

21 February 2024

Company Announcements Office
Australian Securities Exchange
Level 4
20 Bridge Street
SYDNEY NSW 2000

Dear Sir/Madam

FY24 Half-year investor presentation

Please find attached a copy of Codan Limited's investor presentation dated 21 February 2024 for release to the market.

Yours faithfully



Michael Barton
Company Secretary
On behalf of the Board

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

Codan is a technology company that develops robust technology solutions to solve customers' communications, safety, security and productivity problems in some of the harshest environments around the world.

FOR ADDITIONAL INFORMATION, PLEASE CONTACT:-

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CODAN

H1 FY24 Results

Codan Limited

21st February 2024

Innovation
wherever you are



IMPORTANT NOTICE AND DISCLAIMER

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CONTENTS

RESULT HIGHLIGHTS

BUSINESS UNITS

- Tactical Communications | DTC
- Zetron
- Minelab

STRATEGY OVERVIEW

OUTLOOK AND SUMMARY

APPENDIX



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H1 FY24 GROUP HIGHLIGHTS

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Revenue

\$265.9m

+26% vs. pcp

EBIT

\$54.4m

+31% vs. pcp

Underlying NPAT

\$38.1m

+24% vs. pcp

Statutory EPS

20.9 cents

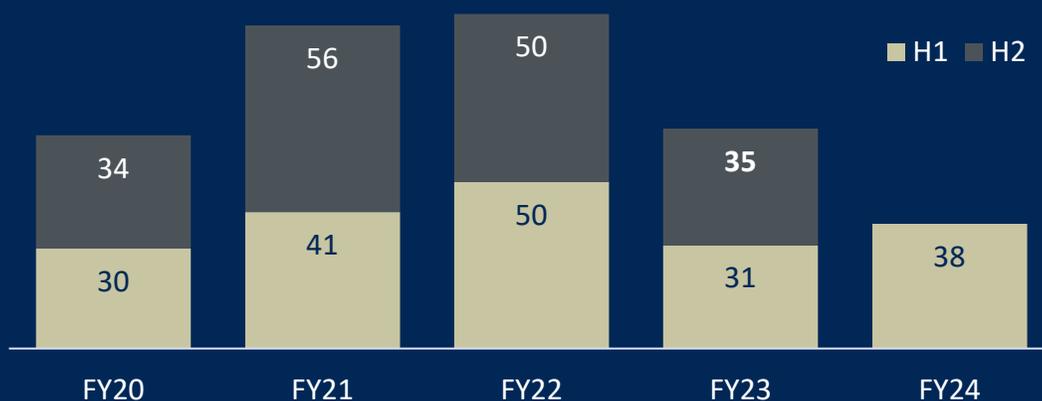
+22% vs. pcp

- H1 FY24 revenue +26% and EBIT +31% versus prior corresponding period (“pcp”) due to ongoing operational leverage
- Solid H1 result reflecting strong organic growth, complemented by contributions from acquired businesses
- Performance by Communications businesses in line with 10 to 15% revenue growth target range, including robust forward orderbook
- Metal detection revenues +49% versus pcp, with all divisions contributing to growth

H1 FY24 PERFORMANCE

Profit & Loss	Dec-23	Dec-22
	\$m	\$m
Revenue		
<i>Communications</i>	\$153.6	\$136.6
<i>Metal Detection</i>	\$110.0	\$73.8
<i>Other</i>	\$2.3	\$1.4
Total Revenue	\$265.9	\$211.8
EBITDA	\$70.7	\$55.2
EBIT	\$54.4	\$41.5
Net interest	(\$4.6)	(\$2.0)
Net profit before tax	\$49.8	\$39.5
Net profit after tax	\$38.1	\$30.8

Underlying NPAT (\$M)



- H1 FY24 net profit after tax of \$38.1 million +24% versus pcp
- Balanced revenue split between Communications and Metal Detection
- Increased expenses, primarily due to:
 - acquisition and integration costs;
 - higher variable remuneration linked to improved financial performance; and
 - investment into strengthening people, processes and systems to deliver strategic growth initiatives

