b>Total non-executives' remuneration</b>	2025	623,319	-	-	71,681	-	-	-	695,000	-
	2024	489,442	-	-	53,838	-	-	-	543,280	-
<b>EXECUTIVE DIRECTOR</b>										
Mr A Ianniello	2025	1,017,616	473,946	-	28,750	24,960	-	627,354	2,172,626	50.7
	2024	973,242	341,222	-	27,500	24,791	-	126,083	1,492,838	31.3
<b>Total directors' remuneration</b>	2025	1,640,935	476,946	-	100,431	24,960	-	627,354	2,867,626	
	2024	1,462,684	341,222	-	81,338	24,791	-	126,083	2,036,118	

\* Salary and fees includes the salary sacrificed amounts to participate in the non-executive director share rights plan.

## DIRECTORS' REPORT

Codan Limited and its Controlled Entities

### REMUNERATION REPORT - AUDITED (CONTINUED)

#### Remuneration Tables (Statutory Disclosures) (continued)

Directors' and Executive KMP remuneration (continued)

Executive officers	Year	Salary and fees	Short-term incentives	Other short-term*	Post-employment and superannuation contributions	Other long-term	Termination benefits	Performance rights	Total	Proportion of remuneration performance related
		\$	\$	\$	\$	\$	\$	\$	\$	%
Mr M Barton (Chief Financial Officer and Company Secretary)	2025	391,663	402,814	-	28,750	17,876	-	68,317	909,420	51.8
	2024	370,229	227,905	-	27,500	24,362	-	38,529	688,525	38.7
Mr B Harvey** (Executive General Manager, Minelab)	2025	634,925	615,486	53,520	28,509	-	-	107,662	1,440,102	50.2
	2024	416,322	406,117	39,837	13,854	-	-	36,989	913,119	48.5
Mr S French (Executive General Manager, Zetron)	2025	665,572	308,236	39,716	17,063	-	-	334,092	1,364,679	47.1
	2024	632,356	360,499	30,740	21,313	-	-	296,165	1,341,073	49.0
Mr S Sangster (Executive General Manager, DTC)	2025	672,276	610,010	-	17,207	-	-	334,092	1,633,585	57.8
	2024	659,994	314,216	-	15,711	-	-	291,725	1,281,646	47.3
<b>Total Executive KMP remuneration</b>	2025	<b>2,364,436</b>	<b>1,936,546</b>	<b>93,236</b>	<b>91,529</b>	<b>17,876</b>	<b>-</b>	<b>844,163</b>	<b>5,347,786</b>	
	2024	<b>2,078,901</b>	<b>1,308,737</b>	<b>70,577</b>	<b>78,378</b>	<b>24,362</b>	<b>-</b>	<b>663,408</b>	<b>4,224,363</b>	

\* Other short-term benefits relate to costs incurred for arrangements made following the executives' relocation from an overseas country to the location of their employment with Codan.

\*\* Mr B Harvey was appointed to this role on 1 October 2023

## DIRECTORS' REPORT

Codan Limited and its Controlled Entities

### REMUNERATION REPORT - AUDITED (CONTINUED)

#### Remuneration Tables (Statutory Disclosures) (continued)

##### Directors' and Executive KMP remuneration (continued)

Executive KMP outside of Australia are paid in their local currencies. The Australian dollar equivalents are calculated using average exchange rates for the financial year.

The remuneration amounts disclosed above have been calculated based on the expense to the Company for the financial year. Therefore, items such as performance rights, annual leave and long service leave taken and provided for have been included in the calculations. As a result, the remuneration disclosed may not equal the salary package as agreed with the Executive KMP in any one year.

Other than performance rights, no options or shares were issued during the year as compensation for any key management personnel.

##### Movements in shares

The movement during the reporting period in the number of ordinary shares in Codan Limited, held directly, indirectly, or beneficially by each key management person, including their related parties, is as follows:

	Held at 1 July 2024	Exercised performance rights	Exercised Director share rights	Other changes *	Held at 30 June 2025
<b>Directors</b>					
Mr G Barclay	123,752	-	2,392	-	126,144
Mr A Ianniello	41,120	16,305	-	44,971	102,396
Ms K Gramp	28,000	-	3,290	-	31,290
Ms S Adam-Gedge	13,000	-	5,583	-	18,583
Mr H Mackay-Cruise	19,500	-	4,187	-	23,687
<b>Executive KMP</b>					
Mr M Barton	132,130	10,124	-	(24,982)	117,272
Mr B Harvey	1,389	3,499	-	23,612	28,500
Mr S French	60,484	12,688	-	23,755	96,927
Mr S Sangster	103,268	12,126	-	6,554	121,948

\* Other changes represent shares that were purchased, sold or issued in relation to the equity component of the FY24 STI plan during the year.

##### Non-executive Director share rights

As approved at the 2024 AGM the Company has established a share rights plan to allow non-executive directors to sacrifice a percentage of their director fees into rights. This plan was established to assist non-executive directors to build their share ownership in the Company.

Under this plan non-executive directors may elect to sacrifice between 20% - 100% of their pre-tax annual director fee. In return they receive share rights which become exercisable into fully paid ordinary shares. The value per share right was \$14.99 in FY25 which was the volume weighted average of the Company's share price in the 5 days after the release of the annual results for FY24.



## DIRECTORS' REPORT

Codan Limited and its Controlled Entities

### REMUNERATION REPORT - AUDITED (CONTINUED)

#### Remuneration Tables (Statutory Disclosures) (continued)

The movement in non-executive director share rights in the year ended 30 June 2025 was as follows:

	Held at 1 July 2024	Issued share rights	Exercised share rights	Other changes *	Held at 30 June 2025
<b>Directors</b>					
Mr G Barclay	-	2,392	(2,392)	-	-
Ms K Gramp	-	3,290	(3,290)	-	-
Ms S Adam-Gedge	-	5,583	(5,583)	-	-
Mr H Mackay-Cruise	-	4,187	(4,187)	-	-

#### Performance rights issued

Details of performance rights granted to Executive KMP during the year are as follows:

	Number of performance rights granted during year	Grant date	Average fair value per right at grant date (\$)	Exercise price per right (\$)	Vesting date	Number of rights vested during year
<b>DIRECTORS</b>						
Mr A Ianniello	134,385	8 November 2024	12.13	-	30 June 2027	-
<b>EXECUTIVE KMP</b>						
Mr M Barton	43,248	23 June 2025	16.30	-	30 June 2027	-
Mr B Harvey	63,767	23 June 2025	18.49	-	30 June 2027	-
Mr S A French	67,277	23 June 2025	18.49	-	30 June 2027	-
Mr S P Sangster	67,277	23 June 2025	18.49	-	30 June 2027	-

Details of vesting profiles of performance rights granted to Executive KMP as at 30 June 2025 are detailed below:

	Performance rights granted		Percentage vested in year	Percentage forfeited in year	Financial years in which shares will be issued if vesting achieved
	Number	Date			
<b>DIRECTOR</b>					
Mr A Ianniello	16,305	25 November 2022	100	0	2025
	40,714	25 November 2022	-	-	2026
	99,809	25 October 2023	-	-	2027
	134,385	8 November 2024	-	-	2028
<b>EXECUTIVE KMP</b>					
Mr M Barton	10,124	6 December 2021	100	0	2025
	25,899	17 February 2023	-	-	2026
	25,391	25 January 2024	-	-	2027
	43,248	23 June 2025	-	-	2028
Mr B Harvey	3,499	6 December 2021	100	0	2025
	8,285	17 February 2023	-	-	2026
	35,579	25 January 2024	-	-	2027
	63,767	23 June 2025	-	-	2028
Mr S French	12,688	6 December 2021	100	0	2025
	116,254	17 February 2023	-	-	2026
	37,500	17 February 2023	-	-	2028
	40,089	25 January 2024	-	-	2027
Mr S Sangster	67,277	23 June 2025	-	-	2028
	12,126	6 December 2021	100	0	2025
	119,426	17 February 2023	-	-	2026
	37,500	17 February 2023	-	-	2028
	40,089	25 January 2024	-	-	2027
	67,277	23 June 2025	-	-	2028

## **REMUNERATION REPORT - AUDITED (CONTINUED)**

### **Remuneration Tables (Statutory Disclosures) (continued)**

#### Performance rights issued in financial year 2025

The Company issued 134,385 performance rights in relation to the FY25 LTI plan to the Chief Executive Officer. For the EPS growth performance hurdle, the fair value of the rights was on average \$13.12, based on the Black-Scholes formula. The model inputs were the share price of \$15.80, no exercise price, expected volatility 45.1%, dividend yield 1.3%, a term of three years and a risk-free rate of 4.3%. For the RTSR performance hurdle, the fair value of the rights was on average \$10.13, based on the Monte Carlo simulation method. The model inputs were the share price of \$15.80, expected volatility 45.1%, dividend yield 1.3%, a risk-free rate of 4.3%, performance period of 3 years ending 30 June 2027, volatility for each peer, historical returns for each peer and vesting schedule applicable to the Chief Executive Officer.

The Company issued 241,569 performance rights in June 2025 to other Executive KMP. For the EPS growth performance hurdle, the fair value of the rights was on average \$18.85, based on the Black-Scholes Formula. The model inputs were the share price of \$20.10, no exercise price, expected volatility 38.9%, dividend yield 1.1%, a term of three years and a risk-free rate of 4.2%. For the RTSR performance hurdle, the fair value of the rights was on average \$16.57, based on the Monte Carlo simulation method. The model inputs were the share price of \$20.10, expected volatility 38.9%, dividend yield 1.1%, a risk-free rate of 4.2%, performance period of 3 years ending 30 June 2027, volatility for each peer, historical returns for each peer and vesting schedule applicable to other Executive KMP.

The performance rights become exercisable if certain performance targets are achieved. These performance targets, explained more fully earlier in the report, relate to growth of the group's earnings per share and a Relative Total Shareholder Return metric. These are measured over a three-year performance period.

#### Performance rights issued in financial year 2024

The Company issued 99,809 performance rights in relation to the FY24 LTI plan to the Chief Executive Officer. For the EPS growth performance hurdle, the fair value of the rights was on average \$6.74, based on the Black-Scholes formula. The model inputs were the share price of \$8.13, no exercise price, expected volatility 49.5%, dividend yield 2.28%, a term of three years and a risk-free rate of 4.63%. For the RTSR performance hurdle, the fair value of the rights was on average \$4.88, based on the Monte Carlo simulation method. The model inputs were the share price of \$8.13, expected volatility 49.5%, dividend yield 2.28%, a risk-free rate of 4.63%, performance period of 3 years ending 30 June 2026, volatility for each peer, historical returns for each peer and vesting schedule applicable to the Chief Executive Officer.

The Company issued 141,148 performance rights in February 2024 to other Executive KMP. For the EPS growth performance hurdle, the fair value of the rights was on average \$7.25, based on the Black-Scholes Formula. The model inputs were the share price of \$7.95, no exercise price, expected volatility 48.1%, dividend yield 2.33%, a term of three years and a risk-free rate of 4.54%. For the RTSR performance hurdle, the fair value of the rights was on average \$4.43, based on the Monte Carlo simulation method. The model inputs were the share price of \$7.95, expected volatility 48.1%, dividend yield 2.33%, a risk-free rate of 4.15%, performance period of 3 years ending 30 June 2026, volatility for each peer, historical returns for each peer and vesting schedule applicable to other Executive KMP.

The performance rights become exercisable if certain performance targets are achieved. These performance targets, explained more fully earlier in the report, relate to growth of the group's earnings per share and a Relative Total Shareholder Return metric. These are measured over a three-year performance period.

#### Performance rights issued in financial year 2023

The Company issued 40,714 performance rights in relation to the FY23 long term incentive plan and 16,305 performance rights in relation to the FY22 plan in November 2022 to the Chief Executive Officer. The FY22 issue was a pro rata issue given the Chief Executive Officer commenced employment part way through that year. The fair value of the rights was on average \$3.24, based on the Black-Scholes formula. The model inputs were the share price of \$3.98, no exercise price, expected volatility 53%, dividend yield 7.04%, a term of three years for the FY23 issue and a term of two years for the FY22 issue and a risk-free rate of 3.6%. The Company issued 367,075 performance rights in February 2023 to other Executive KMP. The fair value of the rights was on average \$4.62, based on the Black-Scholes Formula. The model inputs were the share price of \$5.48, no exercise price, expected volatility 53%, dividend yield 5.11%, a term of three years and a risk-free rate of 3.6%.

## DIRECTORS' REPORT

Codan Limited and its Controlled Entities

### REMUNERATION REPORT - AUDITED (CONTINUED)

#### Remuneration Tables (Statutory Disclosures) (continued)

The FY23 LTI plan performance rights that were based on the financial performance of Codan Limited did not vest following the end of the three-year performance period on 30 June 2025 as the aggregate EPS achieved over the performance period was 139.6 cents, which is below the threshold of 150.6 cents target required for any vesting of performance rights to shares. This will be shown in the FY26 remuneration report.

The FY23 LTI plan included the issue of 125,000 performance rights to each Executive KMP who lead our Communications business (EGM of DTC and EGM of Zetron), in total 250,000 performance rights. Of these rights, 175,000 had financial performance measures specific to the Communications business for the three-year performance period ending on 30 June 2025 and 75,000 had service conditions. Over the three-year performance period applying to this grant, the Communications division has increased revenues by 71% from \$242 million in FY22 to \$413 million in FY25 and increased profitability by 116% from \$50 million to \$108 million. As a result, the performance condition to vesting of 175,000 share rights that were based on financial performance will fully vest in August 2025. This will be shown in the FY26 remuneration report. 75,000 share rights remain unvested subject to the service condition period ending in January 2027.

#### Movement in performance rights

The movements during the reporting period in the number of performance rights over ordinary shares in Codan Limited, held directly, indirectly or beneficially by each key management person, including their related parties, is as follows:

	Held at 1 July 2024	Issued	Exercised	Lapsed	Held at 30 June 2025
<b>DIRECTORS</b>					
Mr A Ianniello	156,828	134,385	16,305	-	274,908
<b>EXECUTIVE KMP</b>					
Mr M Barton	61,414	43,248	10,124	-	94,538
Mr B Harvey	47,363	63,767	3,499	-	107,631
Mr S French	206,531	67,277	12,688	-	261,120
Mr S Sangster	209,141	67,277	12,126	-	264,292

There are no performance rights that have vested as at 30 June 2025 that have not been exercised.

## DIRECTORS' REPORT

Codan Limited and its Controlled Entities

### OPERATING AND FINANCIAL REVIEW

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, security and military agencies, government departments, major corporates as well as individual consumers and small-scale miners.

#### FY25 Highlights:

- Group financial performance:
  - Group revenue of \$674.2 million, up 22% versus prior corresponding period ("pcp");
  - Earnings before interest and tax of \$146.0 million, up 28% versus pcp; and
  - Net profit after tax of \$103.5 million, up 27% versus pcp.
- Communications business performance:
  - Revenue of \$413.5 million, up 26% versus pcp;
  - Segment profit grew to \$107.9 million, up 34% versus pcp; and
  - Expanding orderbook of \$253 million, up 28% versus 30 June 2024.
- Metal detection business performance:
  - Revenue of \$254.8 million up 16% versus pcp; and
  - Segment profit of \$98.2 million, up 26% versus pcp.
- Net debt reduced to \$78.3 million at 30 June 2025, a reduction of \$45.8 million from \$124.1 million at 31 December 2024.
- Earnings per share of 57.1 cents, up 27% versus pcp.
- FY25 fully franked dividend of 28.5 cents, up 27% versus FY24 (interim 12.5 cents, final 16.0 cents).

FY25 was a year of strong performance for Codan, and we are pleased to report that we achieved significant growth across the Group. In an environment of ongoing global uncertainty, our teams executed on their plans with focus, delivering improved revenue, earnings and cash generation. These results are a testament to our strategy and our continued investment in innovation, capability and customer relationships. With our disciplined approach and a strengthened balance sheet, Codan is well positioned to pursue future opportunities from a position of confidence.

As we look ahead, we remain committed to building a stronger Codan - investing in innovation, broadening our capabilities, and delivering long-term value to our shareholders.

#### Dividend

The Company announced a final dividend of 16.0 cents per share, fully franked, bringing the full-year dividend to 28.5 cents. This dividend has a record date of 3 September 2025 and will be paid on 17 September 2025.

