

17 February 2022

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

Dear Sir/Madam

FY22 Half-year investor presentation

Please find attached a copy of Codan Limited's investor presentation dated 17 February 2022 for release to the market.

Yours faithfully



Michael Barton
Company Secretary
On behalf of the Board

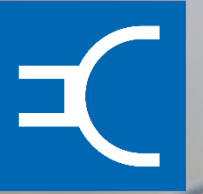
This announcement was authorised for release to the market by the Board of Directors.

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 Limited
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CODAN



**FY22 HALF YEAR
RESULTS AND UPDATE**

IMPORTANT NOTICE AND DISCLAIMER

Disclaimer

This presentation has been prepared by Codan Limited (ABN 77 007 590 605) (Codan). The information contained in this presentation is for information purposes only and is not investment, financial product, legal or tax advice.

This presentation contains summary information about the current activities of Codan and its subsidiaries. The information in this presentation does not purport to be complete nor does it purport to contain all the information that a prospective investor may require in evaluating a possible investment in Codan. This presentation should be read in conjunction with Codan's other periodic and continuous disclosure announcements lodged with the Australian Securities Exchange (ASX), which are available at www.asx.com.au.

Statements in this presentation are made only as of the date of this presentation unless otherwise stated and the information in this presentation remains subject to change without notice. Codan is not responsible for providing updated information to any prospective investors.

Past performance information given in this presentation is given for illustrative purposes only and should not be relied upon as (and is not) an indication of future performance. The historical information in this presentation is, or is based upon, information that has been released to the market. For further information, please see past announcements released to ASX.

This presentation may contain forward-looking statements with respect to the financial condition, results of operations, business of Codan and certain plans and objectives of the management of Codan. Actual outcomes may differ materially from forward-looking statements. Forward-looking statements, opinions and estimates provided in this presentation are likely to involve uncertainties, assumptions, contingencies and other factors. As a result, unknown risks may arise, many of which are outside the control of Codan. Forward-looking statements including projections, guidance on future earnings and estimates are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. Codan disclaims any intent or obligation to update publicly any forward-looking statements, whether as a result of new information, future events or results or otherwise.

Should you have any specific queries in respect of this disclaimer please contact Codan directly.

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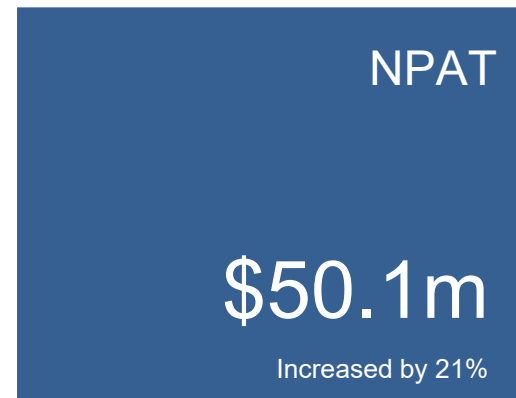
Managing Director & CEO

- 20 years of MD/CEO experience
- Qualified electronics engineer
- 12-year international career – who understands technology, manufacturing and defence
- Aligned with Codan's unique winning culture
- Demonstrated CEO track record of growing businesses through leveraging innovation



FY22 HALF YEAR SUMMARY

- Highest half-year profit in the company's history
- More balanced, diversified and stable sales across the Codan group
- DTC secured Codan's largest contract award in the company's history
- Recent acquisitions, DTC and Zetron both tracking ahead of first year profit targets
- Communications forward orderbook of \$163 million, of which \$71 million expected to ship H2 FY22
- Excellent results from Minelab given geo-political disruptions and return to more normal levels of demand after the Covid impacted FY21
- Our planned investment in inventory places the Group in a strong position as we enter H2 FY22

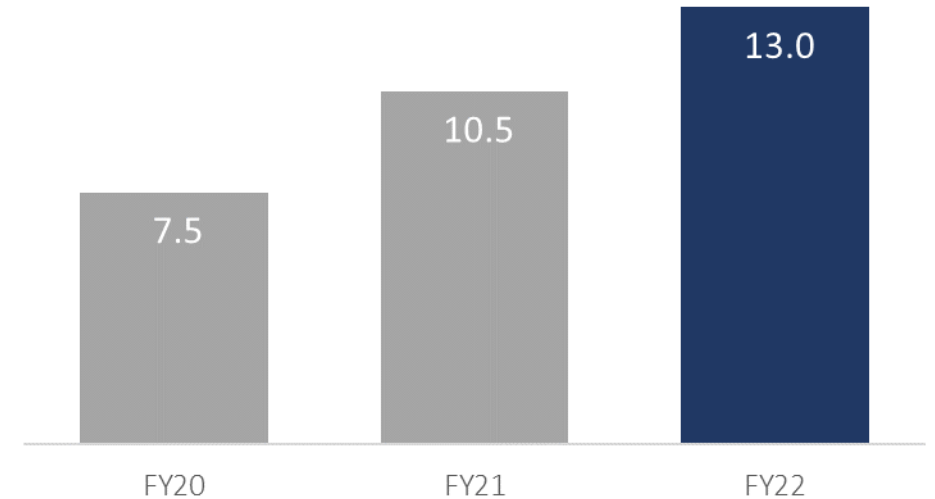


INCREASED DIVIDEND

Interim dividend 13.0 cents

- Interim dividend 13.0 cents per share, increased by 24%
- Increasing dividends reflect strength of business
- Interim dividend will be paid:
 - Record date 24 February 2022
 - Payment date 10 March 2022

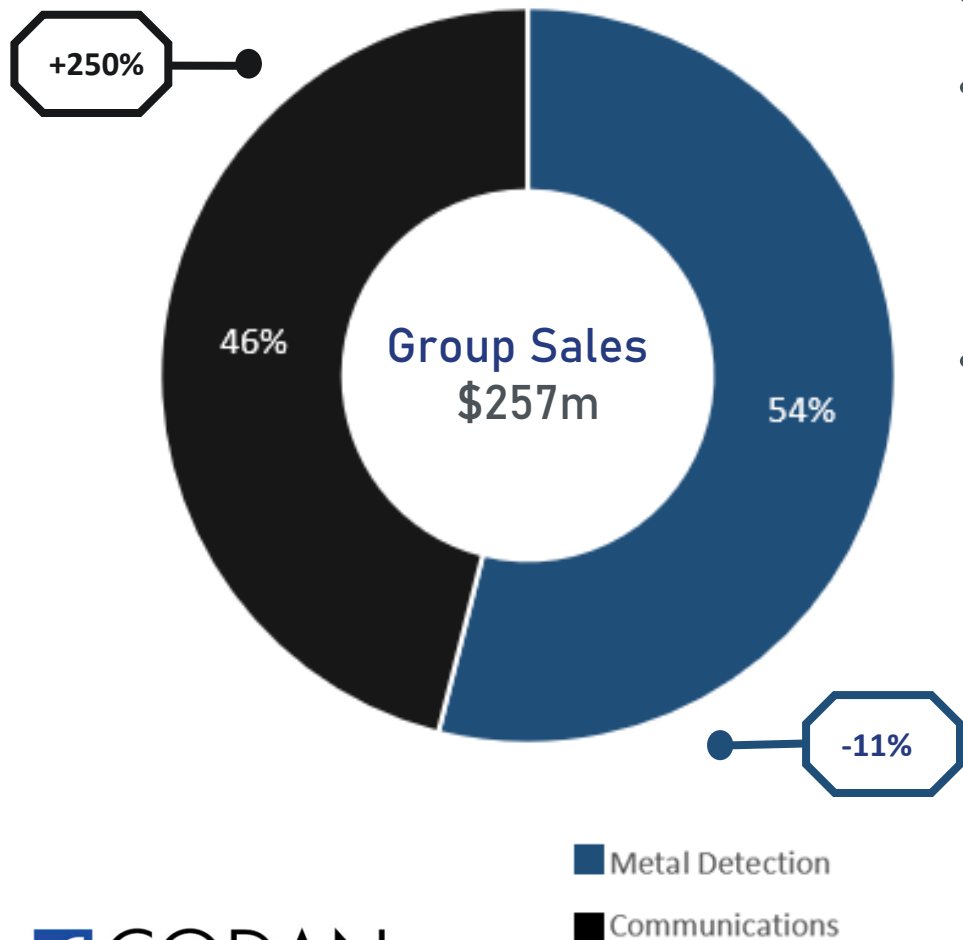
Interim Dividend (Cents)



