

21 February 2025

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

Dear Sir/Madam

**FY25 Half-year investor presentation**

Please find attached a copy of Codan Limited's investor presentation dated 21 February 2025 for release to the market.

Yours faithfully



Daniel Widera  
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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**H1 FY25 Results**  
**Codan Limited**  
21<sup>st</sup> February 2025

Innovation  
**wherever you are**

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- Tactical Communications | DTC
- Zetron
- Minelab

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# BUILDING A STRONGER CODAN

Our success “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

Customer Driven, Trust & Integrity, High Performing and Can-Do to achieve excellence in all that we do



### LEADERSHIP & ACCOUNTABILITY

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



# H1 FY25 GROUP HIGHLIGHTS

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Revenue

**\$305.6m**

+15% vs. the pcp

EBIT

**\$65.8m**

+21% vs. the pcp

NPAT

**\$46.1m**

+21% vs. the pcp

EPS

**25.4 cents**

+21% vs. the pcp

- Strong Group financial performance, reflecting strong organic growth across its operations, with Communications business the key driver
- Group revenue of \$305.6 million, delivering net profit after tax of \$46.1 million
- All profitability metrics increased vs H1 FY24, with EBIT and NPAT both up 21% vs the pcp
- Interim dividend declared of 12.5 cents, fully franked (+19% vs the pcp)

# H1 FY25 PERFORMANCE

PROFIT & LOSS	Dec-24	Dec-23	Change
	\$m	\$m	%
Revenue			
<i>Communications</i>	\$187.0	\$153.6	22%
<i>Metal Detection</i>	\$115.0	\$110.0	5%
<i>Other</i>	\$3.6	\$2.3	55%
Total Revenue	\$305.6	\$265.9	15%
EBITDA	\$83.3	\$70.7	18%
EBIT	\$65.8	\$54.4	21%
Net interest	\$(5.5)	\$(4.6)	19%
Net profit before tax	\$60.4	\$49.8	21%
Net profit after tax	\$46.1	\$38.1	21%

UNDERLYING NPAT (\$M)



- Delivered sustainable growth over the last four consecutive halves, highlighting strong operational execution
- Communications performance the key driver of Group's result, achieving revenues of \$187.0 million (+22% vs the pcp), exceeding 10-15% growth target range
- Metal detection revenue up 5% vs the pcp, with Africa contributing to this improvement
- Expenses increased, primarily due to the integration of acquisitions (incl. \$2 million integration and acquisition expenses)
- H1 FY25 NPAT of \$46.1 million (+21% vs the pcp and +7% vs H2 FY24)