**DIRECTORS' REPORT**

Codan Limited and its Controlled Entities

**OPERATING AND FINANCIAL REVIEW (CONTINUED)****Financial performance and other matters**

	FY25		FY24	
	\$m	% of revenue	\$m	% of revenue
<b>Revenue</b>				
Communications	413.5	61.3%	326.9	59.4%
Metal Detection	254.8	37.9%	219.9	40.0%
Other	5.9	0.8%	3.7	0.6%
<b>Total revenue</b>	<b>674.2</b>	<b>100%</b>	550.5	100%
<b>Business performance</b>				
<b>EBITDA</b>	<b>183.7</b>	<b>27.2%</b>	147.0	26.7%
<b>EBIT</b>	<b>146.0</b>	<b>21.7%</b>	113.9	20.7%
Interest	(12.1)		(9.4)	
<b>Net profit before tax</b>	<b>133.9</b>	<b>19.9%</b>	104.5	19.0%
<b>Taxation</b>	<b>(30.4)</b>		(23.2)	
<b>Net profit after tax</b>	<b>103.5</b>	<b>15.3%</b>	81.3	14.8%
Statutory earnings per share, basic	<b>57.1 cents</b>		45.0 cents	
Ordinary dividend per share	<b>28.5 cents</b>		22.5 cents	

At a Group level, year-on-year revenue grew 22%, reflecting strong organic growth, supplemented by recently acquired Kägwerks. All key profitability metrics improved on FY24, with EBIT and NPAT increasing by 28% and 27% respectively. Notably, these profit metrics are after expensing approximately \$5 million (pre-tax) of non-recurring acquisition pursuit and due diligence costs, including the acquisition of Kägwerks and other opportunities that were meaningfully evaluated, but not pursued during the financial year, consistent with Codan's strategic objectives.

Net debt reduced \$45.8 million to \$78.3 million as at 30 June 2025, down from \$124.1 million at 31 December 2024. This reduction reflects strong second half cash generation and working capital management.

Subsequent to year-end, Codan has increased and extended its existing bank facility to \$250 million (from \$170 million), with a further \$150 million in accordion capacity available subject to bank approval. The facility now matures in September 2028. These facilities provide Codan with further financial flexibility to pursue future inorganic growth initiatives. The Company continues to assess acquisitions that enhance the quality and predictability of Group revenues, with a primary focus on opportunities in Communications markets that complement our technology, accelerate our product roadmaps, or extend our customer portfolio as well as providing longer-term earnings visibility.

**Communications (DTC & Zetron)**

Codan Communications designs and manufactures mission-critical communication solutions for global military, public safety and commercial applications. These solutions allow customers to save lives, enhance security and productivity, and support peacekeeping activities worldwide.

In FY25 Communications' revenue grew 26% to \$413.5 million, driven primarily by organic growth of 19%, well above the targeted 10 to 15% range. Revenue from defence customers now represents 38% of total Communications revenue, and this vertical is a key long-term target market. Communications' segment profit increased by 34% to \$107.9 million whilst segment profit margins (excluding Kägwerks) expanded to 27%, up from 25% in the prior corresponding period, reflecting operating leverage as the business continues to scale. The Company remains focused on achieving additional operating leverage, targeting a 30% segment profit margin in the Communications segment by the end of FY27, while continuing to invest in product development to support long-term growth.

Communications' orderbook grew to \$253 million as at 30 June 2025 (+28% versus 30 June 2024), providing a solid foundation heading into FY26.

## DIRECTORS' REPORT

Codan Limited and its Controlled Entities

### OPERATING AND FINANCIAL REVIEW (CONTINUED)

#### Financial performance and other matters (continued)

##### Communications (DTC & Zetron) (continued)

DTC, formerly Tactical Communications, delivered an exceptionally strong result in FY25, underpinned by growing global defence expenditure - particularly in unmanned systems - and continued momentum in law enforcement verticals. The business continues to benefit from its leading MESH radio technology and solutions, which offers robust, high-performance communications in harsh and contested environments. DTC's compact, lightweight and power-efficient solutions remain well-suited to mission-critical use cases where size, weight and power are critical to operational performance. This is particularly relevant in unmanned systems, where DTC delivered approximately \$100 million in revenue during FY25, more than doubling prior year's result. As global defence budgets increase, DTC's presence in the UK, US and Australia provides a strategic advantage in capturing long-term communications programs across North America, the Five Eyes alliance, and other NATO-aligned markets. We have a strong pipeline of opportunities, underpinning our continuing investment in the DTC communications platform.

In December 2024, Codan acquired Kägwerks, a U.S. based leader in operator-worn communications systems. Kägwerks provides lightweight, soldier-worn network DOCK that integrate multiple tactical technologies into a single, user-friendly platform. This acquisition has strengthened Codan's position in the global military communications market by expanding its presence in the U.S. defence ecosystem and providing access to the funded Nett Warrior Program of Record. In line with our acquisition expectations, Kägwerks delivered \$24 million in revenue in our 7 months of ownership in FY25. Initially, the timing of revenues will be dependent on the Nett Warrior program. Integration activities are focused on broadening the Kägwerks sales teams to enable expansion into DTC's broader customer base across North America and in particular international markets.

Zetron's EMEA and Asia Pacific business grew strongly in FY25, delivering growth within our targeted 10 to 15% range. Key highlights include a 10-year, \$14 million nationwide public safety contract in Australasia, alongside several smaller wins - such as ACOM adoption by a major UK airline and a CallTouch deployment on a key rail corridor linking London to South Wales. In the U.S. market, growth was adversely impacted by ongoing government reviews and delays in funding for government-funded agency opportunities, which moderated 2H performance and near-term momentum. Despite this, Zetron recently secured a 10-year, \$19 million contract with one of the largest utilities on the U.S. East Coast, servicing 3.3 million customers. The business continues its focus on innovation and customer-driven solutions, with ongoing R&D investment advancing command and control capabilities and product suite upgrades to deliver seamless, integrated user experiences.

In summary, Communications remains well-positioned for growth, supported by ongoing investment in business development and engineering capabilities.

##### Metal Detection (Minelab)

Minelab is the world leader in the handheld metal detection industry for recreational, gold prospecting, demining and military markets. Over the past 30 years Minelab has led the category in innovation and has driven metal detection performance to new levels of technological excellence.

Minelab achieved full-year revenue of \$254.8 million, an increase of 16% versus the prior corresponding period. Pleasingly, segment profit margin increased to 39%, up from 35%, driven by benefits of scale, supported by a revenue mix of higher margin products – particularly from a higher proportion of gold detector products sold.

Minelab Africa delivered a strong full-year performance, with revenue of approximately \$115 million, up both year-on-year and half-on-half by 64% and 54% respectively. This result reflects demand from across the region (excluding Sudan), underpinned by business development initiatives to grow our presence across new and existing markets. While Codan has not historically directly linked gold detector demand to movements in the gold price, the currently elevated gold price appears to be providing supportive demand conditions in key artisanal markets.

## **DIRECTORS' REPORT**

Codan Limited and its Controlled Entities

### **OPERATING AND FINANCIAL REVIEW (CONTINUED)**

#### **Financial performance and other matters (continued)**

##### **Metal Detection (Minelab) (continued)**

Minelab recently soft-launched Gold Monster 2000, a new gold detector retailing at approximately twice the price of the Gold Monster 1000. Positioned as a premium entry-level product, it will be released to customers in Q1 FY26 and is expected to contribute to growth in FY26.

Minelab's Rest of World (RoW) business maintained revenue versus the pcg, which we consider to be a good outcome in what remains quite challenging consumer conditions. This success reflects our focus on growing physical and e-commerce distribution channels and capitalising on Minelab's brand dominance in many markets. Minelab continues to invest in growing market share through the ongoing investment in its product roadmaps, new technology platforms, expansion of its retail footprint in the US and Europe, and enhancement of its e-commerce capabilities. These initiatives are expected to support future growth as four new products are scheduled for release in FY26.

The moderation of humanitarian aid by the U.S. Government Administration resulted in lower sales of Minelab's Countermine products in FY25. In response, the business is undergoing a strategic shift to re-position towards more military-based applications, for which there is a growing need.

#### **Summary**

The Group continues to deliver on the strategy of building a stronger Codan. Our strategic pillars of investing in intellectual property, product R&D, people and systems, expanding into new geographies and strengthening Codan's position in core markets, and disciplined capital allocation will continue to guide our focus in FY26. As part of this strategy, Codan actively evaluates acquisition opportunities for the Communications business that align with its technology platforms and strategic market priorities.

Looking ahead to FY26, the Communications business targets long-term sales growth of at least 10 to 15% per annum and, as demonstrated in FY24 and FY25, this target growth range can be exceeded. With approximately \$155 million of FY26 revenue already secured in the 30 June orderbook, the expectation of increased defence spending by governments, the ongoing growth in the unmanned systems market and the first full year of contribution from Kågwerks, our Communications business is well positioned to grow in the 15 to 20% range in FY26.

Minelab enters FY26 in a strong position, building on the momentum of excellent growth delivered in FY25. As the global leader in hand-held metal detection, Minelab continues to benefit from its market leadership, well-recognised brand, and global distribution footprint. FY26 is shaping up to be an exciting year with four new product releases scheduled across the recreational, gold, and countermine product ranges. These launches, combined with favourable macro conditions in key regions such as West Africa, position the business to capture further demand and deliver continued growth.

Codan is well positioned for sustained growth and, supported by current favourable market conditions for our defence related communications products and our gold detectors, we expect to continue to grow the revenue and profitability of our high-performing businesses and deliver long-term value to shareholders.

With a strong balance sheet and a disciplined approach to capital allocation, the Group remains well placed to execute on strategic acquisitions. The recently renewed \$250 million debt facility provides increased flexibility and funding capacity to support future inorganic growth initiatives.

## DIVIDENDS

Dividends paid or declared by the Company to members since the end of the previous financial year were:

	Cents per share	Total amount \$000	Franked	Date of payment
<b>DECLARED AND PAID DURING THE YEAR ENDED 30 JUNE 2025:</b>				
FY24 final	12.0	21,758	100%	18 September 2024
FY25 interim	12.5	22,725	100%	17 March 2025
<b>DECLARED AFTER THE END OF THE YEAR:</b>				
FY25 final	16.0	29,051	100%	17 September 2025

All dividends paid or declared by the Company since the end of the previous financial year were fully franked.

## EVENTS SUBSEQUENT TO REPORTING DATE

Except for the declaration of the FY25 final dividend detailed in note 5 and banking facilities renewal in note 9, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the group, the results of those operations, or the state of affairs of the group, in future financial years.

## LIKELY DEVELOPMENTS

The group will continue with its strategy of continuing to invest in new product development and to seek opportunities to further strengthen profitability by expanding into related businesses offering complementary products and technologies.

Further information about likely developments in the operations of the group and the expected results of those operations in future financial years has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the group.

## DIRECTORS' INTERESTS

The relevant interest of each director in the shares and performance rights over ordinary shares issued by the Company as notified by the directors to the Australian Securities Exchange in accordance with S205G(1) of the *Corporations Act 2001*, at the date of this report is as follows:

	Ordinary shares	Unvested Performance Rights
Mr A Ianniello	102,396	274,908
Mr G R C Barclay	126,144	-
Mr H Mackay-Cruise	23,687	-
Ms K J Gramp	31,290	-
Ms S Adam-Gedge	18,583	-



## DIRECTORS' REPORT

Codan Limited and its Controlled Entities

### INDEMNIFICATION AND INSURANCE OF OFFICERS

#### Indemnification

The Company has agreed to indemnify the current and former directors and officers of the Company and certain controlled entities against all liabilities to another person (other than the Company or a related body corporate) that may arise from their position as directors and secretaries of the Company and its controlled entities, except where the liability arises out of conduct involving a lack of good faith. The Deed of Access, Indemnity and Insurance stipulates that the Company and certain controlled entities will meet the full amount of any such liabilities, including costs and expenses.

#### Insurance premiums

The directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of the directors' and officers' liability and legal expenses insurance contracts, as such disclosure is prohibited under the terms of the contract.

### PRINCIPAL ACTIVITIES

The principal activities of the consolidated entity during the course of the financial year were the design, development, manufacture and sale of communications equipment and solutions and metal detection equipment.

### ENVIRONMENTAL REGULATIONS

Codan's operations are subject to environmental regulations under the Commonwealth of Australia and State/Territory legislation. The Board believes that Codan has adequate systems in place to manage its environmental obligations and is not aware of any breach of those environmental requirements as they apply to Codan.

### NON-AUDIT SERVICES

During the year, KPMG, the Company's auditor, has performed certain other services in addition to their statutory duties.

The Board has considered the non-audit services provided during the year by the auditor and is satisfied that the provision of those non-audit services during the year by the auditor is compatible with, and did not compromise, the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services were subject to the corporate governance procedures adopted by the Company and have been reviewed by the Audit and Risk Committee to ensure that they do not have an impact on the integrity and objectivity of the auditor; and
- the non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

Refer page 31 for a copy of the auditor's independence declaration as required under Section 307C of the *Corporations Act 2001*.

Details of the amounts paid or payable to the auditor of the Company, KPMG, and its related practices for audit and non-audit services provided during the year are below.

	Consolidated	
	2025	2024
	\$	\$
<b>STATUTORY AUDIT</b>		
Audit and review of financial reports*	430,120	351,556
	430,120	351,556
<b>SERVICES OTHER THAN STATUTORY AUDIT</b>		
Taxation advice and compliance services	29,815	22,639
Other assurance services	14,770	-
	44,585	22,639

## ROUNDING OFF

The Company is of a kind referred to in *ASIC Legislative Instrument 2016/191* dated 1 April 2016 and, in accordance with that Legislative Instrument, amounts in the financial report and directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

This report is made with a resolution of the directors:



**G R C Barclay**  
Director



**A Ianniello**  
Managing Director & CEO

Dated at Mawson Lakes this 20<sup>th</sup> day of August 2025.



# Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Codan Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of Codan Limited for the financial year ended 30 June 2025 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

*KPMG*

KPMG

A handwritten signature in black ink, appearing to read 'Julie Cleary', written in a cursive style.

Julie Cleary  
Partner

Sydney

20 August 2025

**Consolidated income statement for the year ended 30 June 2025**

**Codan Limited and its Controlled Entities**

	<b>Note</b>	<b>Consolidated 2025 \$000</b>	<b>2024 \$000</b>
<b>CONTINUING OPERATIONS</b>			
Revenue	2	<b>674,226</b>	550,459
Cost of sales		<b>(295,471)</b>	(245,234)
<b>Gross profit</b>		<b>378,755</b>	<b>305,225</b>
Other income	4	<b>51</b>	1,180
Administrative expenses		<b>(61,640)</b>	(48,122)
Sales and distribution expenses		<b>(131,049)</b>	(106,680)
Engineering expenses		<b>(39,501)</b>	(35,982)
Net financing costs	3	<b>(12,718)</b>	(10,898)
Other expenses	4	<b>-</b>	(234)
<b>Profit before tax</b>		<b>133,898</b>	<b>104,489</b>
Income tax expense	7	<b>(30,405)</b>	(23,191)
<b>Profit for the period</b>		<b>103,493</b>	<b>81,298</b>
<b>Attributable to:</b>			
Equity holders of the company		<b>103,493</b>	81,387
Non-controlling interests		<b>-</b>	(89)
		<b>103,493</b>	<b>81,298</b>
<b>EARNINGS PER SHARE FOR PROFIT ATTRIBUTABLE TO THE ORDINARY EQUITY HOLDERS OF THE COMPANY:</b>			
Basic earnings per share	6	<b>57.1 cents</b>	45.0 cents
Diluted earnings per share	6	<b>56.8 cents</b>	44.8 cents

The consolidated income statement is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 37 to 69.

**Consolidated statement of comprehensive income**  
**for the year ended 30 June 2025**  
**Codan Limited and its Controlled Entities**

	Note	Consolidated 2025 \$000	2024 \$000
<b>Profit for the period</b>		<b>103,493</b>	81,298
<b>Items that may be reclassified subsequently to profit or loss</b>			
Changes in fair value of cash flow hedges		<b>1,259</b>	1,723
less tax effect		<b>(378)</b>	(517)
Changes in fair value of cash flow hedges, net of income tax	20	<b>881</b>	1,206
Exchange differences on translation of foreign operations	20	<b>13,921</b>	(6,446)
<b>Other comprehensive income/(loss) for the period, net of income tax</b>		<b>14,802</b>	(5,240)
<b>Total comprehensive income for the period</b>		<b>118,295</b>	76,058
<b>Attributable to:</b>			
Equity holders of the company		<b>118,295</b>	76,147
Non-controlling interests		-	(89)
		<b>118,295</b>	76,058

The consolidated statement of comprehensive income is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 37 to 69.

**Consolidated balance sheet as at 30 June 2025**

**Codan Limited and its Controlled Entities**

	<b>Note</b>	<b>Consolidated 2025 \$000</b>	<b>2024 \$000</b>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	8	<b>39,731</b>	19,703
Trade and other receivables	11	<b>93,102</b>	93,883
Inventory	12	<b>140,700</b>	110,069
Current tax assets	7	<b>3,770</b>	1,465
Other assets	13	<b>45,463</b>	33,786
<b>Total current assets</b>		<b>322,766</b>	<b>258,906</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	14	<b>42,545</b>	40,219
Right-of-use assets	31	<b>31,098</b>	34,369
Product development	15	<b>165,400</b>	129,425
Intangible assets	16	<b>341,162</b>	304,592
Other assets		<b>1,834</b>	1,200
<b>Total non-current assets</b>		<b>582,039</b>	<b>509,805</b>
<b>Total assets</b>		<b>904,805</b>	<b>768,711</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	17	<b>161,264</b>	126,428
Lease liabilities	31	<b>7,534</b>	6,689
Current tax payable	7	<b>7,856</b>	8,621
Provisions	18	<b>17,382</b>	13,663
<b>Total current liabilities</b>		<b>194,036</b>	<b>155,401</b>
<b>NON-CURRENT LIABILITIES</b>			
Trade and other payables	17	<b>18,751</b>	19,196
Lease liabilities	31	<b>35,202</b>	39,232
Loans and borrowings	9	<b>118,000</b>	95,125
Deferred tax liabilities	7	<b>10,369</b>	8,250
Provisions	18	<b>4,620</b>	4,575
<b>Total non-current liabilities</b>		<b>186,942</b>	<b>166,378</b>
<b>Total liabilities</b>		<b>380,978</b>	<b>321,779</b>
<b>Net assets</b>		<b>523,827</b>	<b>446,932</b>
<b>EQUITY</b>			
Share capital	19	<b>53,618</b>	50,319
Reserves	20	<b>107,449</b>	92,863
Retained earnings		<b>362,760</b>	303,750
<b>Total equity</b>		<b>523,827</b>	<b>446,932</b>
Total equity attributable to the equity holders of the company		<b>523,827</b>	447,386
Non-controlling interests		<b>-</b>	(454)
		<b>523,827</b>	<b>446,932</b>

The consolidated balance sheet is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 37 to 69.