FINANCIAL POSITION

Strong balance sheet

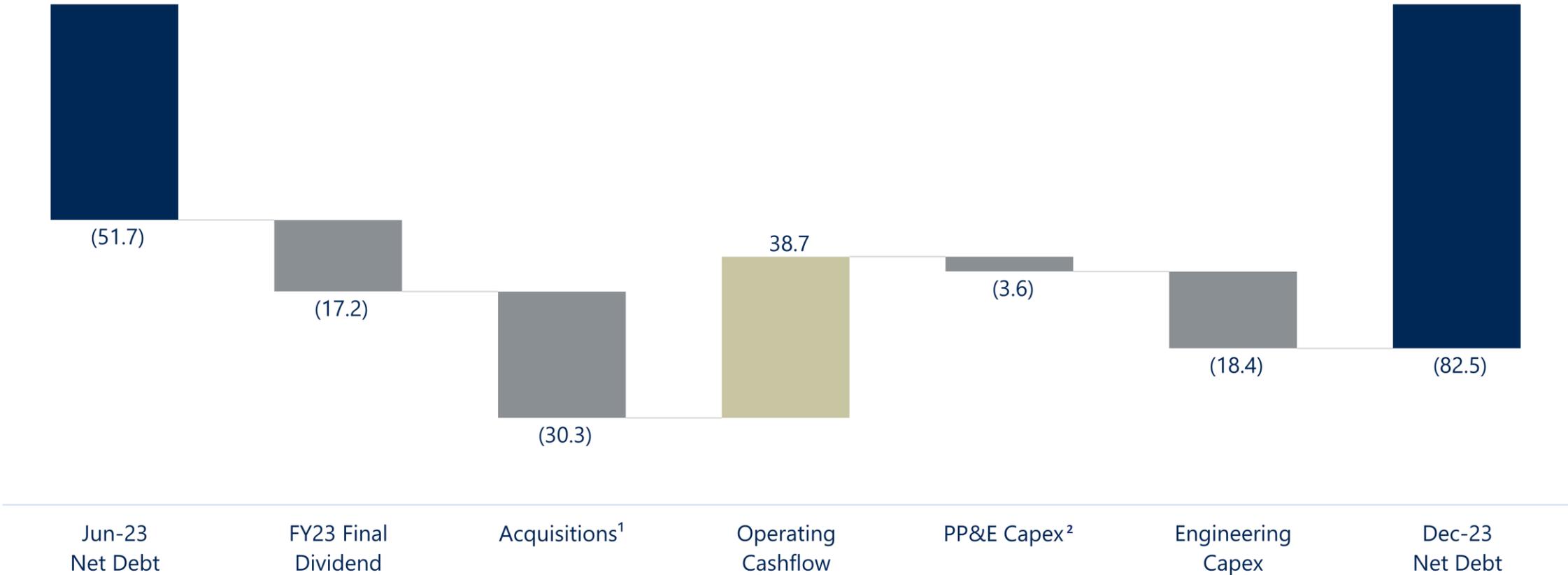
Balance Sheet	Dec-23	Jun-23	Change
	\$m	\$m	\$m
Receivables	74.9	71.0	3.9
Inventories	118.4	121.4	(3.0)
Payables	(108.7)	(110.8)	2.1
Total working capital	84.6	81.6	3.0
Property, plant & equipment	39.2	37.7	1.5
Product development	117.3	108.2	9.1
Intangible assets	337.3	312.5	24.8
Other assets	29.7	18.8	10.9
Other liabilities	(107.9)	(100.8)	(7.1)
Net assets before debt	500.2	458.0	42.2
Net cash (debt)	(82.5)	(51.7)	(30.8)
Net assets	417.7	406.3	11.4

- Net debt increased to \$82.5 million as at 31 December 2023, having paid:
 - upfront cash consideration for acquisition of Eagle and Wave Central (\$30.3 million); and
 - FY23 final dividend (\$17.2 million)
- Reduction in inventory to \$118.4 million as at 31 December 2023 mainly from the planned sell-down of Minelab's African market overstocked gold detectors
- Inventory expected to further decline in H2, contributing to forecast stronger H2 cash generation and a reduction in net debt by June 2024

CHANGE IN NET DEBT POSITION

Changes in Net Debt (Dec-23 vs Jun-23, \$m)

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1. Upfront cash consideration for acquisition of Eagle and Wave Central
 2. Property, Plant and Equipment capital expenditure