“The board expects to continue its policy of paying shareholders in the order of 50% of our full year profits as dividends”

FY22 HALF YEAR GROUP SALES

A strong year for Codan



- Balanced sales portfolio across the Codan group
- Communications sales increased by \$84 million:
 - DTC and Zetron both outperformed first half expectations
 - Forward orderbook of \$163 million
- Metal Detection sales down 11% vs H1 FY21, but up 38% H1 FY20:
 - Civil unrest in Minelab's largest gold detector market
 - Return to more normal levels of demand after the Covid impacted FY21
 - Recreational markets held at record FY21 levels, which was fuelled by government stimulus
 - Countermine experienced significant growth, doubling sales from corresponding period

CODAN GROUP PORTFOLIO OF BUSINESSES

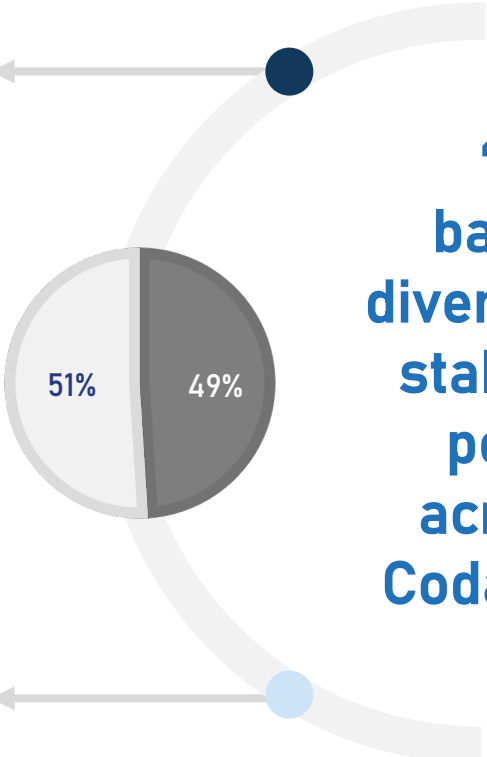
“The business today is a much stronger and robust business than it was some 12 months ago”

2021

Segment Sales

Minelab: 80%
 Communications: 17%
 Tracking Solutions: 3%.

- Developing World Sales
- Developed World Sales

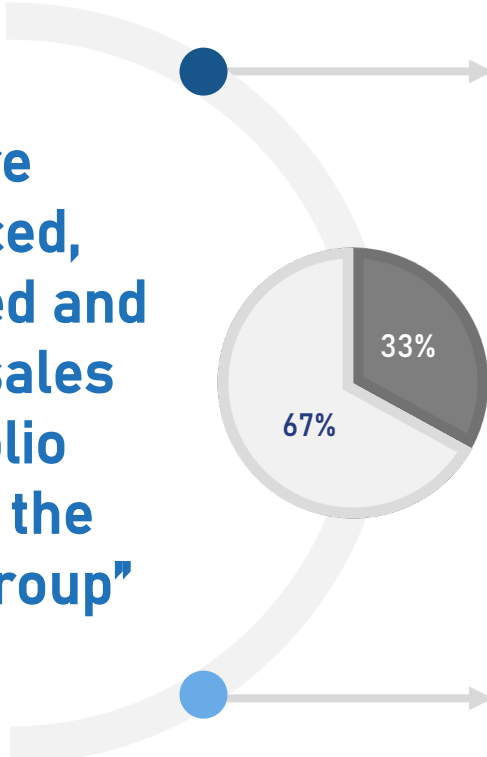


2022

Segment Sales

Minelab 54%
 Communications 46%.

- Developing World Sales
- Developed World Sales



“More balanced, diversified and stable sales portfolio across the Codan group”

Forward orderbook

Communications orderbook \$39m.

Forward orderbook

Communications orderbook \$163m

HISTORICAL PERFORMANCE

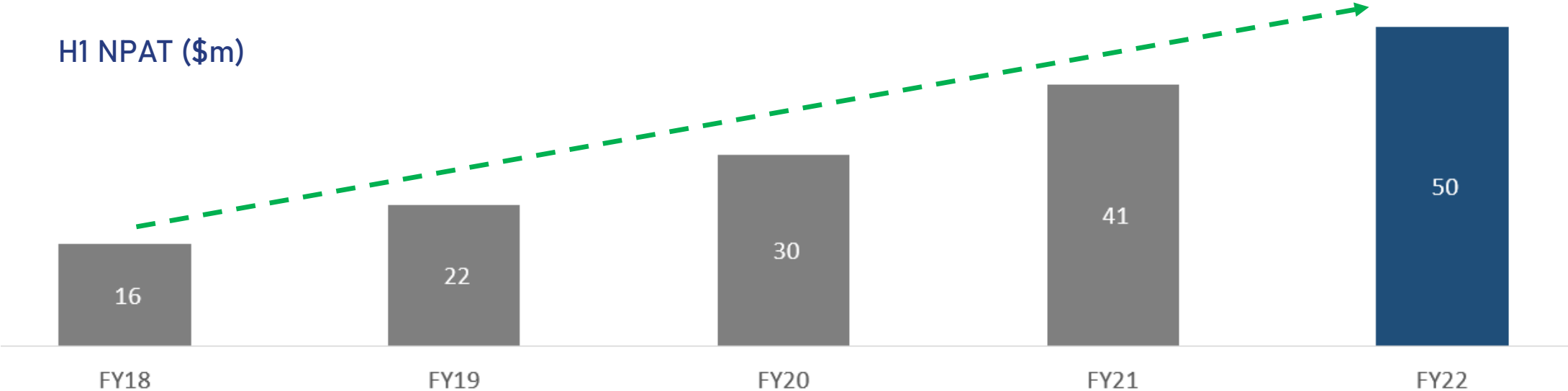
“The business has great foundations and is in a strong position to deliver sustainable growth”