# FINANCIAL POSITION

Flexibility to support future growth opportunities

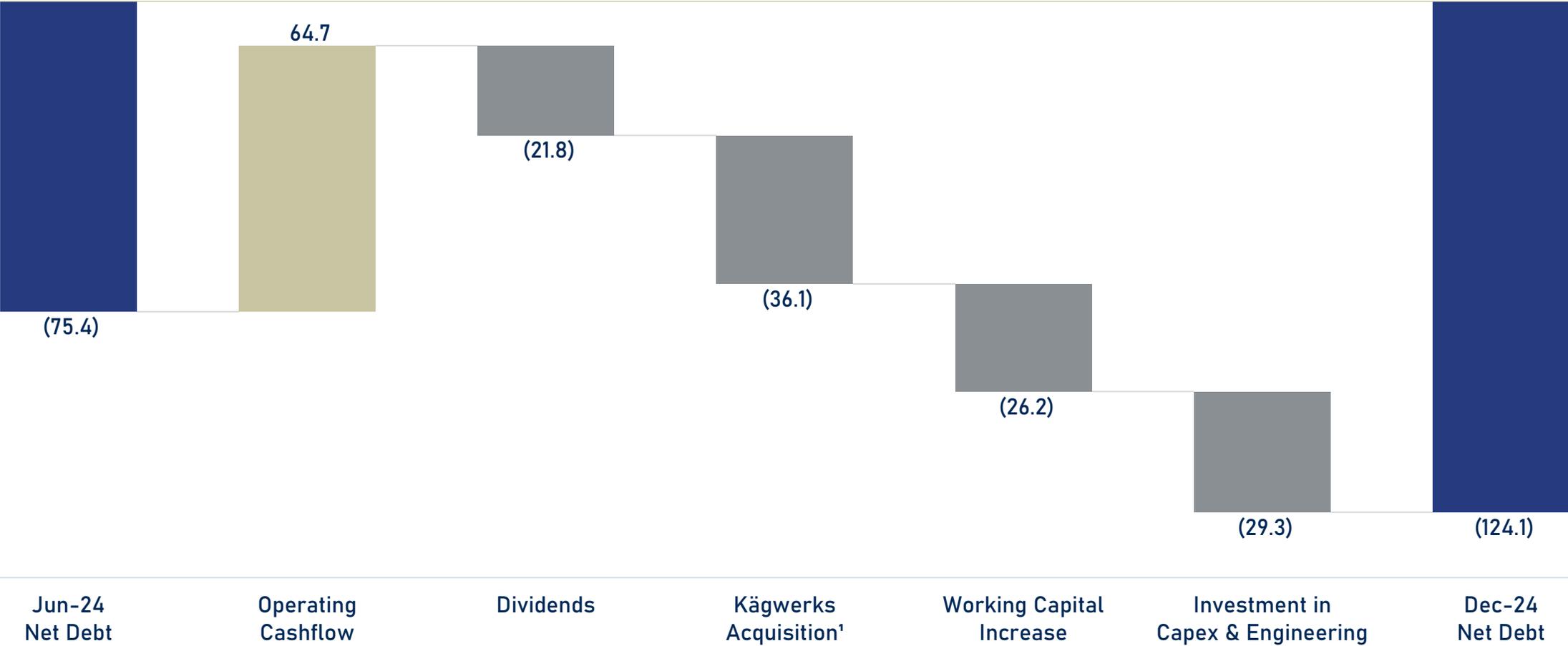
Balance Sheet	Dec-24	Jun-24	Change
	\$m	\$m	\$m
Receivables	106.4	93.9	12.5
Inventories	131.3	110.1	21.2
Payables	(131.9)	(126.4)	(5.5)
Total working capital	105.8	77.5	28.3
Property, plant & equipment	43.0	40.2	2.8
Product development	149.4	129.4	20.0
Intangible assets	383.8	339.0	44.8
Other assets	48.3	36.5	11.8
Other liabilities	(108.0)	(100.2)	(7.8)
Net assets before debt	622.4	522.4	100.0
Net cash (debt)	(124.1)	(75.4)	(48.7)
Net assets	498.2	446.9	51.3

- Net debt increased \$48.7 million to \$124.1 million at 31-Dec-24 having funded:
  - \$36.1 million for the Kägwerks acquisitions; and
  - \$26.2 million for working capital requirements to support the growth of the Communications business
- Cash generation reflects shift in business mix, with Communications making up a larger proportion of overall performance, driving increased working capital requirements
- Inventory increase primarily relates to the acquisition of Kägwerks
- Net debt-to-EBITDA ratio of less than 1 times
- Existing bank facility increased to \$200 million (from \$170 million), with additional capacity available of a further \$150 million subject to bank approval – supports future inorganic growth opportunities

# CHANGE IN NET DEBT POSITION

CHANGES IN NET DEBT (DEC-24 VS JUN-24, \$M)