**Consolidated statement of changes in equity**  
**for the year ended 30 June 2025**  
**Codan Limited and its Controlled Entities**

	<b>Consolidated</b>						
	<b>Share capital</b>	<b>Foreign currency translation reserve</b>	<b>Hedging reserve</b>	<b>Equity based payment reserve</b>	<b>Profit reserve</b>	<b>Retained earnings*</b>	<b>Total</b>
<b>2025</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
Balance as at 1 July 2024	50,319	32,012	332	1,538	58,981	303,750	446,932
Profit for the period	-	-	-	-	-	103,493	103,493
Change in fair value of cash flow hedges	-	-	881	-	-	-	881
Exchange differences on translation of foreign operations	-	13,921	-	-	-	-	13,921
	<b>50,319</b>	<b>45,933</b>	<b>1,213</b>	<b>1,538</b>	<b>58,981</b>	<b>407,243</b>	<b>565,227</b>
<b>Transactions with owners of the company</b>							
Dividends recognised during the period	-	-	-	-	-	(44,483)	(44,483)
Performance rights expensed	-	-	-	1,647	-	-	1,647
Allocation of treasury shares	1,863	-	-	(1,863)	-	-	-
Director and employee share plans	1,436	-	-	-	-	-	1,436
	<b>3,299</b>	<b>-</b>	<b>-</b>	<b>(216)</b>	<b>-</b>	<b>(44,483)</b>	<b>(41,400)</b>
<b>Balance at 30 June 2025</b>	<b>53,618</b>	<b>45,933</b>	<b>1,213</b>	<b>1,322</b>	<b>58,981</b>	<b>362,760</b>	<b>523,827</b>

\*There is no non-controlling interest portion in retained earnings as of 30 June 2025 due to the increase in ownership in Minelab Dubai from 49% to 100%.

	<b>Consolidated</b>						
	<b>Share capital</b>	<b>Foreign currency translation reserve</b>	<b>Hedging reserve</b>	<b>Equity based payment reserve</b>	<b>Profit reserve</b>	<b>Retained earnings*</b>	<b>Total</b>
<b>2024</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
Balance as at 1 July 2023	49,196	38,458	(874)	1,859	58,981	258,715	406,335
Profit for the period	-	-	-	-	-	81,298	81,298
Change in fair value of cash flow hedges	-	-	1,206	-	-	-	1,206
Exchange differences on translation of foreign operations	-	(6,446)	-	-	-	-	(6,446)
	<b>49,196</b>	<b>32,012</b>	<b>332</b>	<b>1,859</b>	<b>58,981</b>	<b>340,013</b>	<b>482,393</b>
<b>Transactions with owners of the company</b>							
Dividends recognised during the period	-	-	-	-	-	(36,263)	(36,263)
Performance rights expensed	-	-	-	802	-	-	802
Allocation of Treasury Shares	1,123	-	-	(1,123)	-	-	-
Director and employee share plans	-	-	-	-	-	-	-
	<b>1,123</b>	<b>-</b>	<b>-</b>	<b>(321)</b>	<b>-</b>	<b>(36,263)</b>	<b>(35,461)</b>
<b>Balance at 30 June 2024</b>	<b>50,319</b>	<b>32,012</b>	<b>332</b>	<b>1,538</b>	<b>58,981</b>	<b>303,750</b>	<b>446,932</b>

\*The amounts in retained earnings includes the portion for non-controlling interests with an opening retained loss as at 1 July 2023 of \$0.365 million, FY24 loss after tax of \$0.089 million (FY23: \$0.045 million loss) which results in a closing retained loss of \$0.454 million as at 30 June 2024.

The consolidated statement of changes in equity is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 37 to 69.

**Consolidated statement of cash flows for the year ended 30 June 2025**  
**Codan Limited and its Controlled Entities**

	Note	Consolidated 2025 \$000	2024 \$000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash receipts from customers		682,458	534,752
Cash paid to suppliers and employees		(499,502)	(398,009)
Interest received		279	87
Interest paid		(10,454)	(7,532)
Finance charge on lease liabilities	31	(1,899)	(1,992)
Income taxes paid (net)		(24,245)	(20,856)
<b>Net cash from operating activities</b>	10	<b>146,637</b>	<b>106,450</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Acquisition of subsidiaries (net of cash acquired)	32	(35,666)	(37,236)
Proceeds from disposal of property, plant and equipment		38	58
Payments for capitalised product development	15	(49,271)	(39,796)
Acquisition of property, plant and equipment		(8,617)	(10,122)
Acquisition of intangibles (computer software and licences)		(4,540)	(866)
<b>Net cash used in investing activities</b>		<b>(98,056)</b>	<b>(87,962)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Drawdowns of borrowings	9	101,875	71,000
Repayments of borrowings	9	(79,000)	(51,255)
Payment of lease liabilities (principal)	31	(7,051)	(5,913)
Dividends paid	5	(44,483)	(36,263)
<b>Net cash provided by/(used in) financing activities</b>		<b>(28,659)</b>	<b>(22,431)</b>
<b>Net increase/(decrease) in cash held</b>		<b>19,922</b>	<b>(3,943)</b>
Cash and cash equivalents at the beginning of the financial year		19,703	23,661
Effects of exchange rate fluctuations on cash held		106	(15)
<b>Cash and cash equivalents at the end of the financial year</b>	8	<b>39,731</b>	<b>19,703</b>

The consolidated statement of cash flows is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 37 to 69.



**Notes to and forming part of the financial statements**  
**for the year ended 30 June 2025**  
**Codan Limited and its Controlled Entities**

---

## **1. MATERIAL ACCOUNTING POLICIES**

Codan Limited (the "Company") is a company domiciled in Australia and is a for-profit entity. The consolidated financial report of the Company as at and for the year ended 30 June 2025 comprises the Company and its subsidiaries (together referred to as the "group" and individually as "group entities"). The financial report was authorised for issue by the directors on 20 August 2025.

### **(a) Statement of compliance**

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board ("AASB") and the *Corporations Act 2001*.

The consolidated financial report of the group complies with International Financial Reporting Standards (IFRSs) adopted by the International Accounting Standards Board ("IASB").

### **(b) Basis of preparation**

The consolidated financial report is prepared in Australian dollars (the Company's functional currency and the functional currency of the majority of the group) on the historical costs basis except that derivative financial instruments are stated at their fair value.

The group is of a kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* and, in accordance with that Legislative Instrument, amounts in the financial report have been rounded off to the nearest thousand dollars, unless otherwise stated.

### **Use of estimates and judgements**

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets within the next financial year relate to:

- impairment assessments of non-current assets, including product development and goodwill (refer note 16).
- measurement of inventory net realisable value (refer note 1 (l))
- recognition of deferred tax assets: availability of future taxable profit against which deductible temporary difference and tax losses carried forward can be utilised (refer note 7)
- acquisition of subsidiary: fair value of the consideration transferred (including contingent consideration) and fair value of the assets acquired and liabilities assumed, measured on a provisional basis (refer note 32).

### **Changes in material accounting policies**

The accounting policies applied in these financial statements are the same as those applied in the group's consolidated financial statements as at and for the year ended 30 June 2024.

The group has adopted Classification of Liabilities as Current or Non-current (Amendments to AASB 101) from 30 June 2025. The amendments apply retrospectively. The amendments clarify certain requirements for determining whether a liability is classified as current or non-current and introduce new disclosures for non-current liabilities that are subject to covenants within 12 months after the reporting period. There is no retrospective impact on the comparative statement of financial position. Covenants that the group is required to comply with after the reporting period do not affect the classification at the reporting date. The group has disclosed additional information around covenant arrangements (see Note 9).

### **(c) Basis of consolidation**

Subsidiaries are entities controlled by the group. The group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date control commences until the date control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the group.

Unrealised gains and losses and inter-entity balances resulting from transactions with or between subsidiaries are eliminated in full on consolidation.

The group accounts for business combinations under the acquisition method when the acquired set of activities and assets meet the determination of a business and control is transferred to the group. In determining whether a particular set of activities and assets is a business, the group assesses whether the set of activities and assets acquired includes at a minimum, an input and substantive process and whether the acquired set has the ability to produce outflows. Transaction costs, other than those associated with the issue of debt or equity securities that the group incurs in connection with a business combination, are expensed as incurred.

**Notes to and forming part of the financial statements**  
**for the year ended 30 June 2025**  
**Codan Limited and its Controlled Entities**

---

## **1. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

### **(c) Basis of consolidation (continued)**

Upon the loss of control, the group derecognises the assets and liabilities of the subsidiary, and non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in the income statement.

Non-controlling interests are measured at their proportionate share of the subsidiaries' net assets.

### **(d) Revenue recognition**

Revenues are recognised at the fair value of the consideration received or receivable, net of the amount of value added tax (VAT) payable to taxation authorities.

#### **Sale of goods**

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable (net of rebates, expected returns, discounts and other allowances). Revenue is recognised when performance obligations are satisfied and the significant risks and expected returns of ownership pass to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods and the amount of revenue can be measured reliably. For most goods sold, there is one performance obligation, which is the delivery of the goods to the customer. Control usually passes when the goods are shipped to the customer with revenue recognised at this point in time.

#### **Communications solutions**

Contract revenue from projects to install communications solutions for our customers includes the initial amount agreed in the contract, plus any variations in contract work, claims and incentive payments. As soon as the outcome of a communications solution contract can be estimated reliably, contract revenue is recognised over time in proportion to the stage of completion of the contract as performance obligations are satisfied.

The stage of completion of a communications solutions contract is assessed by reference to costs incurred comparing with total estimated costs. When the outcome of a contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognised immediately in the income statement.

In the event a communications solution contract and maintenance service contract are provided under a single arrangement, then the consideration is allocated based on their relative stand-alone selling prices. The standalone selling price is determined based on the list prices at which the group sells the solution and services in separate transactions.

#### **Maintenance and support services**

Services provided to customers predominantly relate to maintenance and support services which can include technical support, preventative hardware maintenance and software upgrades. Revenue from these services is recognised over time throughout the life of the service contract which can have a multi-year term.

Installation and training services can be provided to customers in conjunction with the sale of goods and in these circumstances, then the consideration is allocated based on their relative stand-alone selling prices. The standalone selling price is determined based on the list prices at which the group sells the goods and services in separate transactions. The services revenue is recognised at a point in time as performance obligations are delivered.

### **(e) Net financing costs**

Net financing costs include interest paid relating to borrowings, interest received on funds invested, unwinding of discounts and foreign exchange gains and losses. Qualifying assets are assets that take more than 12 months to get ready for their intended use or sale. In these circumstances, borrowing costs are capitalised to the cost of the qualifying assets. Interest income and borrowing costs are recognised in the income statement on an accruals basis, using the effective-interest method. Foreign currency gains and losses are reported on a net basis.

**Notes to and forming part of the financial statements**  
**for the year ended 30 June 2025**  
**Codan Limited and its Controlled Entities**

---

**1. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**(f) Foreign currency**

Foreign currency transactions are translated to Australian dollars at the rates of exchange ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Australian dollars at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement, except for differences arising on the retranslation of a financial liability designated as a hedge of a net investment in a foreign operation, or qualifying cash flow hedges, which are recognised in other comprehensive income and presented within equity, to the extent that the hedge is effective.

**Foreign operations**

The assets and liabilities of foreign operations, including goodwill and fair-value adjustments arising on acquisition, are translated to Australian dollars at the foreign exchange rates ruling at the reporting date. Equity items are translated at historical rates. The income and expenses of foreign operations are translated to Australian dollars at the foreign exchange rates ruling at the dates of the transactions. Foreign exchange differences arising on translation are taken directly to the foreign currency translation reserve until the disposal, or partial disposal, of the foreign operations.

Foreign exchange gains and losses arising from a monetary item receivable or payable to a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future, are considered to form part of a net investment in a foreign operation and on consolidation they are recognised in other comprehensive income, and are presented within equity in the foreign currency translation reserve.

Foreign currency differences arising on the retranslation of a financial liability designated as a hedge of a net investment in a foreign operation are recognised directly in other comprehensive income to the extent that the hedge is effective and are presented within equity in the hedging reserve. To the extent that the hedge is ineffective, such differences are recognised in the income statement. When the hedged part of a net investment is disposed of, the associated cumulative amount in equity is transferred to the income statement as an adjustment to the income statement on disposal.

**(g) Derivative financial instruments**

The group has used derivative financial instruments to hedge its exposure to foreign exchange and interest rate movements. In accordance with its policy, the group does not hold derivative financial instruments for trading purposes. Derivative financial instruments are recognised initially at fair value. Attributable transaction costs are recognised in the income statement when incurred. Subsequent to initial recognition, derivative financial instruments are stated at fair value. The gain or loss on re-measurement to fair value is recognised immediately in the income statement unless the derivative qualifies for hedge accounting.

**Hedging**

On initial designation of the hedge, the group formally documents the relationship between the hedging instrument and hedged item, including the risk management objectives and strategy in undertaking the hedge transaction, together with the methods that will be used to assess the effectiveness of the hedging relationship.

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a highly probable forecast transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in comprehensive income and presented within equity. When the forecast transaction subsequently results in the recognition of a financial asset or liability, then the associated gains and losses that were recognised directly in equity are reclassified into the income statement.

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve remains in equity until, for cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss. If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve and the cost of hedging reserve are immediately reclassified to profit or loss.

**Notes to and forming part of the financial statements**  
**for the year ended 30 June 2025**  
**Codan Limited and its Controlled Entities**

---

## **1. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

### **(h) Taxation**

Income tax expense on the income statement comprises a current and deferred tax expense. Income tax expense is recognised in the income statement except to the extent that it relates to items recognised directly in equity, or in other comprehensive income.

Current tax expense is the expected tax payable on the taxable income for the year using tax rates enacted or substantially enacted at the reporting date, adjusted for any prior year under or over provision. The movement in deferred tax assets and liabilities results in a deferred tax expense, unless the movement results from a business combination, in which case the tax entry is recognised in goodwill, or a transaction has impacted equity, in which case the tax entry is also reflected in equity.

Deferred tax assets and liabilities arise from temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle the tax liabilities and assets on a net basis, or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

#### **Tax consolidation**

The Company is the head entity in the tax-consolidated group comprising all the Australian wholly owned subsidiaries. The Company recognises the current tax liability of the tax-consolidated group. The tax-consolidated group has determined that subsidiaries will account for deferred tax balances and will make contributions to the head entity for the current tax liabilities as if the subsidiary prepared its tax calculation on a stand-alone basis.

The Company recognises deferred tax assets arising from unused tax losses of the tax consolidated group to the extent that it is probable that future taxable profits of the tax consolidated group will be available against which the asset can be utilised.

Any subsequent period adjustments to deferred tax assets arising from unused tax losses, as a result of revised assessments of the probability of recoverability, are recognised by the head entity only.

### **(i) Value added tax**

Revenues, expenses and assets are recognised net of the amount of VAT, except where the amount of VAT incurred is not recoverable from tax authorities. In these circumstances, the VAT is recognised as part of the cost of acquisition of the asset or is expensed. Receivables and payables are stated with the amount of VAT included. The net amount of VAT recoverable from, or payable to, tax authorities is included as a current asset or liability in the balance sheet.

Cash flows are included in the Consolidated Statement of Cash Flows on a gross basis. The VAT components of cash flows arising from investing and financing activities which are recovered from, or payable to, tax authorities are classified as operating cash flows.

### **(j) Cash and cash equivalents**

Cash and cash equivalents comprise cash balances and call deposits with an original maturity of three months or less.

### **(k) Trade and other receivables**

Trade debtors are to be settled within agreed trading terms, typically less than 60 days, and are initially recognised at fair value and then subsequently at amortised cost, less any expected credit loss allowances. Under the "lifetime expected credit loss" model, the allowance for credit losses is calculated by considering on a discounted basis the cash shortfalls it would incur in various default scenarios for prescribed future periods and multiplying the shortfalls by the probability weighted outcomes. Significant receivables are individually assessed. Non-significant receivables are not individually assessed; instead, credit loss testing is performed by considering the risk profile of that group of receivables. All allowances for credit losses are recognised in the income statement.