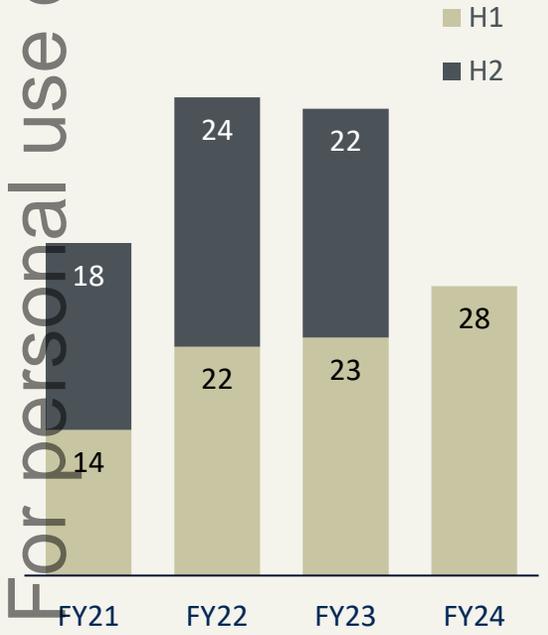
ENGINEERING INVESTMENT

Invest in ourselves - strong pipeline of projects

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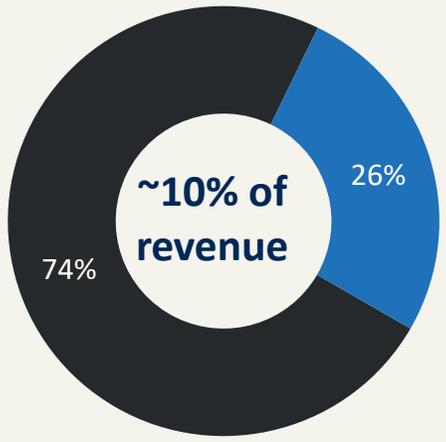
Engineering spend (\$m)

■ H1
■ H2



Engineering Spend by Business Unit

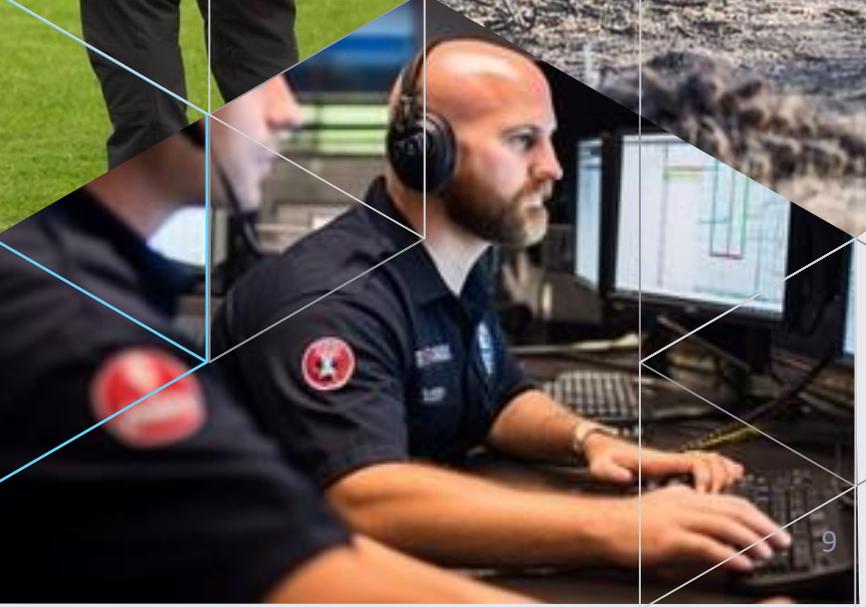
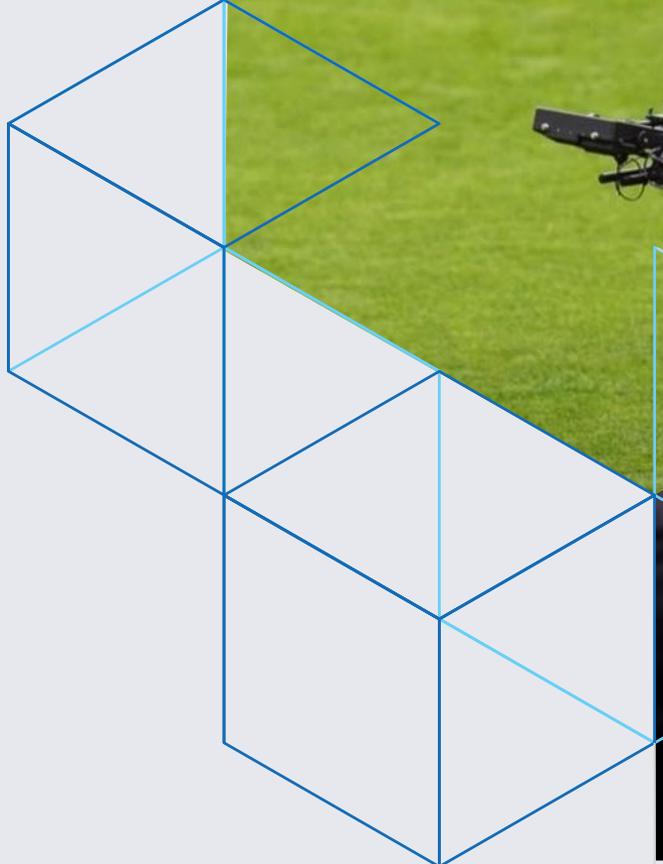
■ Metal Detection
■ Communications