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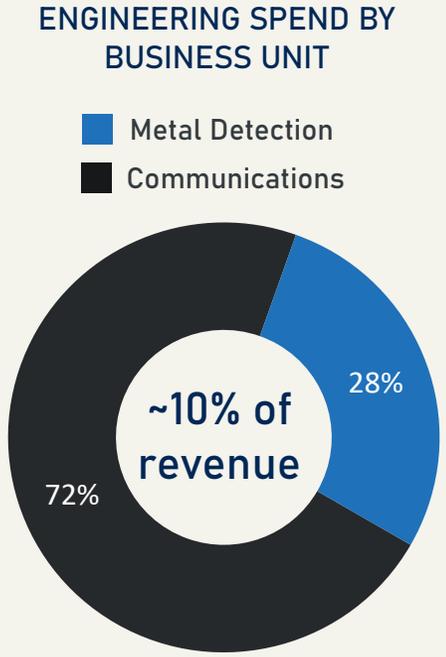
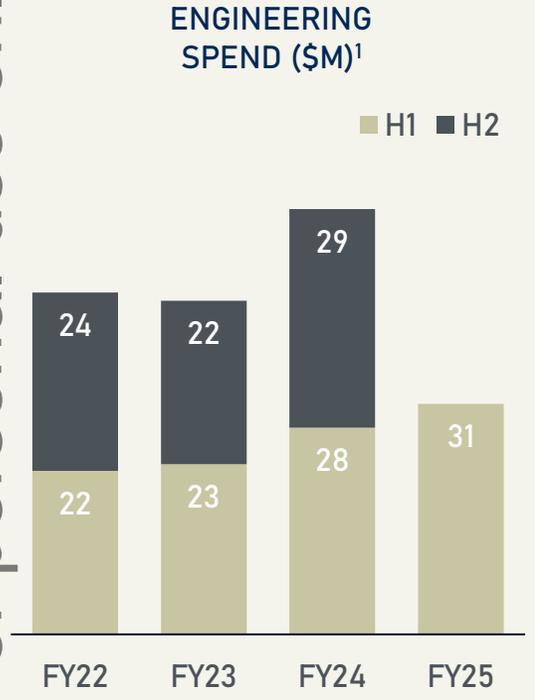


1. Cash consideration for Kägwerks acquisition

# ENGINEERING INVESTMENT

Invest in ourselves - strong pipeline of projects

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- Ongoing engineering investment across segments supports competitive positioning and drives inorganic growth strategy
- Global team of highly skilled engineers and research scientists to drive product and customer roadmaps
- H1 FY25 engineering spend of \$31.3 million, equating to ~10% of Group revenues
- 72% of total engineering investment now directed towards Communications, consistent with future growth strategy

1. Engineering spend reflects all engineering costs, before capitalisation and amortization.

# Business Units

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# COMMUNICATIONS



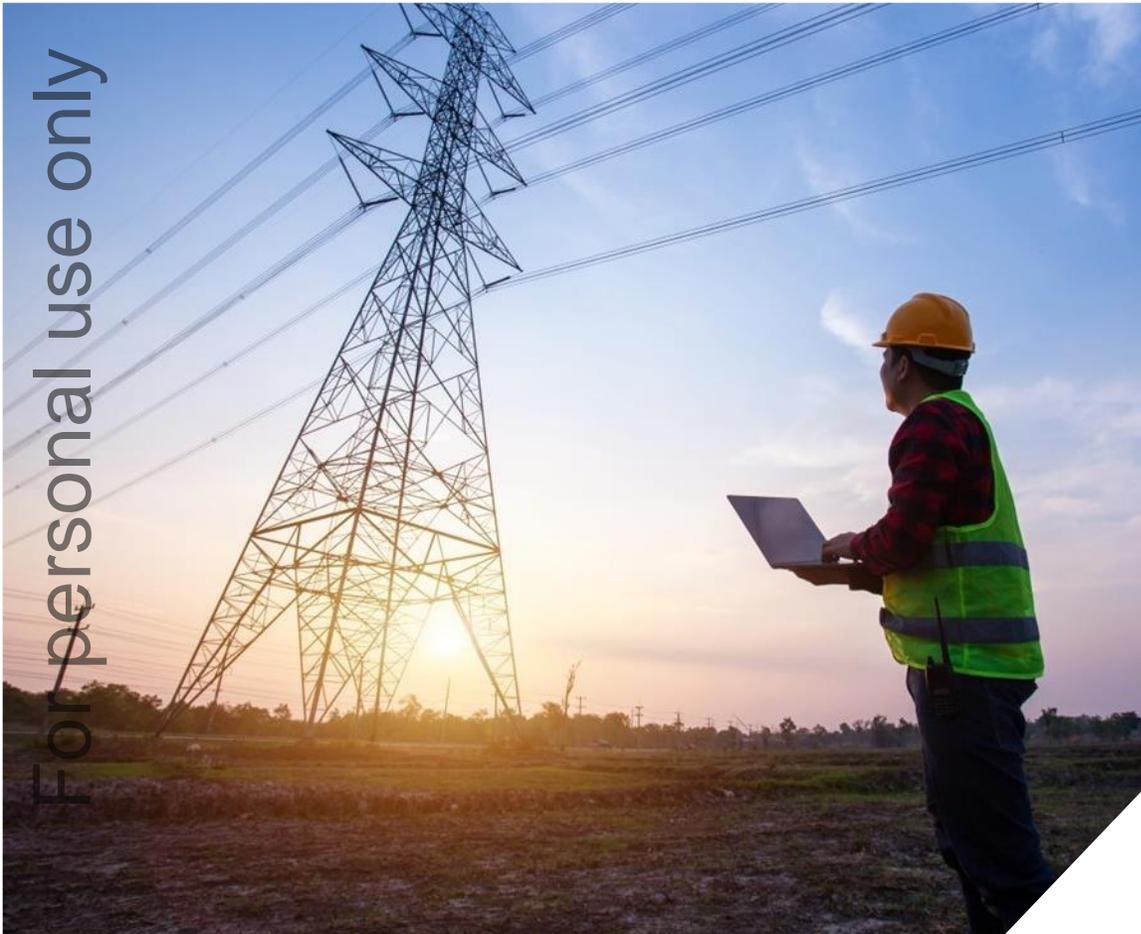
- All key strategic financial metrics achieved, reflecting strong overall performance
- H1 FY25 Communications revenue increased 22% vs the pcp, to \$187.0 million as organic growth exceeded top end of targeted 10-15% growth range, further enhanced with acquisitions
- Communications segment profit grew 31% to \$49.8 million
  - As a result of operating leverage Communications segment profit margin improved to 27%, vs 25% in the pcp
- Continued investment in strengthening business development and engineering teams to deliver on strategic growth initiatives, targeting 30% segment profit margins over the next 2-3 years
- Communications aggregate orderbook grew to \$247 million at 31-Dec-24 (+35% vs the pcp), driven by strong Tactical Communications order intake