### **(l) Inventories**

Raw materials and stores, work in progress and finished goods are measured at the lower of cost (generally determined as the average purchase price over a period of 6 months) and net realisable value. Net realisable value represents the selling price that could be achieved in the ordinary course of business, and is calculated having regard to the quantity of stock on hand in comparison to past usage. In the case of manufactured inventories and work in progress, costs comprise direct materials, direct labour, other direct variable costs and allocated factory overheads necessary to bring the inventories to their present location and condition.

**Notes to and forming part of the financial statements**  
**for the year ended 30 June 2025**  
**Codan Limited and its Controlled Entities**

---

## **1. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

### **(m) Project work in progress and contract liabilities**

Project work in progress represents the gross unbilled amount expected to be collected from customers for project work performed to date. It is measured at cost, plus profit recognised to date, less progress billings and recognised losses. Cost includes all expenditure related directly to specific projects. Project work in progress is presented as part of other assets in the balance sheet for all projects in which costs incurred, plus recognised profits, exceed progress billings. Contract liabilities primarily relate to the advance consideration received from customers for project work to be performed or services to be rendered, for which revenue is recognised over time. Contract liabilities are presented as part of trade and other payables in the balance sheet.

### **(n) Intangible assets**

#### **Product development costs**

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in the income statement as an expense when incurred. Expenditure on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products, is capitalised only if development costs can be measured reliably, the product is technically and commercially feasible, future economic benefits are probable and the group intends to, and has sufficient resources to, complete development and to use or sell the asset. The expenditure capitalised has a finite useful life and includes the cost of materials, direct labour and an appropriate proportion of overheads that are directly attributable to preparing the asset for its intended use, less accumulated amortisation and accumulated impairment losses. Other development expenditure is recognised in the income statement when incurred.

#### **Goodwill**

All business combinations are accounted for by applying the acquisition method, and goodwill may arise upon the acquisition of subsidiaries. Goodwill is stated at cost, less any accumulated impairment losses, and has an indefinite useful life. It is allocated to cash-generating units or groups of cash-generating units and is not amortised but is tested annually for impairment.

#### **Measuring goodwill**

The group measures goodwill as the fair value of the consideration transferred including the recognised amount of any non-controlling interest in the acquiree, as well as the fair value of any pre-existing non-controlling interest, less the net recognised amount (generally fair value) of the identifiable assets acquired (including intangible assets) and liabilities assumed, all measured as of the acquisition date.

Consideration transferred includes the fair values of the assets transferred, liabilities incurred by the group to the previous owners of the acquiree, and equity interests issued by the group. Consideration transferred also includes the fair value of any contingent consideration and share-based payment awards of the Company.

#### **Licences and other intangible assets**

Licences and other intangible assets that are acquired by the group, which have finite useful lives, are stated at cost, less accumulated amortisation and accumulated impairment losses. Expenditure on internally generated goodwill and brands is recognised in the income statement as incurred.

#### **Subsequent expenditure**

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in the income statement as incurred.

#### **Amortisation**

Amortisation is calculated on the cost of the asset, less its residual value.

Amortisation is charged to the income statement on either a straight-line or units of production basis. Intangible assets are amortised over their estimated useful lives from the date that they are available for use, but goodwill is only written down if there is an impairment.

The estimated useful lives in the current and comparative periods are as follows:

	<b>Straight-line</b>	<b>Units of production</b>
Product development, licences and intellectual property	2 - 15 years	5 - 10 years
Computer software	3 - 7 years	
Brand names	20 years	
Customer relationships	5 years	

Amortisation methods, useful lives and residual values are reviewed at each reporting date.

**Notes to and forming part of the financial statements**  
**for the year ended 30 June 2025**  
**Codan Limited and its Controlled Entities**

---

**1. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**(o) Property, plant and equipment**

**Owned assets**

Items of property, plant and equipment are measured at cost, less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials, direct labour and any other costs directly attributable to bringing the asset to a working condition for its intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within "other income" or "other expenses" in the income statement.

**Subsequent costs**

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in the income statement as incurred.

**Depreciation**

Depreciation is calculated on the depreciable amount, which is the cost of an asset, less its residual value.

Depreciation is charged to the income statement on property, plant and equipment on a straight-line basis over the estimated useful life of the assets. The main depreciation rates used for each class of asset for current and comparative periods are as follows:

Leasehold property improvements	6% to 10%
Plant and equipment	7% to 40%

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

**(p) Impairment**

The carrying amounts of the group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. If any such impairment exists, the asset's recoverable amount is estimated. For goodwill and intangible assets that have an indefinite useful life or are not yet available for use, the recoverable amount is estimated annually.

The recoverable amount of non-financial assets is the greater of their fair value, less costs of disposal and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

The group's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the cash-generating units to which the corporate asset belongs.

An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash inflows that are largely independent from other assets or groups of assets. Impairment losses are recognised in the income statement. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill and then to reduce the carrying amount of the other non-financial assets in the cash-generating unit on a pro-rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimate used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

**Notes to and forming part of the financial statements**  
**for the year ended 30 June 2025**  
**Codan Limited and its Controlled Entities**

---

**1. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**(q) Payables**

Liabilities are recognised for amounts to be paid in the future for goods or services received. Trade accounts payable are normally settled within 60 days.

**(r) Interest bearing borrowings**

Interest bearing borrowings are recognised initially at their fair value, less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost, with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective-interest basis.

**(s) Employee benefits**

**Wages, salaries and annual leave**

Liabilities for employee benefits for wages, salaries, incentives and annual leave represent current obligations resulting from employees' services provided to the reporting date, calculated at undiscounted amounts based on remuneration rates that the group expects to pay as at the reporting date, including related on-costs such as superannuation, workers' compensation insurance and payroll tax.

**Long service leave**

The provision for employee benefits for long service leave represents the present value of the estimated future cash outflows resulting from the employees' services provided to the reporting date. The provision is calculated using expected future increases in wage and salary rates, including related on-costs, and expected settlement dates based on turnover history, and is discounted using high-quality corporate bond rates at the reporting date which most closely match the terms of maturity of the related liabilities.

**Defined contribution superannuation plans**

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The group contributes to defined contribution superannuation plans and these contributions are expensed in the income statement as incurred.

**(t) Provisions**

A provision is recognised when there is a present legal or constructive obligation as a result of a past event, it can be estimated reliably and it is probable that a future sacrifice of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows required to settle the obligation at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

**Restructuring and employee termination benefits**

A provision for restructuring is recognised when the group has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating costs are not provided for.

**Warranty**

A provision is made for the group's estimated liability on all products sold and still under warranty, and includes claims already received. The estimate is based on the group's warranty cost experience over previous years.

**(u) Leases**

A lease arrangement is one that conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The payments associated with short-term lease arrangements and leases of low-value assets are recognised on a straight-line basis in the Income Statement. Short-term leases are leases with a lease term of 12 months or less. The main type of leases of the group are leases for offices, warehouses and manufacturing facilities. Some property leases contain extension options exercisable by the group. Where practicable, the group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the group and not by the lessors. The group assesses at the lease commencement date whether it is reasonably certain to exercise the options. The group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.



**Notes to and forming part of the financial statements**  
**for the year ended 30 June 2025**  
**Codan Limited and its Controlled Entities**

---

## **1. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

### **(u) Leases (continued)**

#### **Right-of-use assets**

The group recognises a right-of-use asset and a lease liability at the commencement date of the lease arrangement. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and estimates of costs to dismantle or remediate the underlying asset, less any lease incentives received. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to that asset. In addition, the right-of-use asset may be adjusted periodically due to remeasurements of the lease liability. Capitalised leased assets are amortised on a straight-line basis over the term of the relevant lease, or where it is likely the group will obtain ownership of the asset, the life of the asset. The main depreciation rates used for Right-of-use assets are 7% to 25%.

#### **Lease liabilities**

The lease liability is initially measured at the present value of the outstanding lease payments at the commencement date of the arrangement, discounted using the rate implicit in the lease or, if that rate cannot be readily determined, the group's incremental borrowing rate. Generally, the group uses its incremental borrowing rate as the discount rate.

The lease liability is subsequently measured through increasing the carrying amount to reflect interest on the lease liability, less lease payments made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate or if the group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in the profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

### **(v) Share capital - ordinary shares**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

### **(w) Share-based payment transactions**

Share-based payments in which the group receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions, regardless of how the equity instruments are obtained from the group.

The grant-date fair value of share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards which vest.

### **(x) Future Australian Accounting Standards requirements**

A number of new standards are effective after 2025 and earlier application is permitted; however, the group has not early adopted the new or amended standards in preparing these consolidated financial statements.

#### **AASB 18 Presentation and Disclosure in Financial Statements**

AASB 18 was issued in June 2024 and replaces AASB 101 Presentation of Financial Statements. The new standard introduces new requirements for the Income Statement, including:

- new categories for the classification of income and expenses into operating, investing and financing categories, and
- presentation of subtotals for "operating profit" and "profit before financing and income taxes".

Additional disclosure requirements are introduced for management-defined performance measures and new principles for aggregation and disaggregation of information in the notes and the primary financial statements and the presentation of interest and dividends in the statement of cash flows. The new standard is effective for annual periods beginning on or after 1 January 2027 and will first apply to the Group for the financial year ending 30 June 2028.

This new standard is not expected to have an impact on the recognition and measurement of assets, liabilities, income and expenses, however there will likely be changes in how the Income Statement and Balance Sheet line items are presented as well as some additional disclosures in the notes to the financial statements. The Company is in the process of assessing the impact of the new standard.

#### **Australian Sustainability Reporting Standards**

The first Australian Sustainability Reporting Standards (ASRS) have been approved by the Australian Accounting Standards Board (AASB). The standard to be adopted is AASB S2 Climate-related Disclosures (a mandatory standard). AASB S1 and AASB S2 are effective for annual reporting periods beginning 1 January 2025 and are applicable to the group. The group is in the process of assessing the impact of these standards.



**Notes to and forming part of the financial statements**  
**for the year ended 30 June 2025**  
**Codan Limited and its Controlled Entities**

---

**GROUP PERFORMANCE**

**2 SEGMENT ACTIVITIES**

The group determines and presents operating segments based on the information that is internally provided to the CEO, who is the group's chief operating decision-maker.

An operating segment is a component of the group that engages in business activities from which it may earn revenues and incur expenses. All operating segments' results are regularly reviewed by the group's CEO, to make decisions about resources to be allocated to the segments and assess their performance.

Segment results relate to the underlying operations of a segment and are as reported to the CEO, and include the expense from functions that are directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily cash balances), corporate expenses, other income and expense, and income tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, and intangible assets other than goodwill.

The group's primary format for segment reporting is based on business segments.

**Business segments**

The group comprises three business segments. The communications segment includes the design, development, manufacture and marketing of communications equipment. The metal detection segment includes the design, development, manufacture and marketing of metal detection equipment. The "Other" business segment relates to the Tracking Solutions business that was sold on 1 July 2021 and the ongoing manufacturing and sale of tracking products to Caterpillar Inc.

Two or more operating segments may be aggregated into a single operating segment if they are similar in nature.

The Communications segment comprises of the following operating segments: DTC, Zetron and Kägwerks, which are aggregated because they have similar economic characteristics such as long-term average contribution margins, nature of products, production process and regulatory environment, type of customers and distribution methods.

**Geographical areas**

In presenting information on the basis of geographical areas, segment revenue has been based on the geographic location of the invoiced customer. Segment assets are based on the geographic location of the assets. The group has manufacturing and offices in Australia, Canada, Denmark, United Kingdom and United States, with overseas representative offices in Brazil, India, Ireland, Malaysia, Mexico, Singapore, and the United Arab Emirates.

# Notes to and forming part of the financial statements for the half year ended 30 June 2025

Codan Limited and its Controlled Entities

## GROUP PERFORMANCE (continued)

### 2. SEGMENT ACTIVITIES (CONTINUED)

Information about reportable segments	Communications		Metal detection		Other		Consolidated	
	2025	2024	2025	2024	2025	2024	2025	2024
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>Revenue</b>								
Revenue recognised at a point in time	324,763	256,226	254,805	219,853	5,947	3,697	585,515	479,776
Revenue recognised over time	88,711	70,683	-	-	-	-	88,711	70,683
<b>Total external segment revenue</b>	<b>413,474</b>	<b>326,909</b>	<b>254,805</b>	<b>219,853</b>	<b>5,947</b>	<b>3,697</b>	<b>674,226</b>	<b>550,459</b>
<b>Result</b>								
Segment result	107,893	80,506	98,170	77,920	541	336	206,604	158,762
Unallocated net financing costs							(10,819)	(8,905)
Unallocated income and expenses							(61,887)	(45,368)
Profit from operating activities							133,898	104,489
Income tax expense							(30,405)	(23,191)
<b>Statutory net profit</b>							<b>103,493</b>	<b>81,298</b>
<b>Non-cash items included above</b>								
Depreciation and amortisation	26,723	20,619	10,226	11,517	-	-	36,949	32,136
Unallocated depreciation and amortisation							786	950
<b>Total depreciation and amortisation</b>							<b>37,735</b>	<b>33,086</b>
<b>Assets</b>								
Capital expenditure	40,501	33,887	19,368	14,350	-	-	59,869	48,237
Unallocated capital expenditure							2,559	2,492
<b>Total capital expenditure</b>							<b>62,428</b>	<b>50,729</b>
Segment assets	631,909	535,974	207,773	190,186	2,523	620	842,205	726,780
Unallocated corporate assets							62,600	41,932
<b>Consolidated total assets</b>							<b>904,805</b>	<b>768,712</b>

Revenue recognised at a point in time mainly relates to the sale of goods for Metal detection and Communications products. Revenue recognised over time relates to contract revenue from projects to install communications solutions as well as maintenance and support service (the accounting policy is outlined in Note 1(d)).

The group derived its revenues from a number of countries. The significant countries where revenue was 10% or more of total revenue was the United States of America totalling \$262.813 million (2024: \$219.912 million) and United Arab Emirates totalling \$87.223 million (2024: \$52.038 million)

The group's non-current assets, excluding financial instruments and deferred tax assets, were located in various countries and countries where the value is 10% or more of the group's total non-current assets are deemed as significant. These countries are as follows: the United States of America \$279.272 million (2024: \$249.608 million), Australia \$159.340 million (2024: \$129.940 million), United Kingdom \$72.125 million (2024: \$58.120 million) and Canada \$65.422 million (2024: \$67.747 million).

Notes to and forming part of the financial statements  
for the year ended 30 June 2025  
Codan Limited and its Controlled Entities

Consolidated  
2025      2024  
\$000      \$000

**GROUP PERFORMANCE (CONTINUED)**

**3 EXPENSES**

**Net financing costs:**

Interest income	(279)	(87)
Net foreign exchange (gain)/loss	302	(187)
Interest expense	10,454	7,532
Finance charge on lease liabilities	1,899	1,992
Foreign currency hedge loss	342	1,648
	<u>12,718</u>	<u>10,898</u>

**Depreciation of:**

Right-of-use assets	6,607	6,210
Leasehold property	1,819	1,708
Plant and equipment	5,936	5,320
	<u>14,362</u>	<u>13,238</u>

**Amortisation of:**

Product development - straight-line	18,358	14,792
Product development - units of production	2,880	3,748
Intellectual property	36	30
Computer software	813	268
Licences	156	199
Customer Relationships	714	408
Brand names	416	403
	<u>23,373</u>	<u>19,848</u>

**Personnel expenses:**

Wages and salaries	138,713	116,578
Other associated personnel expenses	18,395	14,517
Contributions to defined contribution superannuation plans	12,209	9,962
Long service leave expense	929	580
Annual leave expense	9,863	8,847
Performance rights plan	1,647	802
	<u>181,756</u>	<u>151,286</u>

**4 OTHER EXPENSES / INCOME**

**Other income:**

Other income	51	1,180
	<u>51</u>	<u>1,180</u>

**Other expenses:**

Loss on sale of property, plant and equipment	-	234
	<u>-</u>	<u>234</u>

**Notes to and forming part of the financial statements  
for the year ended 30 June 2025  
Codan Limited and its Controlled Entities**

**Consolidated**  
**2025      2024**  
**\$000      \$000**

**GROUP PERFORMANCE (CONTINUED)**

**5 DIVIDENDS**

Codan Limited has provided or paid for dividends as follows:

- ordinary final fully-franked dividend of 12.0 cents per ordinary share paid on 18 September 2024	<b>21,758</b>	
- ordinary interim fully-franked dividend of 12.5 cents per ordinary share paid on 17 March 2025	<b>22,725</b>	
- ordinary final fully-franked dividend of 9.5 cents per ordinary share paid on 20 September 2023		17,225
- ordinary interim fully-franked dividend of 10.5 cents per ordinary share paid on 12 March 2024		19,038
	<b>44,483</b>	<b>36,263</b>

Since the end of the financial year, the directors declared a final ordinary fully franked dividend of 16.0 cents per share, payable on 17 September 2025. The financial impact of this final dividend of \$29.051 million has not been brought to account in the group financial statements for the year ended 30 June 2025 and will be recognised in subsequent financial reports.