- Sustained engineering investment across segments ensures competitive position maintained
- H1 FY24 engineering spend of \$28 million, equating to ~10% of Group revenues
- Recent acquisitions have added \$3.8 million in engineering investment. Integration of acquired engineering teams ongoing
- 74% of total engineering investment now directed towards Communications, consistent with future growth strategy
- Supportive of short, medium and long-term revenue opportunity

Business Units

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COMMUNICATIONS



- H1 FY24 Communications revenues increased 12.5% to \$153.6 million (+14% normalised¹), in middle of 10-15% target range, driven by:
 - Zetron delivering a strong H1;
 - Complemented by acquisition of two high-quality businesses during H1 (Eagle and Wave Central)
- Segment profit of \$37.8 million (+9% versus pcp), reporting a 25% segment profit margin, similar to pcp
- Communications aggregate orderbook grew to \$183 million as at 31 December 2023 (+12% versus 30 June 2023)
- Company continues to target Communications revenue growth in the 10 to 15% range¹
- Overall Communications growth is expected to exceed 15% with the benefit of Eagle and Wave Central

1. After normalising impact of large Communications project delivered in H1 FY23 (~\$12 million) and excluding contribution from Eagle and Wave Central.

TACTICAL COMMUNICATIONS



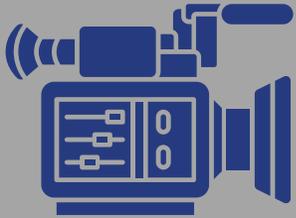
- Tactical Communications experienced geopolitical and market disruptions impacting African HF sales, while achieving growth in other key markets
- Notable H1 customer wins include:
 - \$8.5 million European-funded military program (unmanned);
 - \$7.1 million Korean Mesh Communications contract (military);
 - \$3.6 million Botswana Vehicle Communications System (law enforcement); and
 - \$1.2 million E1 Boat Series (broadcast)
- Wave Central acquisition consistent with Codan’s growth strategy to acquire complementary businesses, leveraging radio and wireless technology to build scale in key target markets, such as the United States

ACQUISITION OF WAVE CENTRAL

Strong strategic fit, acquiring complementary technology and capability to accelerate growth

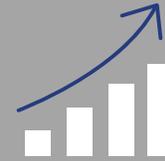
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SIGNIFICANTLY STRENGTHENS DOMO TACTICAL BROADCAST



15YR EXISTING PARTNERSHIP

IMMEDIATELY EPS-ACCRETIVE



GEOGRAPHIC EXPANSION



BUILDING SCALE IN KEY TARGET MARKETS



STRONG NORTH AMERICAN PRESENCE



LEVERAGES RADIO AND WIRELESS TECHNOLOGY



CONSISTENT WITH GROWTH STRATEGY





- Zetron achieved significant growth in H1 FY24, due to:
 - Delivered revenue synergies from its expanded business; and
 - Securing major command and control system contracts in utilities, transport and public safety markets
- Notable H1 customer wins include:
 - \$9.5 million contract award with Wisconsin Energy company;
 - \$3.5 million upgrade with Kitsap County; and
 - \$3.0 million London Underground support contract extension
- Eagle acquisition¹ significantly strengthening UK public safety presence:
 - Integration tracking to plan, including successful rebrand
 - Delivered solid H1 result, completing London Underground Connect, phases 1 and 2 Royal Oman Police project and UK Home Office Emergency Services Network
 - Expected to contribute marginally to FY24 profitability²