9%
Sales invested into product development

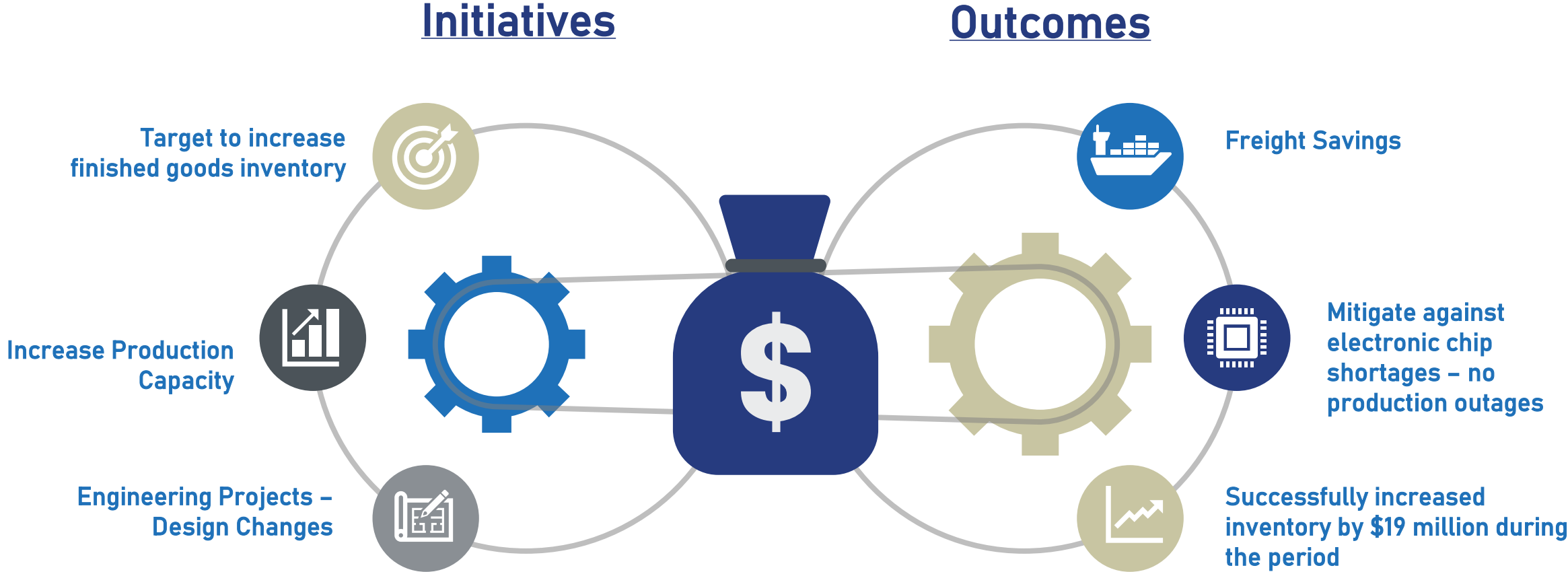
33%
H1 NPAT CAGR

20%
FY22 NPAT Margin

H1 NPAT (\$m)



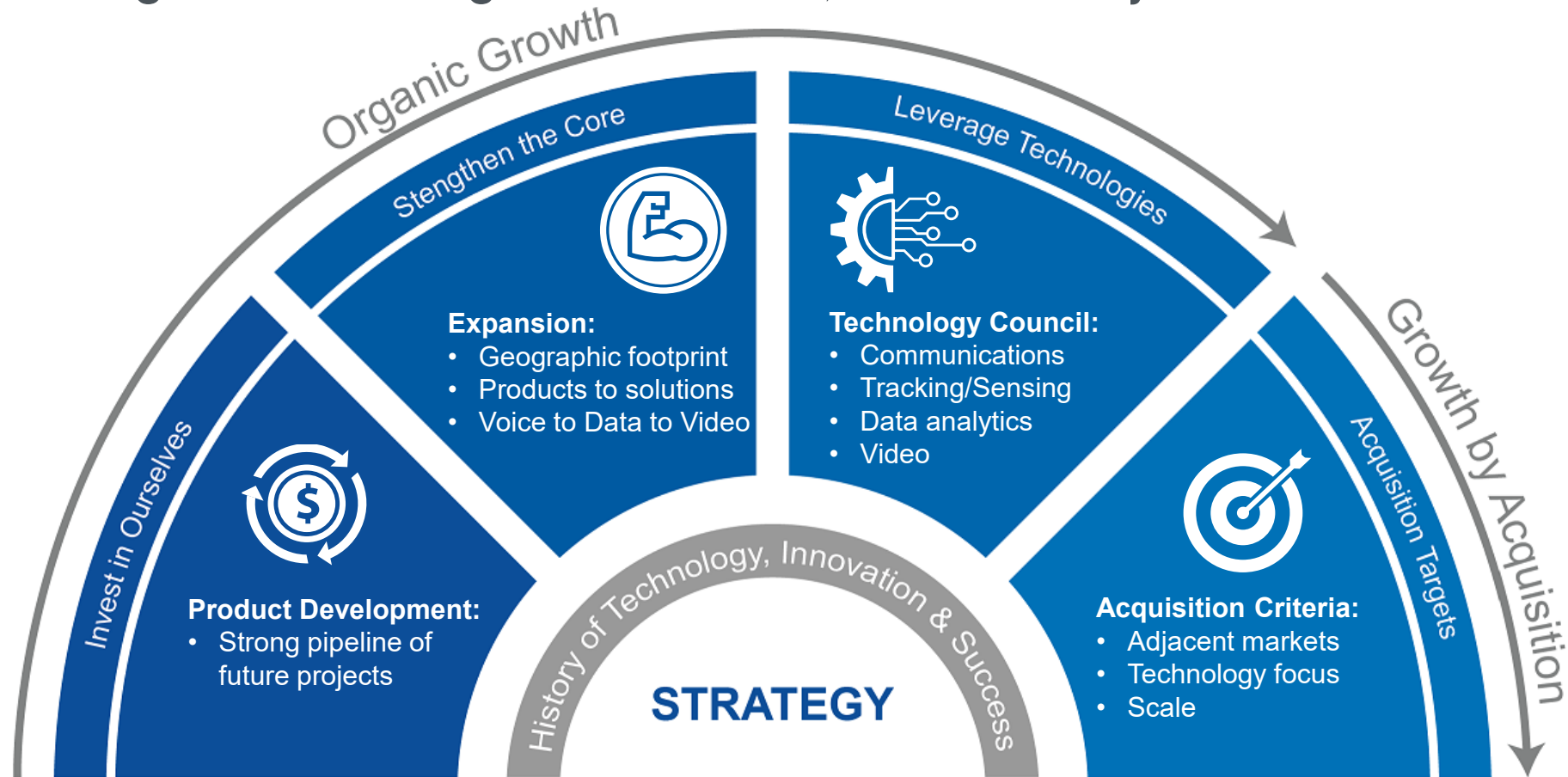
CODAN'S POSITIVE RESPONSE TO COVID



“In a Covid environment Codan has increased sales prices, reduced operating expenses, maintained supply and kept our employees safe.”