**Dividend franking account**

Franking credits available to shareholders for subsequent financial years (30%)	<b>41,659</b>	49,403
---	---------------	--------

The franking credits available are based on the balance of the dividend franking account at year-end, adjusted for the franking credits that will arise from the payment of the current tax liability. The ability to utilise the franking account credits is dependent upon there being sufficient available profits to declare dividends. Based upon the above declared dividend, the impact on the dividend franking account of dividends proposed after the balance sheet date but not recognised as a liability is to reduce it by \$12.451 million (2024: \$9.325 million).

**6 EARNINGS PER SHARE**

The group presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise performance rights granted to employees.

Net profit used for the purpose of calculating basic and diluted earnings per share	<b>103,493</b>	81,387
---	----------------	--------

The weighted average number of shares used as the denominator number for basic earnings per share was 181,290,944 (2024: 181,044,967). The movement in the year is as a consequence of the shares issued under the company's share plans.

The calculation of diluted earnings per share at 30 June 2025 was based on a weighted average number of ordinary shares outstanding, after adjustment for the effects of all dilutive potential ordinary shares of 182,234,502 (2024: 181,816,939). The movement in the year relates to the shares issued under the company's share plans.

**Notes to and forming part of the financial statements  
for the year ended 30 June 2025  
Codan Limited and its Controlled Entities**

**Consolidated**  
**2025**      **2024**  
**\$000**      **\$000**

**TAXATION**

**7 INCOME TAX**

**A. Income tax expense**

**Current tax expense:**

Current tax paid or payable for the financial year	28,711	26,499
Adjustments for prior years	(86)	(5,580)
	<b>28,625</b>	<b>20,919</b>

**Deferred tax expense:**

Origination and reversal of temporary differences	2,865	1,876
(Recognition)/derecognition of tax losses previously not booked	(1,085)	396
	<b>30,405</b>	<b>23,191</b>

**Total income tax expense in income statement**

**Reconciliation between tax expense and pre-tax net profit:**

The prima facie income tax expense calculated at 30% on the profit from ordinary activities	40,169	31,347
<b>Decrease in income tax expense due to:</b>		
Additional deduction for research and development expenditure	(4,011)	(3,727)
Effect of tax rates in foreign jurisdictions	(3,329)	(2,792)
(Over)/under provision for taxation in previous years	(86)	(2,258)
Other deductible expenses	(1,472)	-
(Recognition)/derecognition of tax losses previously not booked	(1,085)	396
	<b>30,186</b>	<b>22,966</b>

**Increase in income tax expense due to:**

Capital expenses relating to acquisitions and disposals	10	147
Non-deductible expenses	209	78
	<b>30,405</b>	<b>23,191</b>

**Income tax expense**

**B. Current tax liabilities / assets**

Balance at the beginning of the year	(7,156)	(7,080)
Net foreign currency differences on translation of foreign entities	(379)	(13)
Income tax paid (net)	24,245	20,856
Adjustments from prior year	7,915	5,580
Current year's income tax paid or payable on operating profit	(28,711)	(26,499)
	<b>(4,086)</b>	<b>(7,156)</b>

**Disclosed in balance sheet as:**

Current tax asset	3,770	1,465
Current tax payable	(7,856)	(8,621)
	<b>(4,086)</b>	<b>(7,156)</b>

**C. Deferred tax liabilities**

**Provision for deferred income tax comprises the estimated expense at the applicable tax rate of the following items:**

Expenditure currently tax deductible but deferred and amortised for accounting (intangible assets)	35,643	31,006
Liabilities recognised from the identifiable intangible assets acquired from business combination	(8,927)	(1,852)

**Set-off of tax in relation to deferred tax assets:**

Difference in depreciation of property, plant and equipment*	4,306	2,127
Payments for intellectual property not currently deductible	(3,845)	(2,025)
Provisions for employee benefits not currently deductible	(3,362)	(2,953)
Provisions and accruals not currently deductible	(5,761)	(5,255)
Deferred income	-	(6,357)
Sundry items	(352)	(147)
Carry forward overseas tax losses	(4,263)	(3,008)
Carry forward overseas R&D tax credits	(3,070)	(3,286)
	<b>10,369</b>	<b>8,250</b>

\*As at 30 June 2025, deferred tax asset for lease liability was \$8.296 million (30 June 2024: \$9.349 million), while the deferred tax liability at 30 June 2025 for Right-of-Use asset was \$7.210 million (30 June 2024: \$7.969 million).

As at 30 June 2025 income tax losses of \$9 million (2024: \$10 million) and capital tax losses of \$24 million (2024: \$24 million) have not been recognised as a deferred tax asset. As at 30 June 2025, there are gross deferred tax assets of \$12.450 million (2024: \$10.361 million) and gross deferred tax liabilities of \$22.819 million (2024: \$18.611 million). These cannot be legally offset as they relate to income taxes levied by different taxation authorities (or on different taxable entities).

**D. Effective tax rates**

	<b>2025</b>	<b>2024</b>
Global operations - total consolidated tax expense	<b>23%</b>	<b>22%</b>
Australian operations - Australian company income tax expense*	<b>12%</b>	<b>22%</b>

\*The Australian effective tax rate includes the impact of non-assessable dividends received from foreign subsidiaries. These dividends are included in the Australian accounting profit but eliminated at a group level. Dividends received from wholly owned foreign subsidiaries are not subject to additional tax in Australia. If these intercompany dividends were excluded, the Australian effective tax rate would be 24%.

Notes to and forming part of the financial statements  
for the year ended 30 June 2025  
Codan Limited and its Controlled Entities

Consolidated  
2025      2024  
\$000      \$000

**CASH MANAGEMENT**

**8 CASH AND CASH EQUIVALENTS**

Cash on hand	178	266
Cash at bank	39,553	19,437
	<u>39,731</u>	<u>19,703</u>

**9 LOANS AND BORROWINGS**

**Non-Current**

Cash advance	118,000	95,125
	<u>118,000</u>	<u>95,125</u>

The group has access to the following lines of credit:

**Total facilities available at balance date:**

Multi-option facility	200,000	170,000
Commercial credit card	4,512	4,308
	<u>204,512</u>	<u>174,308</u>

**Facilities utilised at balance date:**

Multi-option facility - cash advance	118,000	95,125
Multi-option facility - guarantees	1,221	2,539
Commercial credit card	1,120	880
	<u>120,341</u>	<u>98,544</u>

**Facilities not utilised at balance date:**

Multi-option facility	80,779	72,336
Commercial credit card	3,392	3,428
	<u>84,171</u>	<u>75,764</u>

In addition to these facilities, the group has cash at bank of \$39.731 million as set out in Note 8.

**Bank Facilities**

The multi-option facility has a number of components that are supported by interlocking guarantees between Codan Limited and its subsidiaries and are also subject to compliance with certain financial covenants. The group facilities are tested bi-annually to meet financial covenants of interest cover ratio, leverage ratio in addition to a Group Guarantee Condition. The group complies with all covenants on and before reporting date. The group expects to comply with the covenants within 12 months after the reporting date. On 19 August 2025, the company received financial institution approval for renewed banking facilities. The multi-option facility is for \$250 million and has a term of three years expiring in September 2028. A second multi-option facility for \$150 million may be available subject to financial institutions approval. The total facility drawn down as at 30 June 2025 was \$118 million.

	2025	2024
	%	%
Cash at bank	1.03	1.43
Cash advance	6.27	6.06

	Liabilities	Equity		
	Loans and Borrowings \$000	Lease liabilities \$000	Retained Earnings \$000	Total \$000
<b>Reconciliation of movements of liabilities to cash flows arising from financing activities:</b>				
Balance as at 1 July 2024	95,125	45,921	303,750	444,796
<b>Changes from financing cash flows</b>				
Drawdowns of borrowings	101,875	-	-	101,875
Repayment of borrowings	(79,000)	-	-	(79,000)
Payment of lease liabilities (principal)	-	(7,051)	-	(7,051)
Dividend paid	-	-	(44,483)	(44,483)
<b>Total changes from financing cash flows</b>	<u>22,875</u>	<u>(7,051)</u>	<u>(44,483)</u>	<u>(28,659)</u>
<b>Other changes</b>				
New leases	-	3,195	-	3,195
Net foreign currency differences on translation	-	671	-	671
Profit for the period	-	-	103,493	103,493
<b>Total liability-related other changes</b>	<u>-</u>	<u>3,866</u>	<u>103,493</u>	<u>107,360</u>
<b>Balance as at 30 June 2025</b>	<u>118,000</u>	<u>42,736</u>	<u>362,760</u>	<u>523,497</u>

Notes to and forming part of the financial statements  
for the year ended 30 June 2025  
Codan Limited and its Controlled Entities

	Note	Consolidated 2025 \$000	2024 \$000
<b>CASH MANAGEMENT (CONTINUED)</b>			
<b>10 NOTES TO THE STATEMENT OF CASH FLOWS</b>			
<b>Reconciliation of profit after income tax to net cash provided by operating activities</b>			
<b>Profit after income tax</b>		<b>103,493</b>	81,298
<b>Add/(less) items classified as investing or financing activities:</b>			
(Gain)/loss on sale of non-current assets		-	234
<b>Add/(less) non-cash items:</b>			
Depreciation		<b>14,362</b>	13,238
Amortisation		<b>23,373</b>	19,848
Performance rights and employee share plan expensed		<b>1,647</b>	802
Increase/(decrease) in income taxes		<b>6,160</b>	2,335
Increase/(decrease) in net assets affected by foreign currency translation		<b>(115)</b>	(984)
<b>Net cash from operating activities before changes in assets and liabilities</b>		<b>148,920</b>	116,771
<b>Change in assets and liabilities during the financial year:</b>			
Reduction/(increase) in receivables		<b>1,900</b>	(17,195)
Reduction/(increase) in inventories		<b>(14,543)</b>	15,971
Reduction/(increase) in other assets		<b>(11,524)</b>	(8,193)
Increase/(reduction) in trade and other payables		<b>18,453</b>	(127)
Increase/(reduction) in provisions		<b>3,431</b>	(777)
<b>Net cash from operating activities</b>		<b>146,637</b>	106,450
<b>OPERATING ASSETS AND LIABILITIES</b>			
<b>11 TRADE AND OTHER RECEIVABLES</b>			
<b>Current</b>			
Trade receivables		<b>94,195</b>	91,620
Less: expected credit loss provision	26(a)	<b>(2,110)</b>	(2,528)
Other debtors		<b>1,017</b>	4,791
		<b>93,102</b>	93,883
<b>12 INVENTORY</b>			
Raw materials		<b>42,631</b>	30,292
Work in progress		<b>28,293</b>	25,777
Finished goods		<b>69,776</b>	54,000
		<b>140,700</b>	110,069
In FY25, inventories of \$233.236 million (2024: \$174.965 million) were recognised as an expense and included in cost of sales.			
<b>13 OTHER ASSETS</b>			
Prepayments		<b>17,556</b>	10,931
Net foreign currency hedge receivable		<b>1,734</b>	472
Project work in progress		<b>24,533</b>	20,960
Other		<b>1,640</b>	1,423
		<b>45,463</b>	33,786

Notes to and forming part of the financial statements  
for the year ended 30 June 2025  
Codan Limited and its Controlled Entities

Consolidated  
2025      2024  
\$000      \$000

**OPERATING ASSETS AND LIABILITIES**

**14 PROPERTY, PLANT AND EQUIPMENT**

Leasehold property at cost	25,234	23,926
Accumulated depreciation	(10,540)	(8,158)
	<u>14,694</u>	<u>15,768</u>
Plant and equipment at cost	81,785	70,812
Accumulated depreciation	(59,217)	(50,585)
	<u>22,568</u>	<u>20,227</u>
Capital work in progress at cost	5,283	4,224
<b>Total property, plant and equipment</b>	<u>42,545</u>	<u>40,219</u>

**Reconciliations**

Reconciliations of the carrying amounts for each class of property, plant and equipment are set out below:

***Leasehold property improvements***

Carrying amount at beginning of year	15,768	15,125
Acquisitions through entities acquired (net value)	7	-
Additions	542	2,770
Disposals	(1)	(21)
Depreciation	(1,819)	(1,708)
Net foreign currency differences on translation of foreign entities	197	(398)
<b>Carrying amount at end of year</b>	<u>14,694</u>	<u>15,768</u>

***Plant and equipment***

Carrying amount at beginning of year	20,227	20,852
Acquisitions through entities acquired (net value)	919	225
Additions	6,029	4,463
Transfers	1,035	451
Disposals	(37)	(271)
Depreciation	(5,936)	(5,320)
Net foreign currency differences on translation of foreign entities	331	(173)
<b>Carrying amount at end of year</b>	<u>22,568</u>	<u>20,227</u>

***Capital work in progress at cost***

Carrying amount at beginning of year	4,224	1,730
Additions	2,749	2,889
Transfers	(1,738)	(451)
Net foreign currency differences on translation	48	56
<b>Carrying amount at end of year</b>	<u>5,283</u>	<u>4,224</u>
<b>Total carrying amount at end of year</b>	<u>42,545</u>	<u>40,219</u>



Notes to and forming part of the financial statements  
for the year ended 30 June 2025  
Codan Limited and its Controlled Entities

Consolidated  
2025      2024  
\$000      \$000

**OPERATING ASSETS AND LIABILITIES (CONTINUED)**

**15 PRODUCT DEVELOPMENT**

Product development at cost	331,277	273,162
Accumulated amortisation and impairment losses	(165,877)	(143,737)
	<u>165,400</u>	<u>129,425</u>

**Reconciliation**

Carrying amount at beginning of year	129,425	108,174
Acquisitions through entities acquired (net value)	6,895	1,029
Capitalised in current period	49,271	39,796
Amortisation	(21,238)	(18,540)
Net foreign currency differences on translation of foreign entities	1,047	(1,034)
	<u>165,400</u>	<u>129,425</u>

**16 INTANGIBLE ASSETS**

Intellectual property at cost	22,042	22,019
Accumulated amortisation	(21,663)	(21,611)
	<u>379</u>	<u>408</u>

Computer software at cost	21,307	16,114
Accumulated amortisation	(15,329)	(14,019)
	<u>5,978</u>	<u>2,095</u>

Licences at cost	5,987	5,978
Accumulated amortisation	(5,640)	(5,478)
	<u>347</u>	<u>500</u>

Brand names	8,325	8,232
Accumulated amortisation	(1,649)	(1,219)
	<u>6,676</u>	<u>7,013</u>

Customer relationships	5,942	3,641
Accumulated amortisation	(1,655)	(921)
	<u>4,287</u>	<u>2,720</u>

Goodwill	<u>323,495</u>	<u>291,856</u>
----------	----------------	----------------

<b>Total intangible assets</b>	<b>341,162</b>	<b>304,592</b>
--------------------------------	----------------	----------------

**Reconciliations**

**Intellectual property**

Carrying amount at beginning of year	408	475
Acquisitions through entity acquired	-	-
Amortisation	(36)	(30)
Net foreign currency differences on translation of foreign entities	7	(37)
	<u>379</u>	<u>408</u>

**Computer software**

Carrying amount at beginning of year	2,095	1,552
Acquisitions through entities acquired (net value)	124	-
Additions	3,837	811
Transfers from capital work in progress	703	-
Amortisation	(813)	(268)
Net foreign currency differences on translation of foreign entities	32	-
	<u>5,978</u>	<u>2,095</u>

Notes to and forming part of the financial statements  
for the year ended 30 June 2025  
Codan Limited and its Controlled Entities

Consolidated  
2025      2024  
\$000      \$000

**OPERATING ASSETS AND LIABILITIES (CONTINUED)**

**16 INTANGIBLE ASSETS (CONTINUED)**

**Licences**

Carrying amount at beginning of year	500	644
Additions	-	55
Amortisation	(156)	(199)
Net foreign currency differences on translation of foreign entities	3	0
	<b>347</b>	<b>500</b>

**Brand names**

Carrying amount at beginning of year	7,013	7,033
Acquisitions through entities acquired (net value)	-	378
Amortisation	(416)	(403)
Net foreign currency differences on translation of foreign entities	79	5
	<b>6,676</b>	<b>7,013</b>

**Customer Relationships**

Carrying amount at beginning of year	2,720	694
Acquisitions through entities acquired (net value)	2,401	2,690
Amortisation	(714)	(408)
Net foreign currency differences on translation of foreign entities	(120)	(256)
	<b>4,287</b>	<b>2,720</b>

**Goodwill**

Carrying amount at beginning of year	291,856	263,576
Acquisitions through entities acquired (net value)	24,520	31,810
Adjustment on prior year's acquisitions	1,507	(2,860)
Net foreign currency differences on translation of foreign entities	5,612	(670)
	<b>323,495</b>	<b>291,856</b>

The following divisions have significant carrying amounts of goodwill:

Tactical Communications*	160,454	133,716
Zetron	109,085	104,063
Minelab	53,956	54,077
	<b>323,495</b>	<b>291,856</b>

\*Tactical Communications goodwill includes \$24.520 million that relates to the Kägwerks Acquisition (refer note 32).