1. Refer ASX announcement dated 2 August 2023.

2. In line with acquisition case, after expensing year 1 integration costs.

METAL DETECTION



- H1 FY24 Minelab revenue of \$110.0 million, +49% versus pcp
- As a result of operating leverage, Minelab increased segment profit margin to 34% (H1 FY23: 31%)
- RoW¹ revenues remain remarkably resilient, despite challenging macroeconomic environment
 - Continued revenue contribution of newly released products, expected to normalise over H2²
 - RoW revenues targeting high single-digit growth, vs. FY23
- African Gold revenues of ~\$30 million, increasing half-on-half as well as versus pcp, reflecting improvements within Northwest Africa despite continued disruption in Sudan region – too early to determine FY24 seasonality
- Excellent H1 Countermine result, with delivery of several government contracts to support humanitarian efforts in Ukraine – not expected to be repeated in H2
- Minelab targeting H2 similar to H1, with FY24 revenue growth of 20% versus FY23

1. Rest of World (“ROW”) metal detector revenue includes countries other than Africa.
2. Manticore, X-Terra Pro, Equinox 700 and 900 detectors approaching first anniversary of release date.

Strategy Update

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STRATEGY OVERVIEW

Codan's renewed growth strategy focused on three core pillars that drive long-term value

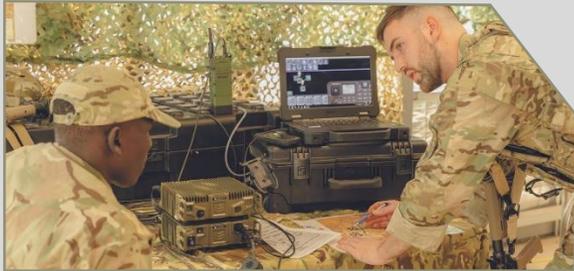
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STRATEGY



NEAR TERM STRATEGY

Successful execution will see a more-balanced, integrated and sustainable Codan

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Enhanced offering as full solutions provider

- Increasing awareness and capabilities of DTC across several growth markets (military, law enforcement, unmanned, broadcast)
- Expand presence via improved products and solutions, targeting significant long-term soldier system military programs:
 - Industry first multi-waveform radio solution (Trellisware partnership)
 - Sentry 6161 Mesh radio
- Integrate Wave Central into Domo Broadcast



Expansion and growth of systems and support contracts

- Increase relevance in the public safety market
- Expand systems support contracts and predictability of recurring services revenue
- Launch next-gen MT5 LMR radio platform targeting communications in the harshest environments
- Integrate and leverage GeoConex and Eagle into command and control suite of applications and services



Promote new products & expand channels to market

- Invest into pioneering next generation of detectors
- Continue to promote Manticore, Equinox 700|900 and X-Terra products
- Geographical expansion, including development of sub-scale markets
- Grow recreational market share via expansion of retail distribution footprint in US & Europe, leveraging eCommerce channel

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Outlook & Summary



GROUP OUTLOOK



When considering the outlook for the balance of FY24:

- **Communications** continues to target full year revenue growth between 10 to 15%, versus FY23¹, while overall growth expected to exceed 15% with the benefit of H1 acquisitions; and
- **Minelab** is targeting H2 result similar to H1, with FY24 revenue growth of 20% versus FY23

The Company will continue to keep shareholders updated as H2 FY24 progresses.