STRATEGIC GROWTH PLAN

Transforming lives through innovation, wherever you are



METAL DETECTION

H1 Overview



GPX 6000 vs GPZ 7000

Successful developing world take up
Artisanal Gold Miners starting to adopt

Progress on significant new products

4 key new products to be released
in the near term

Expansion of Geographies

India Company established
Brazil and Mexico offices growth

Profitability

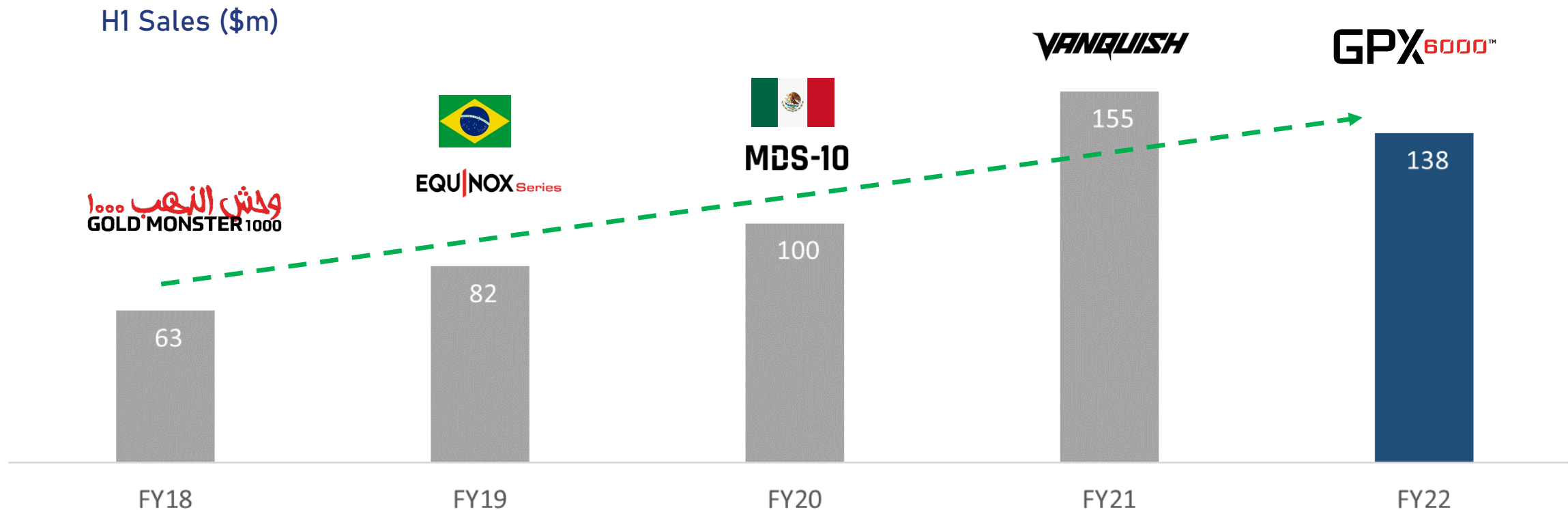
Sales price increases
Reduced operating costs

HISTORICAL MINELAB SALES

16% CAGR Sales Growth

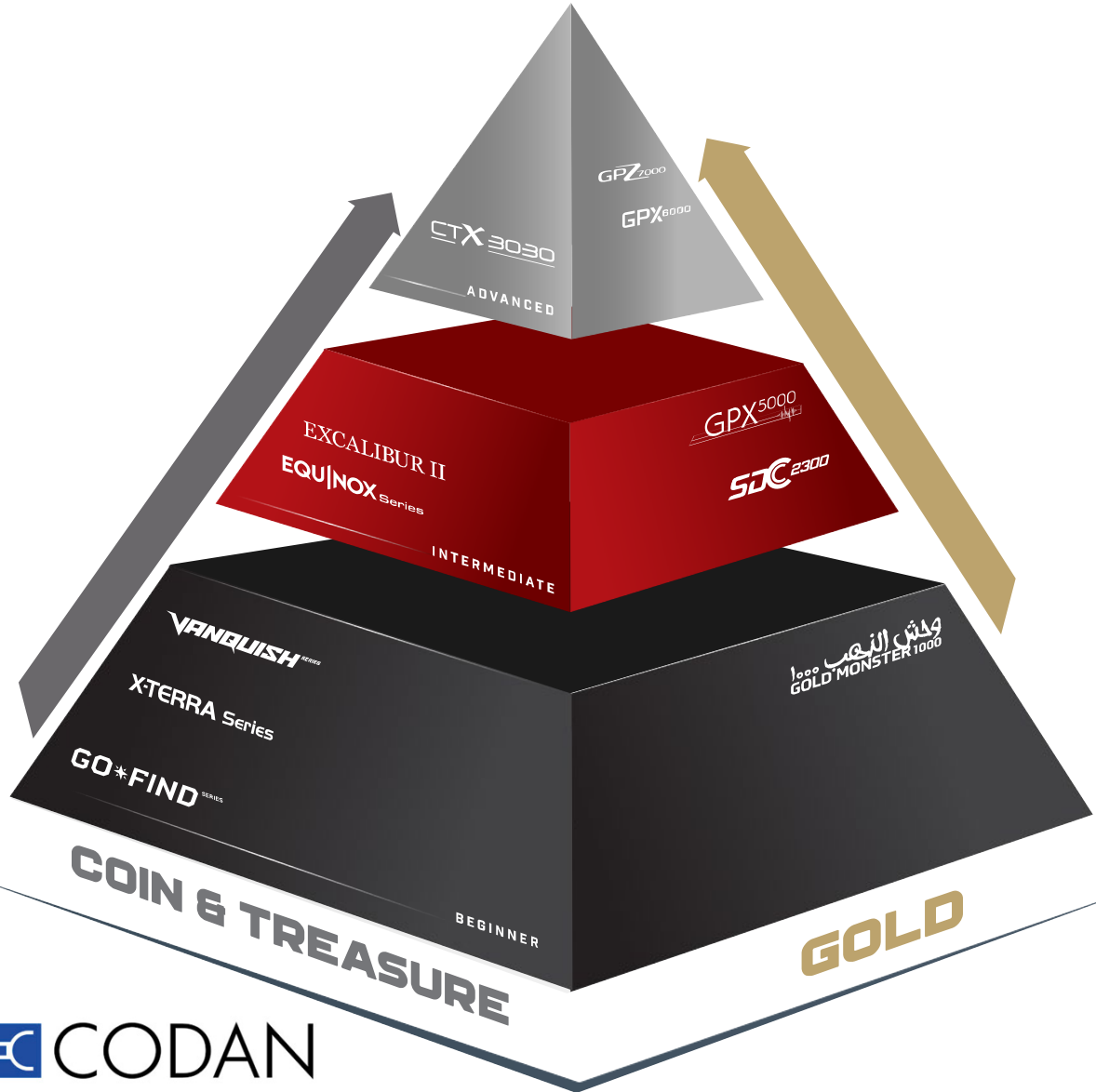


H1 Sales (\$m)



“New product introductions, geographic expansion and increased retail distribution drives Minelab growth.”