**Goodwill**

The recoverable amount of cash generating units or groups of cash generating units has been determined using value-in-use calculations. The approach to the value-in-use calculations for these units or groups of units is similar. The first year of the cash flow forecasts is based on the oncoming year's Board approved budgeted EBITDA, and cash flows are forecast for a five-year period. The key assumption driving the value-in-use valuation is the level of sales, which is based on management assessment having regard to the demand expected from customers, the global economy and the businesses' competitive position. It was assumed that the revenue would increase at a rate of 5% over the next four years. Other assumptions relate to the level of gross margins achieved on sales and the level of expense required to run the business, these assumptions reflect past experience. A terminal value has been determined at the conclusion of five years assuming a long-term growth rate of 3%. A pre-tax discount rate range of 11-13%, dependent on the size of the cash generating unit (FY24: 12-15%), has been applied to the forecast cash flows.

Notes to and forming part of the financial statements  
for the year ended 30 June 2025  
Codan Limited and its Controlled Entities

**OPERATING ASSETS AND LIABILITIES (CONTINUED)**

**2025**  
**\$000**

**2024**  
**\$000**

**17 TRADE AND OTHER PAYABLES**

**Current**

Trade payables	61,294	49,559
Other payables and accruals	69,176	47,188
Contract liabilities*	30,794	29,681
	<u>161,264</u>	<u>126,428</u>

**Non-Current**

Contract liabilities*	5,926	6,310
Other payables and accruals	12,825	12,886
	<u>18,751</u>	<u>19,196</u>

\*The revenue recognised in the current financial year that was included in the contract liability balance at the beginning of the financial year is \$29.681 million (FY24: \$26.156 million).

**18 PROVISIONS**

**Current**

Employee benefits	11,957	10,319
Warranty repairs	4,261	3,344
Other	1,164	-
	<u>17,382</u>	<u>13,663</u>

**Reconciliation of warranty provision**

Carrying amount at beginning of year	3,344	3,990
Provisions made	2,929	2,154
Payments made	(2,012)	(2,800)
	<u>4,261</u>	<u>3,344</u>

**Non-Current**

Employee benefits	825	1,280
Other	3,795	3,295
	<u>4,620</u>	<u>4,575</u>

**CAPITAL MANAGEMENT**

**19 SHARE CAPITAL**

**Share capital**

Opening balance (181,316,113 ordinary shares fully paid)	50,319	49,196
Issue of share capital through vested performance rights (85,869 shares)	1,863	1,123
Issue of share capital to directors and employees - other share plans (168,860 shares)*	1,436	-
<b>Closing balance (181,570,842 ordinary shares fully paid)</b>	<u>53,618</u>	<u>50,319</u>

\*Other share plans relate to non-executive directors' share rights and portion of executives' STI paid in equity, as detailed in Remuneration Report.

**Terms and conditions**

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings. In the winding up of the company, ordinary shareholders rank after all creditors and are fully entitled to any proceeds on liquidation.

Notes to and forming part of the financial statements  
for the year ended 30 June 2025  
Codan Limited and its Controlled Entities

Consolidated

2025      2024  
\$000      \$000

**CAPITAL MANAGEMENT (CONTINUED)**

**20 RESERVES**

Foreign currency translation reserve	45,933	32,012
Hedging reserve	1,213	332
Equity based payment reserve	1,322	1,538
Profit reserve	58,981	58,981
	<u>107,449</u>	<u>92,863</u>

**Foreign currency translation**

The foreign currency translation reserve records the foreign currency differences arising from the translation of foreign operations.

Balance at beginning of year	32,012	38,458
Net translation adjustment	13,921	(6,446)
<b>Balance at end of year</b>	<u>45,933</u>	<u>32,012</u>

**Hedging reserve**

The hedging reserve comprises the effective portion of the cumulative net change in fair value of cash flow hedging instruments (net of tax) related to hedged transactions that have not yet occurred.

Balance at beginning of year	332	(874)
Movement of hedging reserve	881	1,206
<b>Balance at end of year</b>	<u>1,213</u>	<u>332</u>

**Equity based payment reserve**

The equity based payment reserve comprises Codan Limited's accumulated expenses in relation to unvested performance rights.

Balance at beginning of year	1,538	1,859
Performance rights expensed	1,647	802
Performance rights vested and exercised	(1,863)	(1,123)
<b>Balance at end of year</b>	<u>1,322</u>	<u>1,538</u>

**Profit reserve**

The profit reserve comprises a portion of Codan Limited's accumulated profits.

Balance at beginning of year	58,981	58,981
<b>Balance at end of year</b>	<u>58,981</u>	<u>58,981</u>

**21 CAPITAL MANAGEMENT**

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of directors monitors the level of dividends paid to ordinary shareholders and the overall return on capital.

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings, and the advantages and security afforded by a sound capital position. This approach has not changed from previous years.

**Notes to and forming part of the financial statements  
for the year ended 30 June 2025  
Codan Limited and its Controlled Entities**

**GROUP STRUCTURE**

**22 GROUP ENTITIES**

Name	Country of incorporation	Class of share	Interest held	
			2025 %	2024 %
Parent Entity				
Codan Limited	Australia	Ordinary		
Controlled Entities				
Broadcast Wireless Systems Limited	UK	Ordinary	100	100
Codan Defence Electronics Pty Ltd	Australia	Ordinary	100	100
Codan Executive Share Plan Pty Ltd	Australia	Ordinary	100	100
Codan Radio Communications ME DMCC	UAE	Ordinary	100	100
Codan Radio Communications Pty Ltd	Australia	Ordinary	100	100
Codan (UK) Limited	UK	Ordinary	100	100
Codan (US), Inc	USA	Ordinary	100	100
Corp Ten International, Inc.	USA	Ordinary	100	100
Daniels Electronics Ltd	Canada	Ordinary	100	100
Domo Broadcast Holdings LLC	USA	Ordinary	100	100
Domo Tactical Communications (DTC) Limited	UK	Ordinary	100	100
Domo Tactical Communications (DTC) PTE limited	Singapore	Ordinary	100	100
DTC Communications, Inc	USA	Ordinary	100	100
DTC Group Holdings, LLC	USA	Ordinary	100	100
DTC International Holdings Ltd	UK	Ordinary	100	100
DTC North America Holdings, LLC	USA	Ordinary	100	100
GeoConex, LLC	USA	Ordinary	100	100
MEP Surveillance Midco, Inc	USA	Ordinary	100	100
Minelab Americas, Inc	USA	Ordinary	100	100
Minelab de Mexico SA de CV	Mexico	Ordinary	100	100
Minelab do Brasil Equipamentos Para Mineração Ltda	Brazil	Ordinary	100	100
Minelab Electronics Malaysia Sdn. Bhd. <sup>1</sup>	Malaysia	Ordinary	100	-
Minelab Electronics Pty Limited	Australia	Ordinary	100	100
Minelab Electronics UK Limited <sup>2</sup>	UK	Ordinary	100	-
Minelab India Private Limited	India	Ordinary	100	100
Minelab International Limited	Ireland	Ordinary	100	100
Minelab MEA FZE	UAE	Ordinary	100	100
Minelab MEA General Trading LLC	UAE	Ordinary	100	49
SKT2 LLC - Kågwerks <sup>3</sup>	USA	Ordinary	100	-
Spectronic Denmark A/S	Denmark	Ordinary	100	100
Wave Central LLC	USA	Ordinary	100	100
Zetron Air Systems Pty Ltd	Australia	Ordinary	100	100
Zetron Australasia Pty Ltd	Australia	Ordinary	100	100
Zetron Eagle Limited	UK	Ordinary	100	100
Zetron, Inc.	USA	Ordinary	100	100
Zetron Limited	UK	Ordinary	100	100

<sup>1</sup> Minelab Electronics Malaysia Sdn. Bhd. was established on 11 October 2024.

<sup>2</sup> Minelab Electronics UK Limited was established on 30 May 2025.

<sup>3</sup> SKT2 LLC Kågwerks was acquired by the group on 5 December 2024. Refer to Note 32 for details.

**23 DEED OF CROSS GUARANTEE**

Pursuant to ASIC Corporations (Wholly owned Companies) Instrument 2016/785, the wholly-owned subsidiary listed below is relieved from the Corporations Act 2001 requirements for preparation, audit and lodgement of financial and directors' reports.

It is a condition of the Class Order that the company and its subsidiary enter into a Deed of Cross Guarantee. The effect of the Deed is that the company guarantees to each creditor payment in full of any debt in the event of the winding up of the subsidiary under certain provisions of the Corporations Act 2001. If a winding up occurs under the provisions of the Act, the company will only be liable in the event that after six months any creditor has not been paid in full. The subsidiary has also given similar guarantees in the event that the company is wound up.

Minelab Electronics Pty Limited is the only subsidiary subject to the Deed. Minelab Electronics Pty Limited became a party to the Deed on 22 June 2009, by virtue of a Deed of Assumption. A summarised consolidated income statement and a consolidated balance sheet, comprising the company and controlled entity which is a party to the Deed, after eliminating all transactions between the parties to the Deed of Cross Guarantee, is set out as follows:

Notes to and forming part of the financial statements  
for the year ended 30 June 2025  
Codan Limited and its Controlled Entities

**GROUP STRUCTURE (CONTINUED)**

**23 DEED OF CROSS GUARANTEE (CONTINUED)**

	Consolidated	
	2025	2024
	\$000	\$000
<b>Summarised income statement and retained earnings</b>		
Revenue	106,055	116,229
Net finance costs	(7,534)	(7,662)
Other expenses	(13,227)	(60,104)
<b>Profit before tax</b>	<b>85,294</b>	<b>48,463</b>
Income tax expense	(11,361)	(11,921)
<b>Profit after tax</b>	<b>73,933</b>	<b>36,542</b>
<b>Retained earnings at beginning of year</b>	<b>174,443</b>	<b>174,164</b>
<b>Retained earnings at end of year</b>	<b>203,893</b>	<b>174,443</b>
<b>Balance sheet</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	4,624	5,060
Trade and other receivables	145,288	81,069
Inventories	59,409	56,811
Other assets	5,629	2,056
<b>Total current assets</b>	<b>214,950</b>	<b>144,996</b>
<b>NON-CURRENT ASSETS</b>		
Investments	206,511	202,387
Right-of-use assets	12,231	14,489
Property, plant and equipment	14,614	14,142
Product development	70,768	63,008
Intangible assets	58,237	54,452
Other assets	1,834	1,200
<b>Total non-current assets</b>	<b>364,195</b>	<b>349,678</b>
<b>Total assets</b>	<b>579,145</b>	<b>494,674</b>
<b>CURRENT LIABILITIES</b>		
Trade and other payables	95,838	67,691
Current tax payable	1,910	2,469
Lease Liability	3,103	2,936
Provisions	9,263	8,586
<b>Total current liabilities</b>	<b>110,114</b>	<b>81,682</b>
<b>NON-CURRENT LIABILITIES</b>		
Loans and borrowings	118,000	95,125
Lease Liability	13,515	16,291
Deferred tax liabilities	14,331	12,599
Provisions	783	706
<b>Total non-current liabilities</b>	<b>146,629</b>	<b>124,721</b>
<b>Total liabilities</b>	<b>256,743</b>	<b>206,403</b>
<b>Net assets</b>	<b>322,402</b>	<b>288,271</b>
<b>EQUITY</b>		
Share capital	53,618	50,319
Reserves	64,891	63,509
Retained earnings	203,893	174,443
<b>Total equity</b>	<b>322,402</b>	<b>288,271</b>

Notes to and forming part of the financial statements  
for the year ended 30 June 2025  
Codan Limited and its Controlled Entities

**GROUP STRUCTURE (CONTINUED)**

**24 PARENT ENTITY DISCLOSURES**

As at, and throughout, the financial year ending 30 June 2025, the parent company of the group was Codan Limited.

	Company	
	2025	2024
	\$000	\$000
<b>Result of parent entity</b>		
Profit after tax for the period	76,672	31,622
Other comprehensive income/(loss)	1,040	1,022
<b>Total comprehensive income for the period</b>	<b>77,712</b>	<b>32,644</b>
<b>Financial position of parent entity at year end</b>		
Current assets	228,849	155,363
Total assets	547,073	466,866
Current liabilities	90,860	67,806
Total liabilities	230,849	186,954
<b>Total equity of the parent entity comprising:</b>		
Share capital	53,618	50,319
Reserves	63,585	62,761
Retained earnings	199,021	166,832
<b>Total equity</b>	<b>316,224</b>	<b>279,912</b>
	Consolidated	
	2025	2024
	\$	\$

**OTHER NOTES**

**25 AUDITOR'S REMUNERATION**

<b>Audit services:</b>		
KPMG - audit and review of financial reports - Group*	430,120	351,556
Other firms - audit and review of financial reports	349,269	402,037
<b>Other Services</b>		
KPMG - taxation advice and compliance services	29,815	22,639
KPMG - other assurance services	14,770	-
Other firms - taxation advice and compliance services	286,651	107,886
Other firms - other services	7,305	13,439
	<b>1,117,930</b>	<b>897,557</b>

## **OTHER NOTES (CONTINUED)**

### **26 ADDITIONAL FINANCIAL INSTRUMENTS DISCLOSURE**

#### **Financial risk management**

##### **Overview**

The group has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk
- operational risk.

This note presents information about the group's exposure to each of the above risks, its objectives, policies and processes for measuring and managing risk, and its management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

The Board of directors has overall responsibility for the establishment and oversight of the risk management framework. The Audit and Risk Committee is responsible for developing and monitoring risk management policies. The committee reports regularly to the Board on its activities.

Risk management policies are established to identify and analyse the risks faced by the group, to set appropriate risk limits and controls, and to monitor risk and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the group's activities. The group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit and Risk Committee oversees how management monitors compliance with the group's risk management policies and procedures, and reviews the adequacy of the risk framework in relation to the risks faced by the group.

##### **(a) Credit risk**

Credit risk is the risk of financial loss to the group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the group's receivables from customers and bank accounts.

The credit risk on the financial assets and contract assets of the consolidated entity is the carrying amount of the asset, net of any impairment losses recognised.

The group minimises concentration of credit risk by undertaking transactions with a large number of customers in various countries. As at 30 June 2025, the customer with the group's highest trade and other receivable balance accounted for \$6.6 million (2024: \$4.1 million).

##### **Trade and other receivables**

The group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the group's customer base, including the default risk of the industry and country in which customers operate, have less of an influence on credit risk.

The group has established a credit policy under which new customers are analysed for credit worthiness before the group's payment and delivery terms and conditions are offered.

Goods are sold subject to retention of title clauses, so that in the event of non-payment the group may have a secured claim. The group does not normally require collateral in respect of trade and other receivables.

The group has established an allowance for expected credit losses (ECL) based on the lifetime ECL approach that represents its estimate of losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures and a collective loss component established for groups of similar assets. In determining the lifetime ECL, management uses both historical credit loss experience and forecasts of future economic conditions for trade receivables. The need to consider forward-looking information means that the group exercises judgement as to how changes in macroeconomic factors will affect the ECL on trade receivables.

##### **Guarantees**

Group policy is to provide financial guarantees only to wholly owned subsidiaries.



**Notes to and forming part of the financial statements  
for the year ended 30 June 2025  
Codan Limited and its Controlled Entities**

**OTHER NOTES (CONTINUED)**

**26 ADDITIONAL FINANCIAL INSTRUMENTS DISCLOSURE (CONTINUED)**

**(a) Credit risk (continued)**

The carrying amount of the group's financial assets represents the maximum credit exposure. The group's maximum exposure to credit risk at the reporting date was:

	Note	Consolidated 2025 \$000	2024 \$000
Cash and cash equivalents	8	39,731	19,703
Trade and other receivables	11	93,102	93,883

The group's gross trade receivables at the reporting date by geographic region was:

Australia/Oceania	10,205	4,877
Europe	20,341	22,556
Americas	49,830	49,519
Asia	5,689	10,193
Africa/Middle East	8,130	4,475
	<b>94,195</b>	<b>91,620</b>

**Impairment losses**

The ageing of the group's trade receivables at the reporting date was:

	Gross 2025 \$000	Consolidated Impairment 2025 \$000	Gross 2024 \$000	Impairment 2024 \$000
Not past due	67,179	(909)	64,163	(870)
Past due 0-30 days	14,285	(168)	10,244	(17)
Past due 31-60 days	6,567	(31)	4,339	(7)
Past due 61-120 days	4,416	(19)	8,620	(14)
More than 120 days	1,748	(983)	4,254	(1,620)
	<b>94,195</b>	<b>(2,110)</b>	<b>91,620</b>	<b>(2,528)</b>

Trade receivables have been reviewed, taking into consideration letters of credit held and the credit assessment of the individual customers. The impairment recognised is considered appropriate for the credit risk remaining.

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	Consolidated 2025 \$000	2024 \$000
Balance at 1 July	2,528	2,792
Impairment loss/(reversal) recognised	(19)	(264)
Trade receivables written off to the allowance for impairment	(399)	-
<b>Balance at 30 June</b>	<b>2,110</b>	<b>2,528</b>

**Notes to and forming part of the financial statements  
for the year ended 30 June 2025  
Codan Limited and its Controlled Entities**

**OTHER NOTES (CONTINUED)**

**26 ADDITIONAL FINANCIAL INSTRUMENTS DISCLOSURE (CONTINUED)**

**(b) Liquidity risk**

Liquidity risk is the risk that the group will not be able to meet its financial obligations as they fall due. The group's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions and without incurring unacceptable losses or risking damage to the group's reputation. Refer note 9 for a summary of banking facilities available.