BUILDING A STRONGER CODAN

Our success in “building a stronger Codan” is underpinned by both financial and operational objectives

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 **GLOBAL OPPORTUNITY AND DIVERSIFIED EARNINGS**
Large, globally addressable market, notably within developed market economies

 **INNOVATIVE PRODUCT DEVELOPMENT**
Engineering investment to enhance suite of future products and solutions

 **PROFITABLE AND CASH GENERATIVE GROWTH**
Targeting sustainable cash, revenue and profitability growth across business segments



EXCEPTIONAL CULTURE 
Fosters collaboration and inclusivity, inspiring individuals to excel and achieve their full potential

CORE VALUES 
Can-Do, Customer Driven, High Performing and Openness and Integrity to achieve excellence in all that we do

LEADERSHIP & ACCOUNTABILITY 
Fostering an environment where everyone is empowered to make a meaningful impact

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Appendix



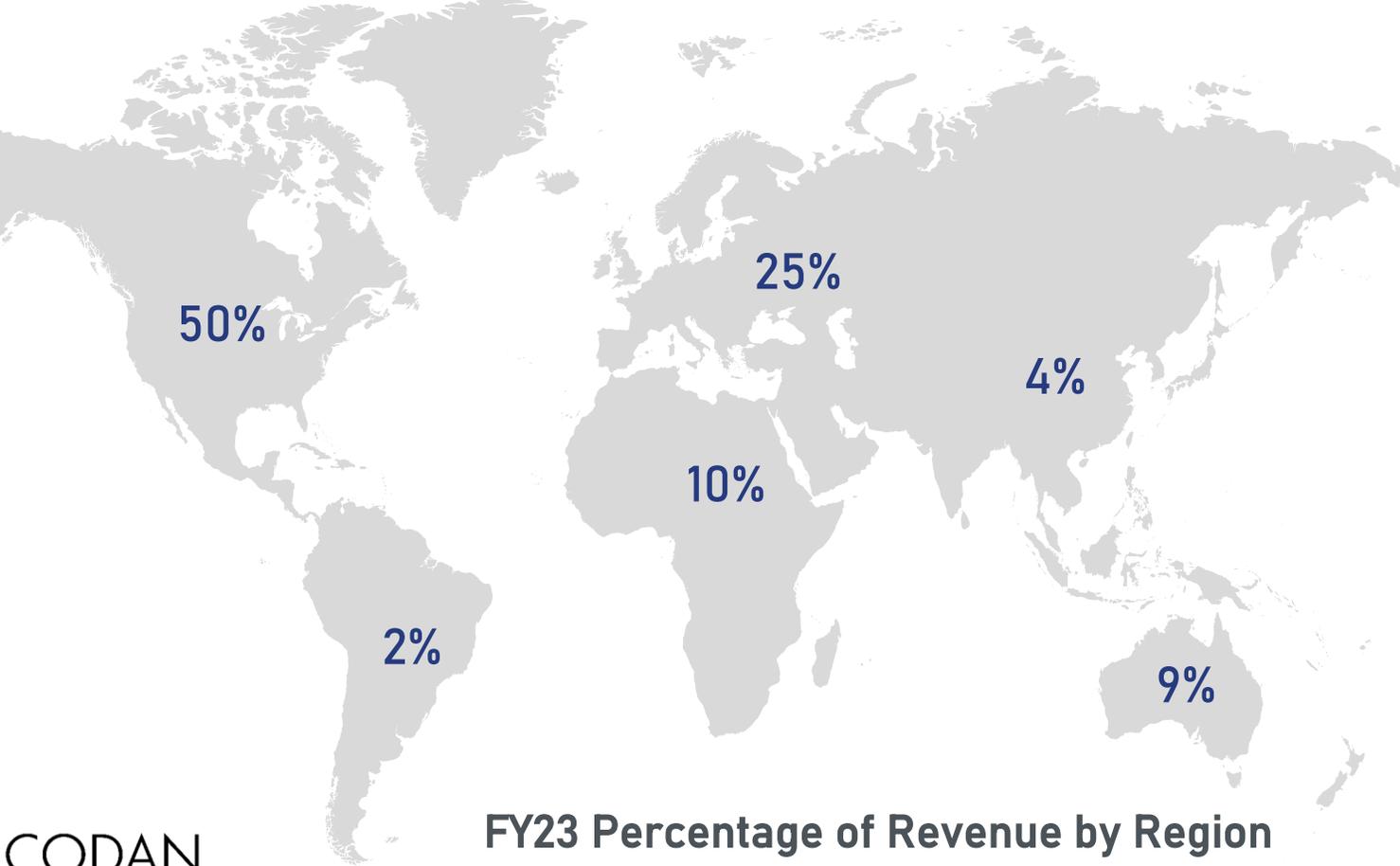
GLOBALLY DIVERSIFIED TECHNOLOGY COMPANY

Codan develops and manufactures innovative lifesaving, mission critical communications and detection technology for individuals, communities and governments.