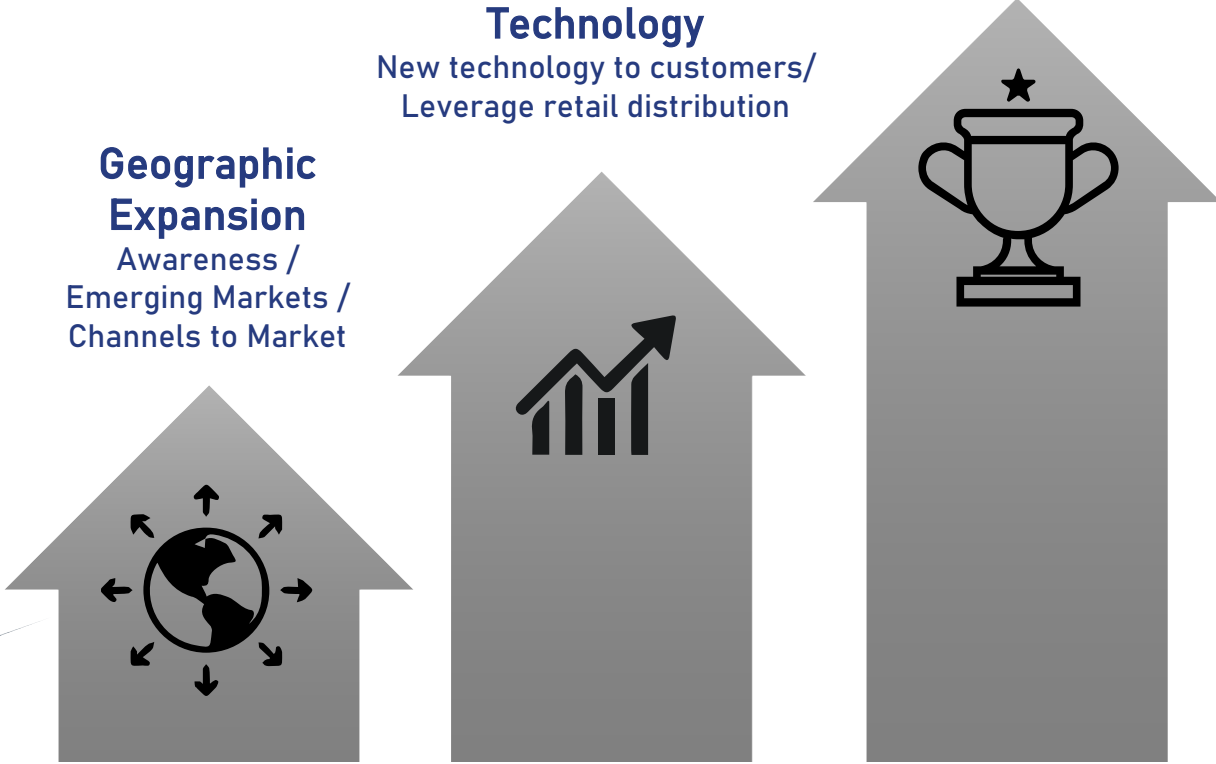
STRONG ONGOING GROWTH IN METAL DETECTION



Retain Leadership
Market-leading Technology / World-class customer experience

Technology
New technology to customers/
Leverage retail distribution

Geographic Expansion
Awareness / Emerging Markets / Channels to Market



DOMO TACTICAL COMMUNICATIONS

H1 Overview



Secured Largest Contract in Codan's History

Multi-year agreement – first purchase order: \$37.6 million

Acquisition of Broadcast Wireless Systems

Purchase price of \$8 million, December 2021 settlement

Strong Order Book

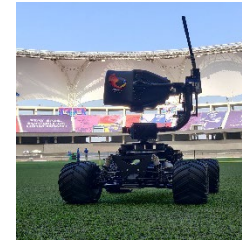
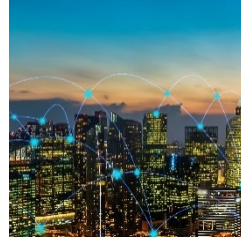
\$78 million with \$36 million to be delivered in balance of FY22

Exceed Year 1 EBITDA Target

On track to exceed Year 1 EBITDA target of \$14 million

TACTICAL & DOMO TACTICAL COMMUNICATIONS

Products & Markets



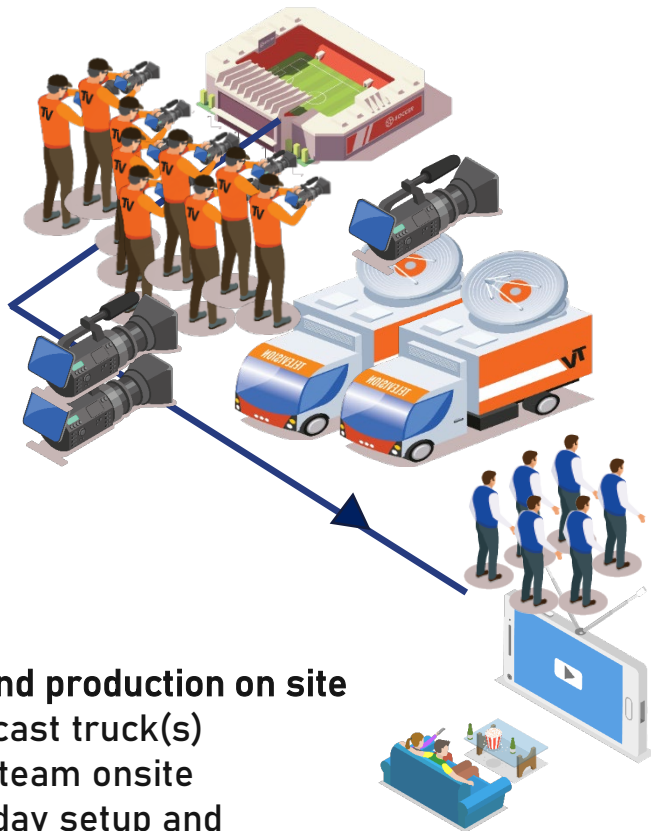
	Military	Law Enforcement	Unmanned Systems	Broadcast	Commercial
Voice Communications	✓	✓		✓	✓
Video	✓	✓	✓	✓	✓
Surveillance	✓	✓			
Command & Control	✓	✓			✓