# TACTICAL COMMUNICATIONS



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- Tactical Communications delivered strong results, primarily due to growth achieved in the law enforcement and unmanned systems verticals
- Leading MESH radio technology, demonstrating exceptional performance in harsh and contested environments
- Wide ranging application given product SWAP<sup>1</sup> benefits, enhancing performance, mobility and operational efficiency
- Near-term priorities include completion of development of multi-waveform radio solution with TrellisWare and the pursuit of opportunities in inclusion in longer-term defence communications programs across North America, Five Eyes alliance and NATO member nations
- Acquisition of Kägwerks<sup>2</sup> provides access to Nett Warrior Program of Record and enhances US military communications presence
  - The first three months of ownership have been positive, with strong integration progress, a robust sales pipeline, and a \$16 million orderbook, reinforcing the investment thesis



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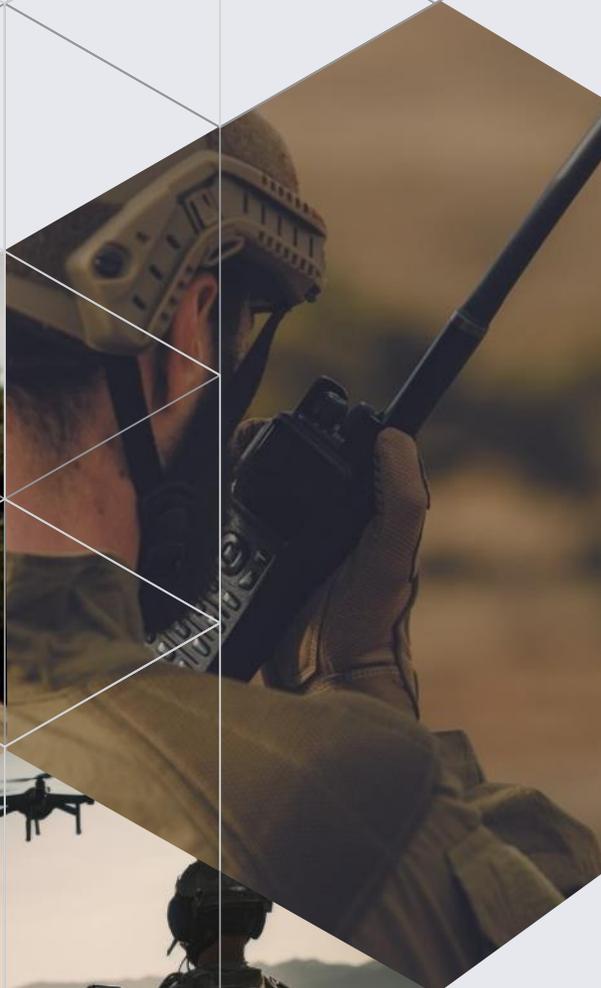
- Zetron delivered growth in line with expectations in H1 FY25, with all geographic regions contributing
- Continues to strengthen position in critical sectors such as public safety, utilities and transport by focusing on innovation
- Some notable H1 achievements include:
  - Continued growth in Iowa, now providing Next Generation 911 (“NG911”) services to >90% of 911 calls made in state
  - Increased customer awards for combined command and control and LMR solutions; and
  - Several large service contract renewals including UK-wide railway, New York State Police and Monroe County
- Research & Development efforts to advance NG911 capabilities, improving customer experience and providing seamless, integrated solution