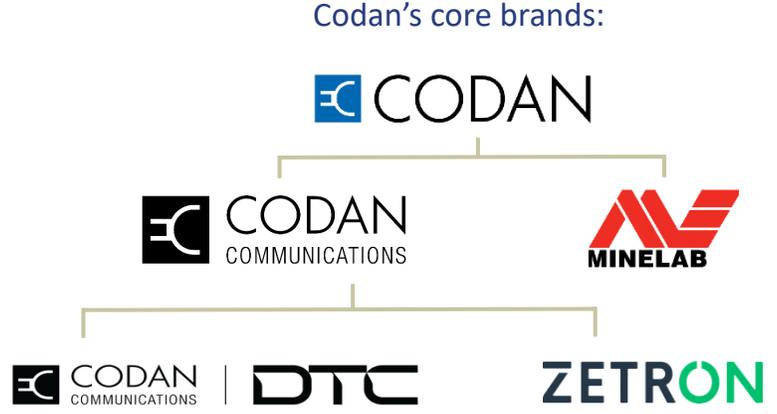
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 **150+** Countries where Codan products & solutions sold

 **800+** Global employees, >30% engineering



FY23 Percentage of Revenue by Region



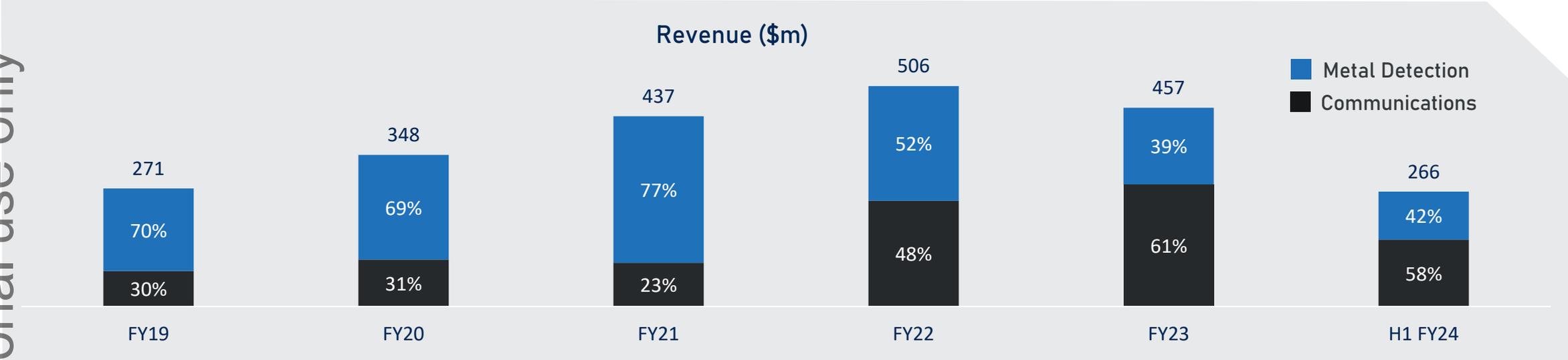
15 Sites globally, across 10 key countries:

-  AUSTRALIA
-  BRAZIL
-  CANADA
-  DENMARK
-  IRELAND
-  MEXICO
-  SINGAPORE
-  UAE
-  UK
-  USA

RECENT HISTORY / EVOLUTION

Codan's recent history is marked by three distinct periods

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Pre-COVID Reliance on metal detection	COVID era Unprecedented impacts	A Stronger Codan Diversified, dependable earnings
<ul style="list-style-type: none"> Minelab historically represented ~70% of Codan's Revenue and a greater percentage of segment profit contribution Dependent upon Africa, notably Sudan Significant cash generation as inventories ran down 	<ul style="list-style-type: none"> COVID-related impacts, including: <ul style="list-style-type: none"> Govt. stimulus temporarily inflating demand in first world markets Unprecedented demand for metal detectors in Africa Supply chain disruptions and investment in inventory Invested significantly in Communications acquisitions 	<ul style="list-style-type: none"> Reduced reliance on Africa Enhanced diversification with strong Communications segment performance Targeting growth in sustainable revenues Profitability improvement in Communications Engineering investment to enhance offering Focused acquisition strategy