Products

Markets

BROADCAST WIRELESS TECHNOLOGIES

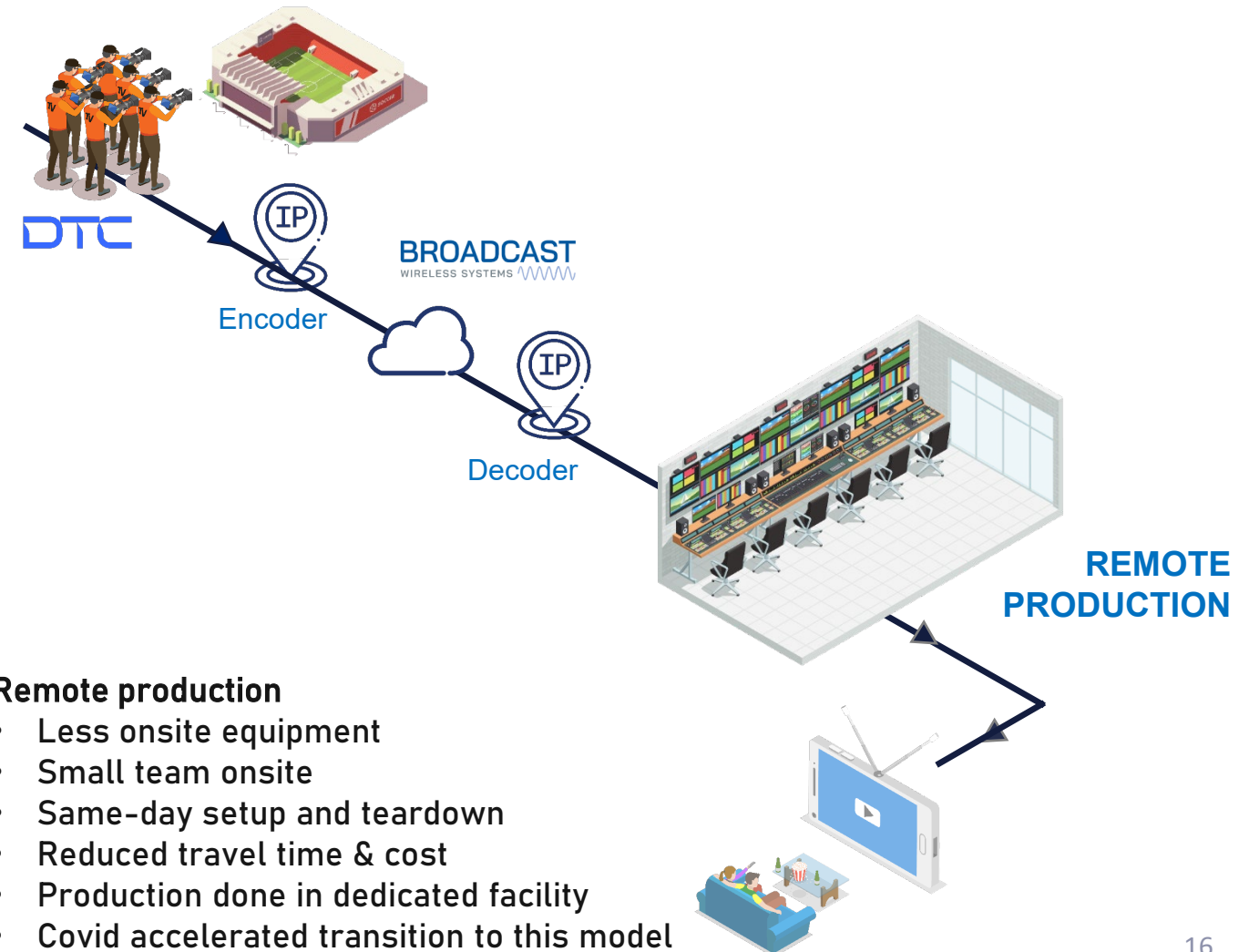
TRADITIONAL MODEL



Filming and production on site

- Broadcast truck(s)
- Large team onsite
- Multi-day setup and teardown
- Travel time & cost

REMOTE BROADCAST MODEL



Remote production

- Less onsite equipment
- Small team onsite
- Same-day setup and teardown
- Reduced travel time & cost
- Production done in dedicated facility
- Covid accelerated transition to this model

ZETRON

H1 Achievements



Restructure and Integrate

Integration tracking ahead of plan

Strong Order Book

\$66 million with \$22 million to be delivered in the balance of FY22

Growing Opportunity Pipeline

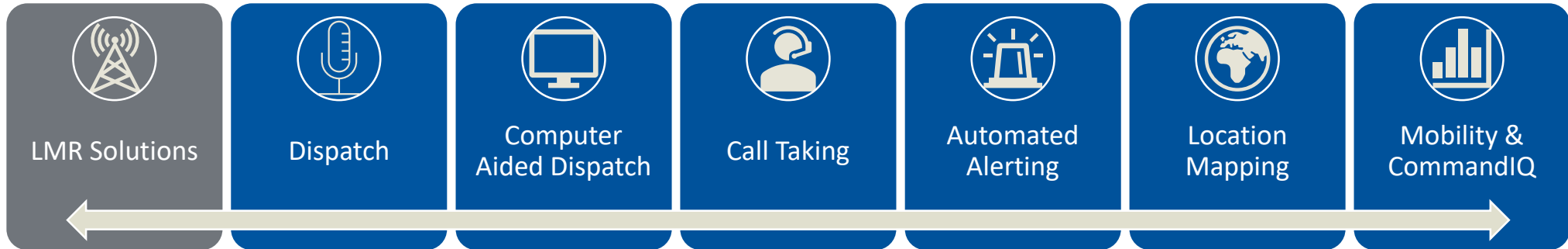
Winning key opportunities as a systems provider

Exceed Year 1 EBITDA Target

On track to exceed Year 1 EBITDA target of \$8 million

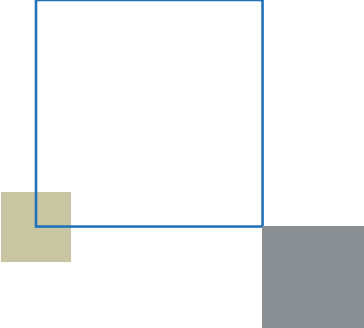
ZETRON

Products & Markets



End to End Critical Communications Solution

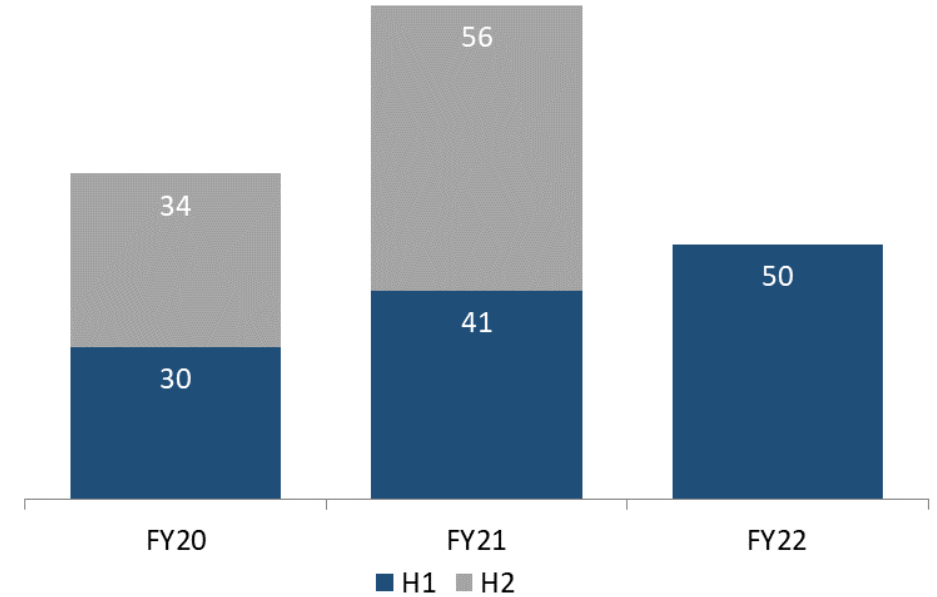
FINANCIAL RESULTS



RECORD FY22 HALF YEAR PERFORMANCE

Profit & Loss	Dec-21	Sales	Dec-20
	\$m	%	\$m
Revenue			
<i>Metal Detection</i>	\$137.7	53%	\$155.1
<i>Communications</i>	\$117.7	46%	\$33.6
<i>Other</i>	\$1.4	1%	\$5.8
Total Revenue	\$256.8	100%	\$194.5
EBITDA	\$83.1	33%	\$69.3
EBIT	\$69.9	27%	\$60.7
Net interest	(\$0.7)		(\$0.2)
Net profit before tax	\$69.2	27%	\$60.5
Net profit after tax	\$50.1	20%	\$41.3

Underlying NPAT (\$m)