- H1 FY25 Minelab revenues increased 5% vs the pcp, to \$115.0 million
- Minelab Africa delivered a better than expected result, increasing revenues 48% vs the pcp to \$45.0 million (+15% vs H2 FY24), driven by West Africa as the Sudan region of Northeast Africa remains disrupted
- As a result of increased proportion of revenue generated from Minelab Africa, segment profit margin also increased to 36%, vs 34% in the pcp
- Minelab Africa historically delivered a stronger H2 (vs H1), although too early to determine whether seasonality improvements will apply in FY25
- Rest of World (RoW<sup>1</sup>) revenues demonstrated strength and resilience, despite impact of:
  - rising cost of living as well as US political uncertainty; and
  - reduced benefit from new detector launches versus last year
- Minelab remains committed to investing to grow market share through development of its technology platform, expanding US and Europe retail, and enhancing E-Commerce capabilities
- Following Countermine's exceptional H1 FY24 - due to a large humanitarian order - this was not repeated in H1 FY25

# Strategy Update

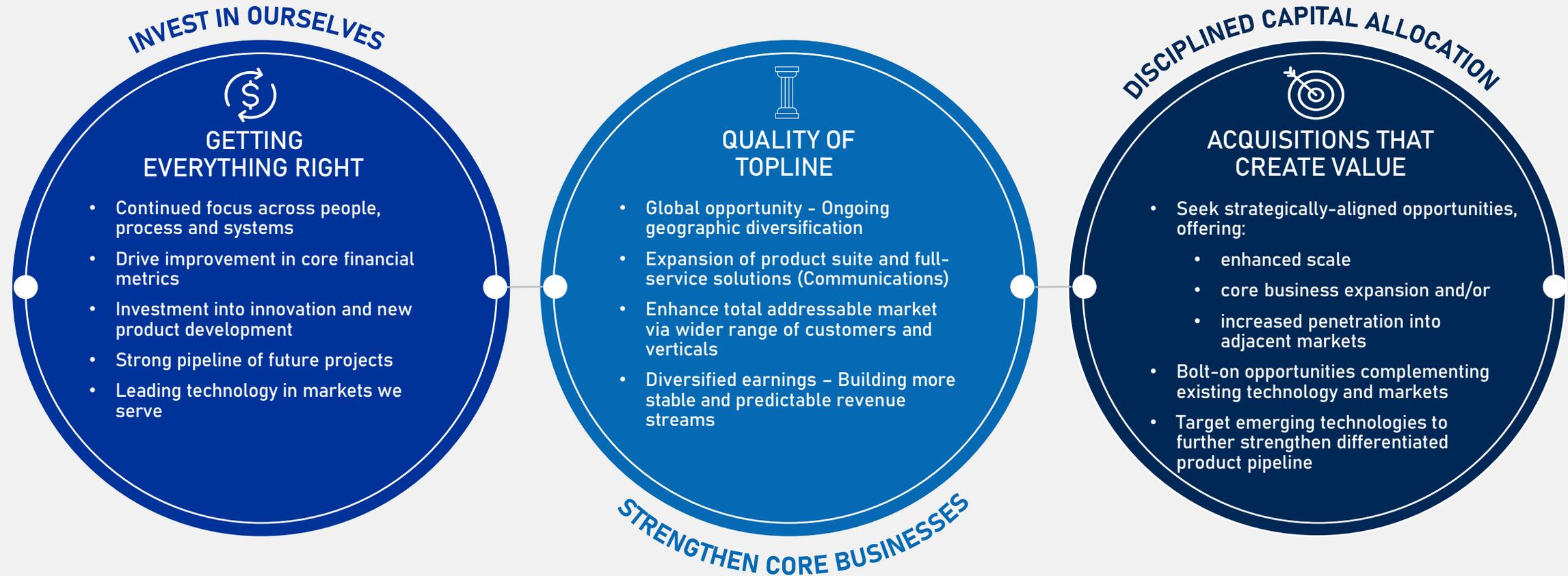
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# STRATEGY OVERVIEW