LEADERSHIP TEAM



Alf Ianniello
Managing Director
and CEO



Michael Barton
Chief Financial Officer
and Company Secretary



Marjolijn Woods
Chief Human
Resources Officer



Ben Harvey
Executive General
Manager, Minelab



Paul Sangster
Executive General Manager,
Tactical Communications



Scott French
Executive General
Manager, Zetron



Daniel Hutchinson
Executive General Manager, Strategy,
Corporate Development and M&A

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ESG INITIATIVES

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ENVIRONMENT

-  TCFD alignment, ESG Reporting
-  Stakeholder engagement around climate related risks & opportunities
-  Sustainability Council terms of reference
-  Organisational carbon footprint

SOCIAL

-  University scholarship support: Women in STEM, Founders PhD
-  Investment and development in our people
-  African community engagement, funding and support
-  Charitable contributions & partnerships

GOVERNANCE

-  Female directors exceeds ASX benchmark
-  Core values and ethical business practices at the heart of what we do
-  Company-wide governance program
-  Training and education on critical compliance programs

TACTICAL COMMUNICATIONS

Communications solutions that enable customers to be connected

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PRIMARY MARKETS



Favourable market fundamentals:

- Increasing global military and defence spend in the Five Eyes Intelligence community¹
- Smart and safe city initiatives, growing adoption of Internet of Things (IoT) applications
- Growth in use of unmanned systems across diverse industries
- Transition to remote broadcast applications

Tactical's competitive advantage:

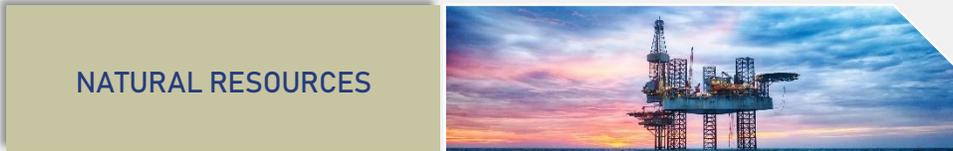
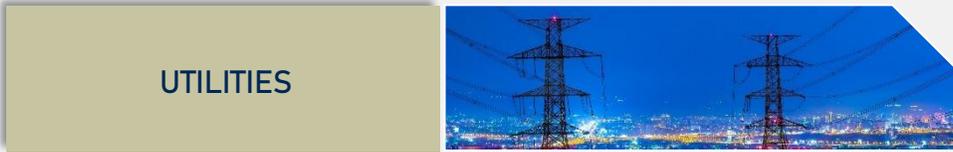
- Advanced waveforms
 - ability to transmit voice/data/video utilizing high quality infrastructure-less equipment
 - Optimized latency strength - use of token-passing waveform results in enhanced reliability
- Size, weight and power (SWAP) - ability to penetrate adjacent markets
- Customer intimacy - strengthened sales team
- Leading wired/wireless integration and interoperability

ZETRON

True end-to-end mission critical solutions provider



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PRIMARY MARKET



Favourable market fundamentals:

- Government funding environment ~US\$10-15 billion Next Generation 911 funding, upgrading emergency response communications
- Long term contracts – recurring revenue stream
- Technology convergence of broadband, IoT, land mobile radio and AI driving investment and upgrades
- Heightened risk of attacks and natural disasters
- Electric grid modernisation and increasing usage of public transport

Zetron's competitive advantage:

- Long term customer installed base
- End-to-end solution – integrated systems that streamline entire mission critical communication
- Command & control capability – powering complex control room environments
- Leading wired/wireless integration and interoperability
- Exceptionally low power consumption solutions

MINELAB

Delivering market-leading, innovative detectors



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PRIMARY MARKETS

RECREATION /
PROFESSIONAL



GOLD PROSPECTING /
MINING



COUNTERMINE



Favourable market fundamentals:

- Emerging awareness of recreational metal detection
- Shift in consumer preference towards direct-to-consumer and eCommerce channels
- Continued geographic expansion – new and emerging markets (e.g., India)

Minelab's competitive advantage:

- Technological leadership
 - Enhanced discrimination
 - More depth
 - Ease of use
- Creating demand and new markets
- Product range across all price points
- Scale – Minelab is the largest hand-held metal detection company in the world