The following are the contractual maturities of financial liabilities:

	Carrying amount \$000	Contractual cash flows \$000	12 months or less \$000	1-5 years \$000	More than 5 years \$000
<b>30 June 2025</b>					
<b>Non-derivative financial liabilities</b>					
Trade and other payables	143,295	(143,295)	(130,471)	(12,824)	-
Lease liabilities	42,736	(46,698)	(7,534)	(28,809)	(10,354)
Cash advance	118,000	(132,807)	(7,403)	(125,403)	-
	<b>304,031</b>	<b>(322,800)</b>	<b>(145,407)</b>	<b>(167,036)</b>	<b>(10,354)</b>
<b>30 June 2024</b>					
<b>Non-derivative financial liabilities</b>					
Trade and other payables	109,633	(109,633)	(96,747)	(12,886)	-
Lease liabilities	45,921	(52,019)	(6,689)	(28,666)	(16,664)
Cash advance	95,125	(106,660)	(5,767)	(100,892)	-
	<b>250,679</b>	<b>(268,312)</b>	<b>(109,203)</b>	<b>(142,444)</b>	<b>(16,664)</b>

**(c) Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, will affect the group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The group enters into derivatives, and also incurs financial liabilities, in order to manage market risks. All such transactions are carried out within the policy set by the Board. Generally, the group seeks to apply hedge accounting in order to manage volatility in the income statement.

The net fair values of monetary financial assets and financial liabilities not readily traded in an organised financial market are determined by valuing them at the present value of the contractual future cash flows on amounts due from customers (reduced for expected credit losses), or due to suppliers. The carrying amount of financial assets and financial liabilities approximates their net fair values.

Notes to and forming part of the financial statements  
for the year ended 30 June 2025  
Codan Limited and its Controlled Entities

**OTHER NOTES (CONTINUED)**

**26 ADDITIONAL FINANCIAL INSTRUMENTS DISCLOSURE (CONTINUED)**

**(c) Market risk (continued)**

**Interest rate risk**

**Profile**

At the reporting date, the interest rate profile of the group's interest-bearing financial instruments was:

	Consolidated 2025 \$000	2024 \$000
<b>Fixed rate instruments</b>		
Financial assets	-	-
Financial liabilities	-	-
	-	-
<b>Variable rate instruments</b>		
Financial assets	39,731	19,703
Financial liabilities	(118,000)	(95,125)
	(78,269)	(75,422)

**Cash flow sensitivity**

If interest rates varied by 100 basis points for the full financial year, then based on the balance of variable rate instruments held at the reporting date, profit and equity would have been affected as shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Profit/(loss) before tax 100 bp increase \$000	100 bp decrease \$000
<b>30 June 2025</b>		
Variable rate instruments	(783)	-
<b>30 June 2024</b>		
Variable rate instruments	(754)	754

**Currency risk**

The group is exposed to currency risk on sales, purchases and balance sheet accounts that are denominated in a currency other than the respective functional currencies of group entities, primarily the Australian dollar (AUD). The currencies in which these transactions are denominated are primarily USD and EUR.

The group enters into foreign currency hedging instruments or borrowings denominated in a foreign currency to hedge certain anticipated highly probable operating cash flows denominated in foreign currency (principally in USD). The terms of these commitments are usually less than 12 months. As at the reporting date, the group has entered into a number of forward exchange contracts which will limit the foreign exchange risk on USD \$15 million of FY26 cash flows. The average forward exchange contract rate is 1AUD:0.62USD.

Notes to and forming part of the financial statements  
for the year ended 30 June 2025  
Codan Limited and its Controlled Entities

**OTHER NOTES (CONTINUED)**

**26 ADDITIONAL FINANCIAL INSTRUMENTS DISCLOSURE (CONTINUED)**

**Currency risk (continued)**

The group's exposure to foreign currency risk (in AUD equivalent), after taking into account hedge transactions at reporting date, was as follows:

	Consolidated EUR \$000	USD \$000
<b>30 June 2025</b>		
Cash and cash equivalents	1,075	3,760
Trade receivables	5,150	22,710
Trade payables	(545)	(29,363)
<b>Gross balance sheet exposure</b>	<b>5,680</b>	<b>(2,893)</b>
Hedge transactions relating to balance sheet exposure	-	(2,290)
<b>Net exposure at the reporting date</b>	<b>5,680</b>	<b>(5,183)</b>
<b>30 June 2024</b>		
Cash and cash equivalents	991	4,883
Trade receivables	7,284	18,496
Trade payables	(39)	(19,549)
<b>Gross balance sheet exposure</b>	<b>8,236</b>	<b>3,830</b>
Hedge transactions relating to balance sheet exposure	-	(3,019)
<b>Net exposure at the reporting date</b>	<b>8,236</b>	<b>811</b>

**Sensitivity analysis**

Given the foreign currency balances included in the balance sheet as at reporting date, if the Australian dollar at that date strengthened by 10%, then the impact on profit and equity arising from the balance sheet exposure would be as follows:

	Consolidated Reserve credit/(debit) \$000	Profit/(loss) before tax \$000
<b>2025</b>		
EUR	-	(516)
USD	(158)	471
	<b>(158)</b>	<b>(45)</b>
<b>2024</b>		
EUR	-	(749)
USD	(43)	(74)
	<b>(43)</b>	<b>(823)</b>

A 10% weakening of the Australian dollar against the above currencies at 30 June would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

**(d) Fair value hierarchy**

The group's financial instruments carried at fair value have been valued by using a "level 2" valuation method. Level 2 valuations are obtained from inputs, other than quoted prices, that are observable for the asset or liability either directly or indirectly. At the end of the current year, financial instruments valued at fair value were limited to net foreign currency hedge receivable of \$1.734 million, for which an independent valuation was obtained from the relevant banking institution.

**Notes to and forming part of the financial statements  
for the year ended 30 June 2025  
Codan Limited and its Controlled Entities**

**Consolidated**  
**2025      2024**  
**\$000      \$000**

**OTHER NOTES (CONTINUED)**

**27 EMPLOYEE BENEFITS**

**Aggregate liability for employee benefits, including on-costs:**

Current - short-term incentives and other accruals	<b>17,825</b>	11,979
Current - employee entitlements	<b>11,957</b>	10,319
Non-current - employee entitlements	<b>825</b>	1,280
	<b>30,607</b>	<b>23,578</b>

The present values of employee entitlements not expected to be settled within 12 months of the reporting date (long service leave) have been calculated using the following weighted averages:

Assumed rate of increase in wage and salary rates	<b>3.00%</b>	3.00%
Discount rate	<b>5.11%</b>	5.47%
Settlement term	<b>10 years</b>	10 years

**Performance Rights Plan**

At the 2004 AGM, shareholders approved the establishment of a Performance Rights Plan (Plan). The Plan is designed to provide employees with an incentive to maximise the return to shareholders over the long term, and to assist in the attraction and retention of key employees.

**Performance rights issued in financial year 2023**

The Company issued 40,714 performance rights in relation to the FY23 long term incentive plan and 16,305 performance rights in relation to the FY22 plan in November 2022 to the Chief Executive Officer. The FY22 issue was a pro rata issue given the Chief Executive Officer commenced employment part way through that year. The fair value of the rights was on average \$3.24, based on the Black-Scholes formula. The model inputs were the share price of \$3.98, no exercise price, expected volatility 53%, dividend yield 7.04%, a term of three years for the FY23 issue and a term of two years for the FY22 issue and a risk-free rate of 3.6%.

The company issued 463,746 performance rights in February 2023 to certain employees. The fair value of the rights was on average \$4.57, based on the Black-Scholes Formula. The model inputs were: the share price of \$5.48, no exercise price, expected volatility 53%, dividend yield 5.11%, a term of three years and a risk-free rate of 3.6%. Due to the departure of employees, 45,060 performance rights have been cancelled. The total expense recognised as employee costs in FY25 in relation to performance rights issued was \$0.465 million.

The performance rights become exercisable if certain performance thresholds such as growth of the group's earnings per share over a three-year period are achieved. The FY23 LTI plan performance rights that were based on the financial performance of Codan Limited did not vest following the end of the three-year performance period on 30 June 2025. The FY23 LTI plan included the issue of 125,000 performance rights to each Executive KMP who lead our Communications business (EGM of Tactical Communications and EGM of Zetron), in total 250,000 performance rights. Of these rights, 175,000 had financial performance measures specific to the Communications business for the three-year performance period ending on 30 June 2025 and 75,000 had service conditions. The performance condition to vesting of 175,000 share rights that were based on financial performance will fully vest in August 2025. 75,000 share rights remain unvested subject to the service condition period ending in January 2027.

**Notes to and forming part of the financial statements  
for the year ended 30 June 2025  
Codan Limited and its Controlled Entities**

**OTHER NOTES (CONTINUED)**

**27 EMPLOYEE BENEFITS (CONTINUED)**

**Performance rights issued in financial year 2024**

The company issued 99,809 performance rights in November 2023 to the Chief Executive Officer. For the EPS growth performance hurdle, the fair value of the rights was on average \$6.74, based on the Black-Scholes formula. The model inputs were the share price of \$8.13, no exercise price, expected volatility 49.5%, dividend yield 2.28%, a term of three years and a risk-free rate of 4.63%. For the RTSR performance hurdle, the fair value of the rights was on average \$4.88, based on the Monte Carlo simulation method. The model inputs were the share price of \$8.13, expected volatility 49.5%, dividend yield 2.28%, a risk-free rate of 4.63%, performance period of 3 years ending 30 June 2026, volatility for each peer, historical returns for each peer and vesting schedule applicable to the Chief Executive Officer.

The company issued 270,876 performance rights in February 2024 to certain employees. For the EPS Growth Performance Hurdle, the fair value of the rights was on average \$7.07, based on the Black-Scholes Formula. The model inputs were the share price of \$7.95, no exercise price, expected volatility 48.1%, dividend yield 2.33%, a term of three years and a risk-free rate of 4.54%. For the RTSR performance hurdle, the fair value of the rights was on average \$4.43, based on the Monte Carlo simulation method. The model inputs were the share price of \$7.95, expected volatility 48.1%, dividend yield 2.33%, a risk-free rate of 4.15%, performance period of 3 years ending 30 June 2026, volatility for each peer, historical returns for each peer and vesting schedule applicable to other employees. Due to the departure of employees, 8,671 performance rights have been cancelled. The total expense recognised as employee costs in FY25 in relation to performance rights issued was \$0.934 million. The performance rights become exercisable if certain performance thresholds such as growth of the group's earnings per share over a three-year period are achieved.

**Performance rights issued in financial year 2025**

The Company issued 134,385 performance rights in relation to the FY25 LTI plan to the Chief Executive Officer. For the EPS growth performance hurdle, the fair value of the rights was on average \$13.12, based on the Black-Scholes formula. The model inputs were the share price of \$15.80, no exercise price, expected volatility 45.1%, dividend yield 1.3%, a term of three years and a risk-free rate of 4.3%. For the RTSR performance hurdle, the fair value of the rights was on average \$10.13, based on the Monte Carlo simulation method. The model inputs were the share price of \$15.80, expected volatility 45.1%, dividend yield 1.3%, a risk-free rate of 4.3%, performance period of 3 years ending 30 June 2027, volatility for each peer, historical returns for each peer and vesting schedule applicable to the Chief Executive Officer.

The company issued 413,423 performance rights in June 2025 to certain employees. For the EPS growth performance hurdle, the fair value of the rights was on average \$18.36, based on the Black-Scholes Formula. The model inputs were the share price of \$20.10, no exercise price, expected volatility 38.9%, dividend yield 1.1%, a term of three years and a risk-free rate of 4.2%. For the RTSR performance hurdle, the fair value of the rights was on average \$16.13, based on the Monte Carlo simulation method. The model inputs were the share price of \$20.10, expected volatility 38.9%, dividend yield 1.1%, a risk-free rate of 4.2%, performance period of 3 years ending 30 June 2027, volatility for each peer, historical returns for each peer and vesting schedule applicable to other employees. The total expense recognised as employee costs in FY25 in relation to performance rights issued was \$0.248 million. The performance rights become exercisable if certain performance thresholds such as growth of the group's earnings per share over a three-year period are achieved.

No performance rights have been issued since the end of the financial year.

**28 KEY MANAGEMENT PERSONNEL DISCLOSURES**

**Transactions with key management personnel**

**(a) Loans to directors**

There have been no loans to directors during the financial year.

**(b) Key management personnel compensation**

The key management personnel compensation included in "personnel expenses" (refer note 3) is as follows:

	<b>Consolidated</b>	
	<b>2025</b>	<b>2024</b>
	<b>\$</b>	<b>\$</b>
Short-term employee benefits	<b>6,509,099</b>	5,478,558
Post-employment benefits	<b>191,960</b>	166,566
Share-based payments	<b>1,471,517</b>	800,895
Other long term benefits	<b>42,836</b>	51,852
	<b>8,215,412</b>	<b>6,497,871</b>

**(c) Key management personnel transactions**

From time to time, directors and specified executives, or their related parties, purchase goods from the group. These purchases occur within a normal employee relationship and are considered to be trivial in nature.

**Notes to and forming part of the financial statements  
for the year ended 30 June 2025  
Codan Limited and its Controlled Entities**

**OTHER NOTES (CONTINUED)**

**29 OTHER RELATED PARTIES**

All transactions with non-key management personnel related parties are on normal terms and conditions.

Companies within the group purchase materials from other group companies. These transactions are on normal commercial terms.

Loans between entities in the wholly owned group are repayable at call and no interest is charged.

**30 NET TANGIBLE ASSET PER SHARE**

	2025	2024
Net tangible asset per share	15.2 cents	11.7 cents
Net tangible asset per share (excluding right of use assets)	(1.8) cents	(7.3) cents

**31 LEASES AND COMMITMENTS**

	Consolidated	
	2025	2024
	\$000	\$000
<b>Reconciliations</b>		
Right-of-use assets at cost	58,095	54,418
Accumulated depreciation	(26,997)	(20,049)
	<u>31,098</u>	<u>34,369</u>
<b>Right-of-use assets</b>		
Carrying amount at beginning of year	34,369	38,555
Acquisitions through entities acquired (net value)	549	-
Additions	2,379	2,344
Depreciation	(6,607)	(6,210)
Net foreign currency differences on translation of foreign entities	408	(320)
<b>Carrying amount at end of year</b>	<u>31,098</u>	<u>34,369</u>
<b>Lease Liabilities</b>		
Carrying amount at beginning of year	45,921	50,011
Assumed liabilities through entities acquired	597	-
Additions	2,598	2,189
Finance charge on lease liabilities	1,899	1,992
Lease payments	(8,950)	(7,905)
Net foreign currency differences on translation	671	(366)
	<u>42,736</u>	<u>45,921</u>
<b>of which are:</b>		
Current lease liabilities	7,534	6,689
Non-current lease liabilities	<u>35,202</u>	<u>39,232</u>
	<u>42,736</u>	<u>45,921</u>

**Notes to and forming part of the financial statements  
for the year ended 30 June 2025  
Codan Limited and its Controlled Entities**

**OTHER NOTES (CONTINUED)**

**32 ACQUISITIONS OF SUBSIDIARIES**

On 5 December 2024, Codan, through its wholly owned subsidiary, Codan US Inc, acquired 100% of the shares of US-based organization SKT2 LLC dba Kågwerks (Kågwerks) for an upfront cost of \$37.394 million inclusive of \$1.269 million in cash that was held by the business. There are also royalty payments for 5 years post-closing. The quantum of the royalty payments will be calculated based upon the agreed annual sales target thresholds ranging from 1% to an upper limit of 5%, without a cap to the amount payable. An estimated portion of this potential royalty (contingent consideration) of \$7.395 million has been recognised as Trade and Other Payables in the group's Consolidated Balance Sheet as at 30 June 2025, which is based on forecast sales performance, factoring in future sales opportunities arising from leveraging Codan's existing global distribution network. Kågwerks is a global leader in tactical operator-worn networking communications technologies that enable connectivity and integrated secure networking in a military environment. This enables Tactical Communications to broaden its offering as a full tactical military radio solutions provider and to build capability, credibility and scale in the core markets it operates in. The acquisition of Kågwerks is consistent with Codan's growth strategy to develop or acquire complementary IP and technologies, in this case the technology being acquired includes a radio agnostic dismounted communications solution.

From the acquisition date, Kågwerks has been consolidated within the group's results and has been reported in the Communications segment in Note 2. The following summary provides current estimates of the major classes of consideration transferred, the estimated fair value of assets acquired and liabilities assumed and the estimated goodwill at the acquisition date.