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

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STRATEGY



# RECENT ACQUISITIONS

Successfully acquiring, integrating and delivering value

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1. Broadcast Wireless Systems ("BWS"), Dec 2021, \$8.4 million. Wave Central ("WC"), Dec 2023, \$10.8 million.

# NEAR TERM OBJECTIVES

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

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## Enhance offering as full solutions provider

- First release of the multi-waveform radio solution in H1 FY26 (Trellisware partnership).
- Complete field trials of Sentry 6161 MESH radio with key partners
- Continued investment in next generation waveforms and product offerings
- Leveraging key partnerships with a US Government laboratory to develop cutting-edge multi-waveform solutions
- Pursue inorganic opportunities



## Expand systems support & predictability of recurring revenue

- Focus on expanding market share within the public safety sector and increasing customer spend within existing accounts
- Developing next-generation Command, Control & LMR platforms
- Pursue inorganic opportunities to expand command-and-control portfolio, capability gaps and geographic expansion



## Promote new products & expand channels to market

- Release next generation of detectors across recreational, gold and Countermine over the coming 6 to 18 months
- Grow recreational market share via expansion of retail distribution footprint in US & Europe, leveraging eCommerce channel
- Enhancing high-powered marketing, branding and consumer experience capability, while reinforcing brand presence and reputational strength overtime

# Outlook & Summary

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# GROUP OUTLOOK



When considering the outlook for the balance of FY25:

- Communications continues to target organic revenue growth in a 10 to 15% range. Including the benefit of Kägwerks, acquired during FY25, Communications overall revenue growth is expected to exceed 15% for the full year;
- If business conditions remain similar to H1, Minelab revenues in H2 are expected to be comparable to H1; and
- Codan is continuing to seek acquisition opportunities to enhance the quality of the Group's revenues in the Communications segment

Codan will continue executing its strategic growth plan by investing in the development of next-generation products and solutions, enhancing revenue quality and predictability to position Codan for sustained long-term growth.