- Much more balanced and diversified sales portfolio across segments
- Price increases contributed to gross margin improvement
- Operating costs controlled with freight savings achieved
- Maintained excellent profitability margins in a Covid impacted world
- Gain on Minetec sale largely offset by additional one-off integration and restructuring expenses

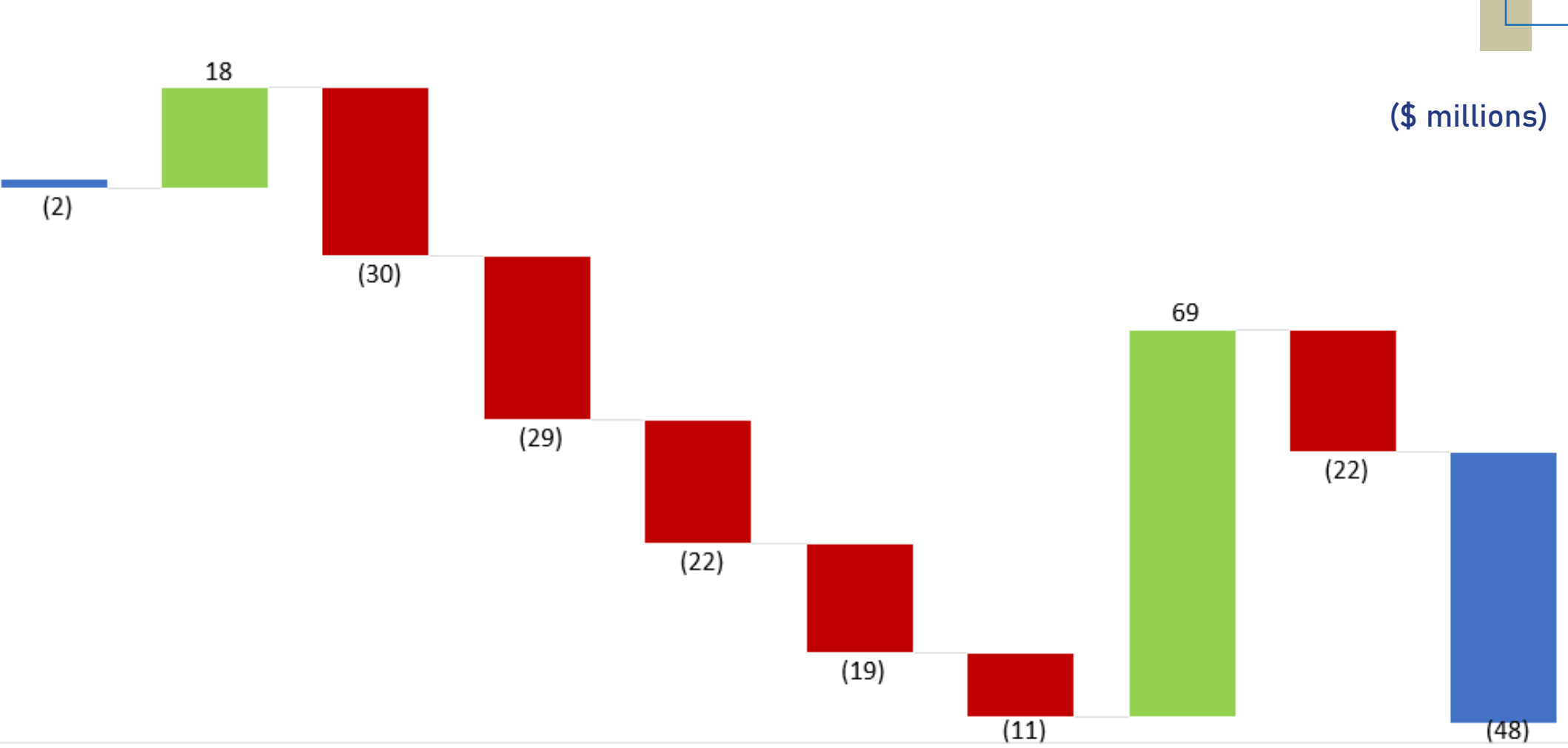
FINANCIAL POSITION

Strong balance sheet – planned investment in working capital

Balance Sheet	Dec-21	Jun-21	Change
	\$m	\$m	\$m
Receivables	64.1	35.0	29.1
Inventories	85.8	66.4	19.4
Payables	(84.7)	(106.5)	21.8
Total working capital	65.2	(5.1)	70.3
Property, plant & equipment	19.2	17.8	1.4
Product development	81.0	74.6	6.5
Intangible assets	267.0	254.3	12.7
Other assets	19.2	33.2	(14.0)
Other liabilities	(72.7)	(69.4)	(3.3)
Net assets before debt	378.8	305.2	73.6
Net cash (debt)	(47.9)	(1.6)	(46.2)
Net assets	331.0	303.6	27.3

- Increased debtors driven by higher Communications sales in November and December 2021
- Investment in inventory, reduced freight costs and mitigate supply chain risks
- Payables high at June 2021 due to prepayments from customers to secure supply
- Net debt increase driven by working capital investment and FY21 related cash outflows
- As working capital normalises over the second half the cash flows will follow

CHANGE IN NET DEBT POSITION

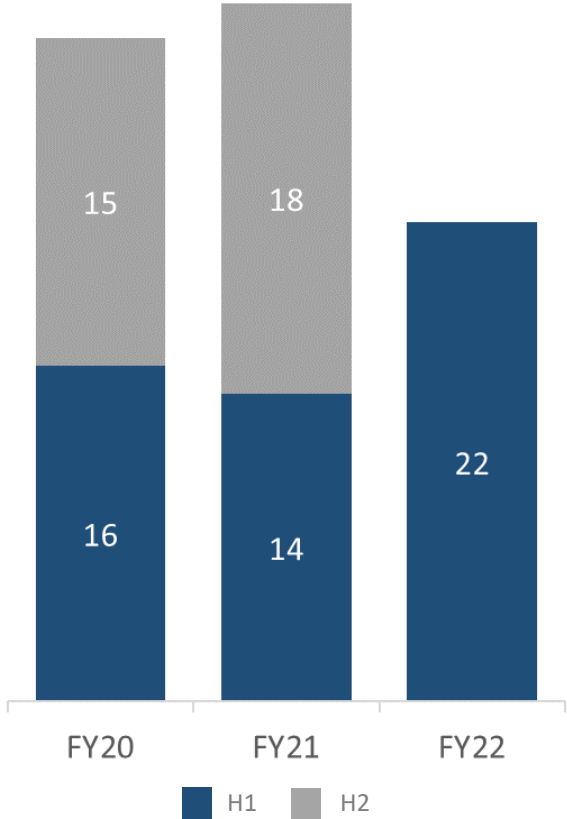


(\$ millions)