<b>Estimated fair value of consideration transferred</b>	<b>\$000</b>
Cash paid	37,394
Contingent consideration	7,395
Acquiree's cash balance at acquisition date	(1,269)
	<b>43,520</b>
<b>Estimated fair value of identifiable assets acquired and liabilities assumed, on a provisional basis</b>	
Total assets	31,820
Total liabilities	(12,820)
	<b>19,000</b>
<b>Estimated goodwill as a result of the acquisition</b>	
Estimated fair value of consideration transferred	43,520
Estimated fair value of identifiable assets acquired and liabilities assumed, on a provisional basis	(19,000)
	<b>24,520</b>

The identification and fair value measurement of the assets and liabilities acquired are provisional and amendments may be made to these figures up to 12 months following the date of acquisition if new information is obtained about facts and circumstances that existed at the acquisition date and, if known, would have affected the measurement of the amounts recognised as of that date. The contingent consideration is carried at fair value by using a "level 3" valuation method. Level 3 valuations are obtained from unobservable inputs to the market, with adjustment for risk factors and uses all reasonably available market and entity - specific information. The goodwill is mainly attributable to Kågwerks' accreditation into US Department of Defence Program of Record and future sales opportunities arising from leveraging Codan's existing global distribution network with an international export version of its products. The goodwill is expected to be deductible for tax purposes.



Notes to and forming part of the financial statements  
for the year ended 30 June 2025  
Codan Limited and its Controlled Entities

**OTHER NOTES (CONTINUED)**

**32 ACQUISITIONS OF SUBSIDIARIES (CONTINUED)**

The company acquired all of the shares in Zetron Limited (also referred to as Zetron UK) on 2 August 2023 and initially recognised the acquired assets and liabilities of Zetron Limited at their provisional fair values as disclosed in the FY24 annual report. Subsequently the company conducted detailed valuations of the assets and liabilities acquired as at the acquisition date which resulted in the following adjustments:

	Provisional fair value recognised \$000	Fair value adjustment \$000	Final fair value \$000
<b>Estimated fair value of consideration transferred</b>			
Cash paid	22,359	(1,105)	21,254
Acquiree's cash balance at acquisition date	(2,451)	-	(2,451)
	<b>19,908</b>	<b>(1,105)</b>	<b>18,803</b>
<b>Estimated fair value of identifiable assets acquired and liabilities assumed, on a provisional basis</b>			
Total assets	13,623	(1,999)	11,624
Total liabilities	(15,323)	(613)	(15,936)
	<b>(1,700)</b>	<b>(2,612)</b>	<b>(4,312)</b>
<b>Estimated goodwill as a result of the acquisition</b>			
Estimated fair value of consideration transferred	19,908	(1,105)	18,803
Estimated fair value of identifiable assets acquired and liabilities	1,700	2,612	4,312
	<b>21,608</b>	<b>1,507</b>	<b>23,115</b>

**33 SUBSEQUENT EVENTS**

A final dividend was declared after the end of the financial year as disclosed in note 5. The group's banking facilities were renewed after 30 June 2025 as disclosed in note 9.

**Consolidated entity disclosure statement as at 30 June 2025**  
**Codan Limited and its Controlled Entities**

Entity Name	Body corporate, partnership incorporated / or trust	Place incorporated / formed	Percentage of share capital held by the company in the body corporate	Australian or Foreign resident	Jurisdiction of Foreign Resident
Broadcast Wireless Systems Limited	Body Corporate	UK	100	Foreign	UK
Codan (US) Inc	Body Corporate	USA	100	Foreign	USA
Codan Defence Electronics Pty Ltd	Body Corporate	Australia	100	Australian	n/a
Codan Executive Share Plan Pty Ltd	Body Corporate	Australia	100	Australian	n/a
Codan Employee Share Plan Trust	Trust	Australia	n/a	Australian	n/a
Codan Limited	Body Corporate	Australia	Parent	Australian	n/a
Codan Radio Communications ME DMCC	Body Corporate	UAE	100	Foreign	UAE
Codan Radio Communications Pty Ltd	Body Corporate	Australia	100	Australian	n/a
Codan UK Ltd	Body Corporate	UK	100	Foreign	UK
Corp Ten International Inc	Body Corporate	USA	100	Foreign	USA
Daniels Electronics Ltd	Body Corporate	Canada	100	Foreign	Canada
Domo Broadcast Holdings LLC	Body Corporate	USA	100	Foreign	USA
Domo Tactical Communications (DTC) Limited	Body Corporate	UK	100	Foreign	UK
Domo Tactical Communications (DTC) Pte Limited	Body Corporate	Singapore	100	Foreign	Singapore
DTC Communications Inc	Body Corporate	USA	100	Foreign	USA
DTC Group Holdings LLC	Body Corporate	USA	100	Foreign	USA
DTC International Holdings Ltd	Body Corporate	UK	100	Foreign	UK
DTC North America Holdings LLC	Body Corporate	USA	100	Foreign	USA
GeoConex LLC	Body Corporate	USA	100	Foreign	USA
MEP Surveillance Midco Inc	Body Corporate	USA	100	Foreign	USA
Minelab Americas Inc	Body Corporate	USA	100	Foreign	USA
Minelab de Mexico SA de CV	Body Corporate	Mexico	100	Foreign	Mexico
Minelab do Brasil Equipamentos Para Mineração Ltda	Body Corporate	Brazil	100	Foreign	Brazil
Minelab Electronics Pty Ltd	Body Corporate	Australia	100	Australian	n/a
Minelab Electronics UK Ltd	Body Corporate	UK	100	Foreign	UK
Minelab India Private Limited	Body Corporate	India	100	Foreign	India
Minelab International Ltd	Body Corporate	Ireland	100	Foreign	Ireland
Minelab MEA FZE	Body Corporate	UAE	100	Foreign	UAE
Minelab MEA General Trading LLC	Body Corporate	UAE	100	Foreign	UAE
Minelab Electronics Malaysia Sdn. Bhd.	Body Corporate	Malaysia	100	Foreign	Malaysia
SKT2 LLC - Kågwerks	Body Corporate	USA	100	Foreign	USA
Spectronic Denmark A/S	Body Corporate	Denmark	100	Foreign	Denmark
Wave Central LLC	Body Corporate	USA	100	Foreign	USA
Zetron Air Systems Pty Limited	Body Corporate	Australia	100	Australian	n/a
Zetron Australasia Pty Limited	Body Corporate	Australia	100	Australian	n/a
Zetron Eagle Limited	Body Corporate	UK	100	Foreign	UK
Zetron Inc	Body Corporate	USA	100	Foreign	USA
Zetron Limited	Body Corporate	UK	100	Foreign	UK

**Key Assumptions and Judgements**

**Determination of Tax Residency:**

Section 295 (3A) of the Corporation Acts 2001 requires that the tax residency of each entity which is included in the Consolidated Entity Disclosure Statement (CEDS) be disclosed. In the context of an entity which was an Australian resident, "Australian resident" has the meaning provided in the Income Tax Assessment Act 1997. For the purposes of this section, an entity is an Australian resident at the end of a financial year if the entity is:

- a) an Australian resident (within the meaning of the Income Tax Assessment Act 1997) at that time; or
- b) a resident trust estate (within the meaning of Division 6 of Part III of the Income Tax Assessment Act 1936) in relation to the year of income (within the meaning of that Act) that corresponds to the financial year.

The determination of tax residency involves judgment as the determination of tax residency is highly fact dependent and there are currently several different interpretations that could be adopted, and which could give rise to a different conclusion on residency. In determining tax residency, the consolidated entity has applied the following interpretations:

- Australian tax residency - The consolidated entity has applied current legislation and judicial precedent, including having regard to the Commissioner of Taxation's public guidance in Tax Ruling TR 2018/5.
- Foreign tax residency - The consolidated entity has applied current legislation and where available judicial precedent in the determination of foreign tax residency. Where necessary, the consolidated entity has used independent tax advisers in foreign jurisdictions to assist in its determination of tax residency to ensure applicable foreign tax legislation has been complied with.

\*In December 2024, the Government enacted amendments to clarify CEDS disclosures for financial year commencing on or after 1 July 2024.

**Amendments and clarifications include:**

- CEDS must identify whether each entity is an Australian tax resident and any foreign jurisdictions where they are tax residents;
- When partnerships and trusts that are part of the consolidated entity are Australian residents for the purposes of the disclosures.

## DIRECTORS' DECLARATION

Codan Limited and its controlled entities

1. In the opinion of the directors of Codan Limited ("the Company"):
  - a) the consolidated financial statements and notes that are set out on pages 32 to 69 and the remuneration report on pages 5 to 23 in the directors' report, are in accordance with the *Corporations Act 2001*, including:
    - (i) giving a true and fair view of the group's financial position as at 30 June 2025 and of its performance for the financial year ended on that date; and
    - (ii) complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*; and
  - b) the consolidated entity disclosure statement as at 30 June 2025 set out on page 70 is true and correct; and
  - c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. There are reasonable grounds to believe that the Company and the group entities identified in note 22 will be able to meet any obligations or liabilities to which they are or may become subject to by virtue of the Deed of Cross Guarantee between the Company and those group entities pursuant to *ASIC Corporations (Wholly owned Companies) Instrument 2016/785*.
3. The directors have been given the declarations required by Section 295A of the *Corporations Act 2001* from the Chief Executive Officer and Chief Financial Officer for the financial year ended 30 June 2025.
4. The directors draw attention to note 1 to the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the directors:

Dated at Mawson Lakes this 20<sup>th</sup> day of August 2025.



**G R C Barclay**  
Director



**A Ianniello**  
Managing Director & CEO



# Independent Auditor's Report

To the shareholders of Codan Limited

## Report on the audit of the Financial Report

### Opinion

We have audited the **Financial Report** of Codan Limited (the Company).

In our opinion, the accompanying Financial Report of the Company gives a true and fair view, including of the **Group's** financial position as at 30 June 2025 and of its financial performance for the year then ended, in accordance with the *Corporations Act 2001*, in compliance with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The **Financial Report** comprises:

- Consolidated balance sheet as at 30 June 2025;
- Consolidated income statement, Consolidated statement of comprehensive income, Consolidated statement of changes in equity, and Consolidated statement of cash flows for the year then ended;
- Consolidated entity disclosure statement and accompanying basis of preparation as at 30 June 2025;
- Notes, including material accounting policies; and
- Directors' Declaration.

The **Group** consists of the Company and the entities it controlled at the year-end or from time to time during the financial year.

### Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with these requirements.

### Key Audit Matters

The **Key Audit Matters** we identified are:

- Goodwill – Impairment Assessment; and
- Revenue recognised over time – Communications.

**Key Audit Matters** are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of the current period.

These matters were addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

## Goodwill – Impairment Assessment (\$323.5 million)

Refer to Note 16 to the Financial Report

The key audit matter	How the matter was addressed in our audit
<p>A key audit matter for us was the Group's annual testing of goodwill for impairment, given the size of the balance (being 36% of total assets) and judgement applied by us when evaluating the evidence available. We focussed on the significant forward-looking assumptions the Group applied in the value in use models, including:</p> <ul style="list-style-type: none"> <li>• Forecast operating cashflows, particularly revenue growth rates – the Group's models are highly sensitive to changes in these assumptions, reducing available headroom. This drives additional audit effort specific to their feasibility and consistency of application to the strategy of the business.</li> <li>• Discount rates – these are complicated in nature and vary according to the conditions and environment the specific Cash Generating Unit (CGU) is subject to from time to time. The Group's modelling is sensitive to changes in the discount rate. We involved valuation specialists in assessing this.</li> <li>• Determination of CGUs – the impact of the continued integration of existing and acquired businesses, product lines and locations, and the acquisition of Kägwerks during the year on the determination of the Group's CGUs requires significant judgement. This drives additional audit effort by senior audit team members.</li> </ul> <p>The Group uses complex models to perform their annual testing of goodwill for impairment. The models are largely manually developed, use adjusted historical performance, and a range of internal and external sources as inputs to the assumptions. Complex modelling using forward-looking assumptions tend to be prone to greater risk for potential bias, error and inconsistent application. These conditions necessitate additional scrutiny by us, in particular to address the objectivity of sources used for assumptions, and their consistent application. We involved senior audit team members in assessing this key audit matter.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> <li>• We assessed the appropriateness of the Group's accounting policies against the requirements of the accounting standards.</li> <li>• We considered the Group's determination of their CGUs, based on our understanding of the operations of the Group's business, the impact of the acquisition during the year, and how independent cash inflows were generated, against the requirements of the accounting standards.</li> <li>• We considered the appropriateness of the value in use method applied by the Group in the annual test of goodwill for impairment against the requirements of the accounting standards.</li> <li>• We assessed the integrity of the value in use models used, including the accuracy of the underlying calculation formulas.</li> <li>• We compared the forecast cash flows contained in the value in use models to Board approved forecasts.</li> <li>• We used our knowledge of the Group, their past performance and our experience regarding the feasibility in the industry and economic environment in which the Group operates to challenge the Group's significant forecast cash flow and growth assumptions.</li> <li>• We assessed the accuracy of previous Group performance forecasts to inform our evaluation of forecasts incorporated in the models.</li> <li>• We considered the sensitivity of the models by varying key assumptions, such as forecast growth rates and discount rates, within a reasonably possible range. We did this to identify those assumptions at higher risk of bias or inconsistency in application and to focus our further procedures.</li> <li>• We developed our own expectations for the significant forecast cash flow and growth assumptions, considering past results.</li> <li>• Working with our valuation specialists, we independently developed a discount rate range considered comparable, using publicly available market data for comparable entities, adjusted by risk factors for the Group.</li> <li>• We assessed the Group's composition of the assets and liabilities in the CGUs carrying values for consistency with the assumptions used in the forecast cash flows and the requirements of the accounting standards.</li> <li>• We assessed the disclosures in the financial report using our understanding obtained from our testing and against the requirements of the accounting standards.</li> </ul>

## Revenue recognised over time – Communications (\$88.7 million)

Refer to Note 2 to the Financial Report

The key audit matter	How the matter was addressed in our audit
<p>Communications revenue recognised over time relating to Solutions (projects) is a key audit matter due to the significant judgement we have applied in assessing the recognition and measurement of this revenue. This was a result of the Group's policy to recognise revenue on a percentage of completion basis. This requires them to estimate the project cost to complete, as a component of the measurement of the percentage of completion.</p> <p>The estimation of cost to complete is prone to greater risk of error given the scale, complexity of projects and longer timeframes over which the projects lapse. Additional audit effort was required to evaluate the Group's estimations of cost to complete, percentage of project completion and therefore revenue recognised.</p> <p>We involved our senior audit team members in assessing this key audit matter.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> <li>• We considered the appropriateness of the revenue recognition method applied by the Group against the requirements of the accounting standards and our understanding of the business and industry practice.</li> <li>• We inspected a sample of executed customer contracts to understand the key terms of the arrangements and the performance obligations.</li> <li>• We obtained an understanding of the Group's processes over the preparation and oversight of estimated cost to complete and the allocation of expenses to projects.</li> <li>• We tested the accuracy of the underlying revenue data by tracing a sample of the contractual revenue to signed customer contracts.</li> <li>• We tested the accuracy of project related expenses by tracing a sample of expenses to underlying documentation such as supplier invoices and payroll records.</li> <li>• We tested the allocation of expenses to projects for a sample of materials and payroll costs.</li> <li>• We compared historical estimates of costs to complete to actuals costs incurred for a sample of completed projects to assess the Group's historical ability to forecast cost to complete, and therefore inform our assessment of estimations in the current year.</li> <li>• We compared estimated costs to complete for a sample of projects at 30 June 2025 to the budget.</li> <li>• We inquired of project managers for a sample of ongoing projects at balance date to understand the Group's assessment of project status and estimation uncertainties.</li> <li>• We assessed the disclosures in the financial report using our understanding obtained from our testing and against the requirements of the accounting standards.</li> </ul>

## Other Information

Other Information is financial and non-financial information in Codan Limited's annual report which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

The Other Information we obtained prior to the date of this Auditor's Report was the Directors' report and Remuneration Report. Codan FY25 Summary, Codan at a Snapshot, Chairman's Letter to Shareholders, CEO's Report, Metal Detection, Communications, Environmental, Social and Governance Report, Board of Directors, Leadership Team, ASX Additional Information and Corporate Directory are expected to be made available to us after the date of the Auditor's Report.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not and will not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

## Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report in accordance with the *Corporations Act 2001*, including giving a true and fair view of the financial position and performance of the Group, and in compliance with *Australian Accounting Standards* and the *Corporations Regulations 2001*.
- implementing necessary internal control to enable the preparation of a Financial Report in accordance with the *Corporations Act 2001*, including giving a true and fair view of the financial position and performance of the Group, and that is free from material misstatement, whether due to fraud or error.
- assessing the Group and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

## Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: [https://www.auasb.gov.au/media/bwvjcgre/ar1\\_2024.pdf](https://www.auasb.gov.au/media/bwvjcgre/ar1_2024.pdf). This description forms part of our Auditor's Report.

## Report on the Remuneration Report

### Opinion

In our opinion, the Remuneration Report of Codan Limited for the year ended 30 June 2025 complies with *Section 300A* of the *Corporations Act 2001*.

### Directors' responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with *Section 300A* of the *Corporations Act 2001*.

### Our responsibilities

We have audited the Remuneration Report included in pages 5 to 23 of the Directors' report for the year ended 30 June 2025.

Our responsibility is to express an opinion as to whether the Remuneration Report complies in all material respects with *Section 300A* of the *Corporations Act 2001*, based on our audit conducted in accordance with *Australian Auditing Standards*.



KPMG



Julie Cleary  
Partner

Sydney

20 August 2025