# Appendix

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# GLOBALLY DIVERSIFIED TECHNOLOGY COMPANY

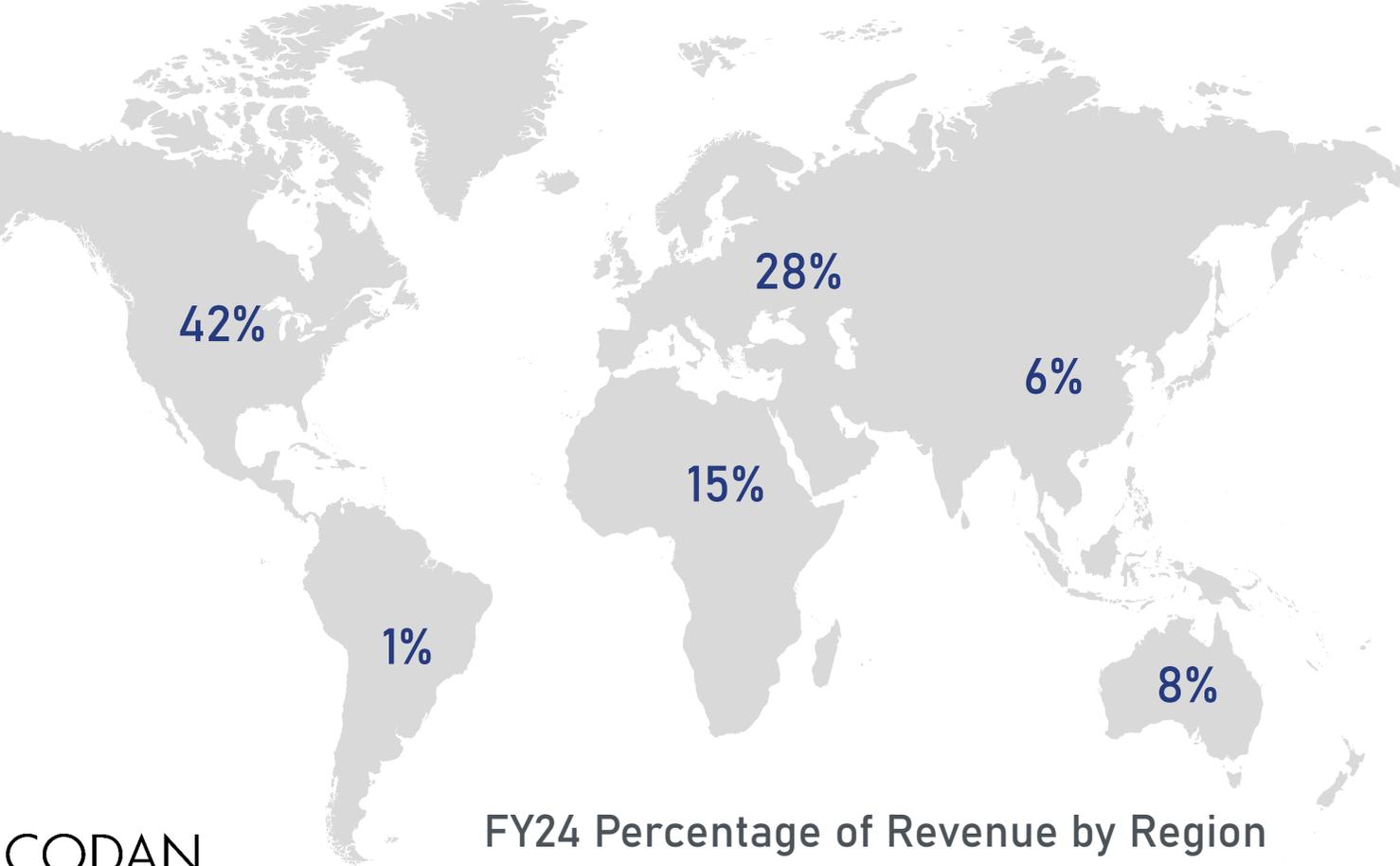
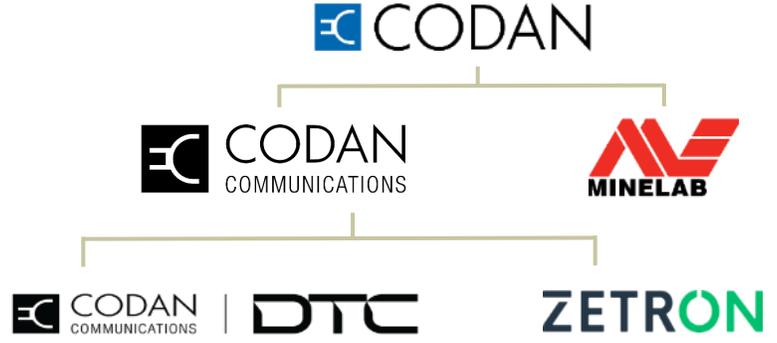
Codan develops and manufactures innovative lifesaving, mission critical communications and detection technology for individuals, communities and governments.

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

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

Codan's core brands:



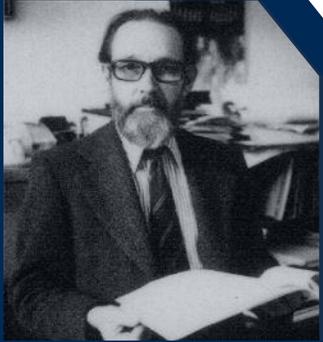
**15** Sites globally, across 10 key countries:

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

# THE JOURNEY

## Key milestones in Codan's history

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**FOUNDED  
1959**

Friends from University of Adelaide Alastair Wood, Ian Wall and Jim Bettison commence the business that has developed into Codan.

Pictured: Mr Ian Wall



**ASX LISTED  
2003**

Codan Limited lists on the Australian Stock Exchange (ASX).



**MINELAB ACQUISITION  
2008**

Codan acquires Minelab, developer of world leading metal detection technology.



**DOMINANCE OF METAL  
DETECTION**

Minelab takes metal detection to Africa and achieves significant success.

Overcomes challenges of counterfeit product.

Minelab product & market diversification begins to reduce reliance on one product into Africa.



**COVID ERA  
2021**

Unprecedented demand for metal detectors in Africa.

Supply chain disruptions.

Significant investment in Communication division to achieve further diversification.



**A STRONGER CODAN  
2021 > TODAY**

A strong diversified business with growth and innovative product development.

Diversified earnings.  
FY24:

Communications 60%  
Minelab 40%

High quality customers in large, global addressable markets.

# 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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# TACTICAL COMMUNICATIONS

Communications solutions that enable customers to be connected

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PRIMARY MARKETS

MILITARY



LAW ENFORCEMENT  
& INTELLIGENCE



UNMANNED



BROADCAST



COMMERCIAL/NGO



## FAVOURABLE MARKET FUNDAMENTALS:

- Increasing global military and defence spend in the Five Eyes Intelligence community<sup>1</sup>
- 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

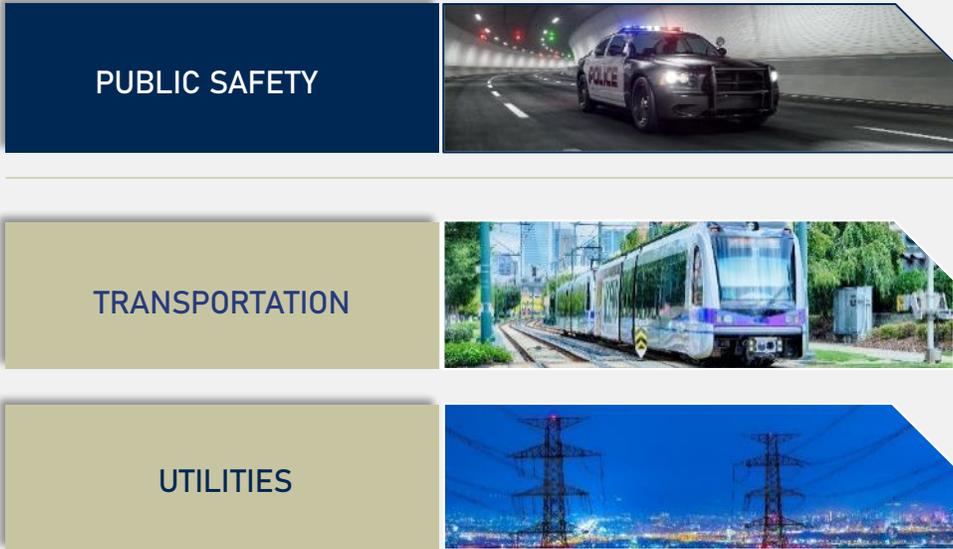
## TACTICAL'S COMPETITIVE ADVANTAGE:

- 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 security risks 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**  
Coin & Treasure, Gold Detectors



**GOLD PROSPECTING / MINING**  
Handheld Gold Detectors



**COUNTERMINE**  
Landmine Detectors



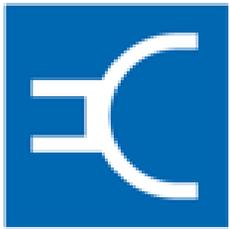
## FAVOURABLE MARKET FUNDAMENTALS:

- 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

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CODAN

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