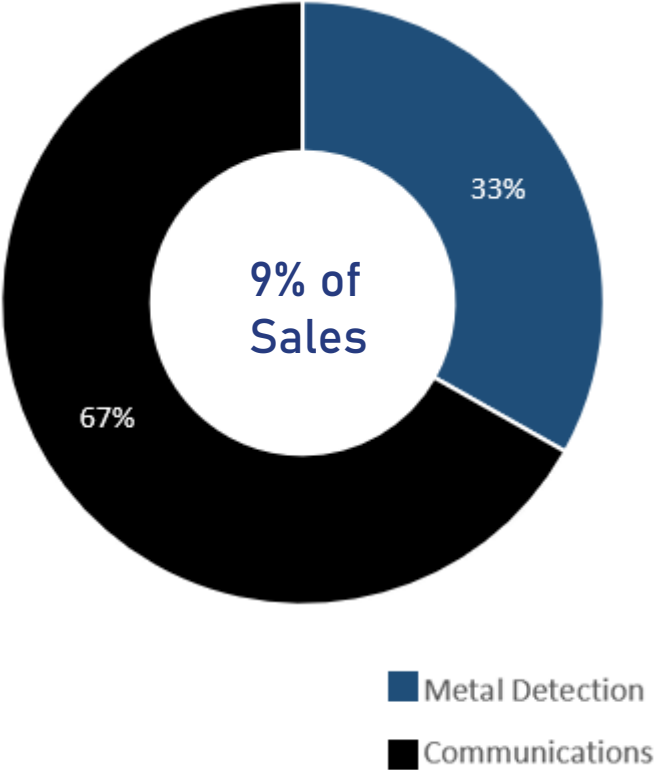
ENGINEERING INVESTMENT

Strong pipeline of projects

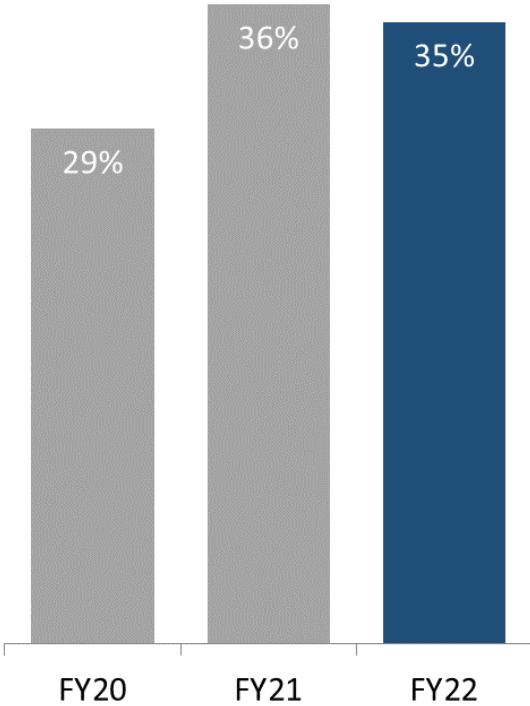
Engineering spend (\$m)



Engineering Spend by Business Unit



Return on Equity¹



¹Return on equity = rolling 12 month net profit after tax divided by average equity

FY22 OUTLOOK

Number of factors that are relevant when considering the outlook for FY22:

- The successful uptake of GPX6000® gold detectors into the developing world;
- Resolution of the on-going civil unrest in Sudan;
- The extent to which, DTC and Zetron will exceed their initial full year profit targets;
- The challenges that Covid continues to pose.

We will update shareholders as the year progresses.



Appendix



CODAN LIMITED OVERVIEW

Innovation wherever you are

 **150+** Sell to over 150 countries around the world |  **700+** employees around the world

10 sites across the globe:



AUSTRALIA



BRAZIL



CANADA



DENMARK



IRELAND



MEXICO



SINGAPORE



UAE



UK



USA

The Codan group consists of the following brands:

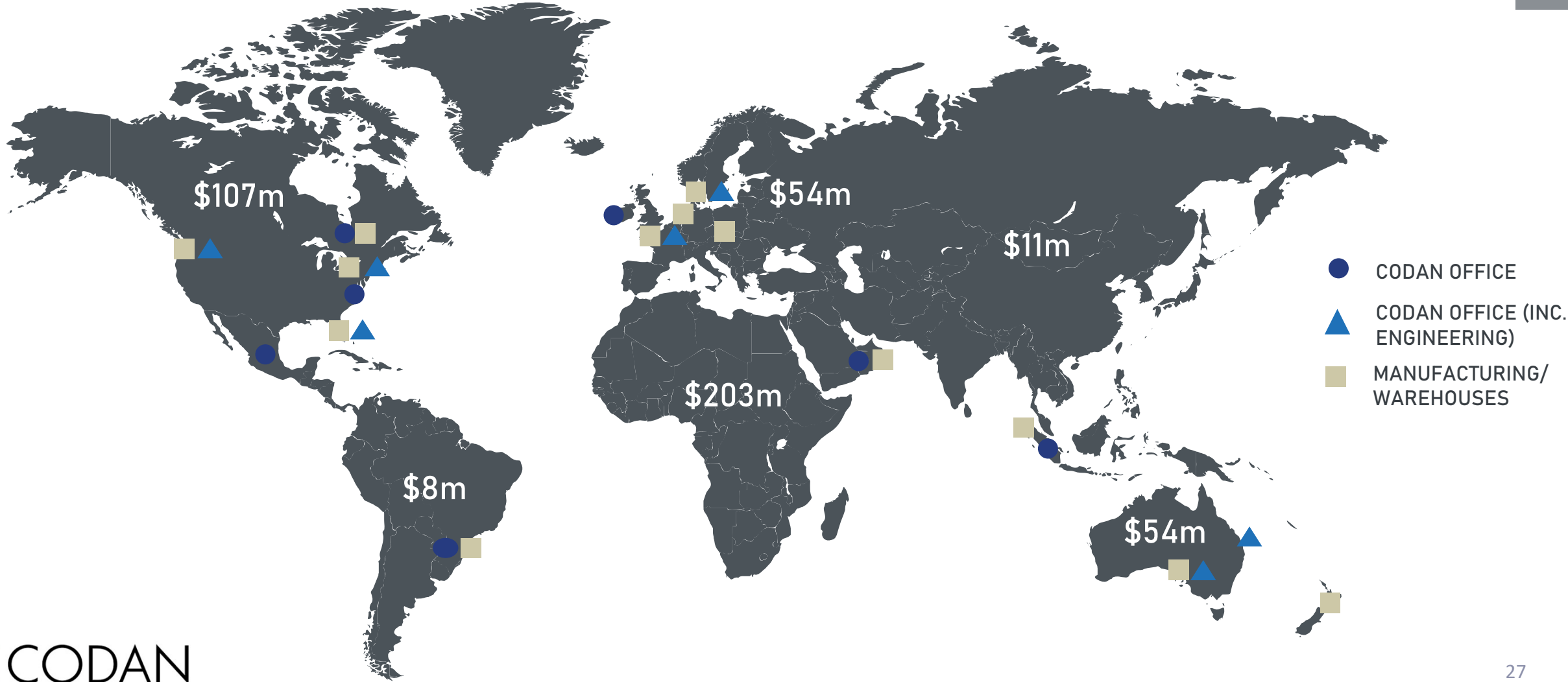


CODAN
COMMUNICATIONS



FY21 GLOBAL FOOTPRINT

Customers in 150 countries, exporting around 85% of sales





RECREATION

Coin & Treasure, Gold Detectors

Key markets — Australia, USA, Europe, Russia

Users:

- Treasure hunters
- Adventurers
- Gold prospectors
- Archaeologists
- Beach & deep-sea detectors



GOLD MINING

Handheld Gold Detectors

Key markets — Africa, Asia Pacific, Latin America

Users:

- Small-scale artisanal miners
- Gold prospectors



COUNTERMINE

Landmine Detectors

Market — countries impacted by war — past and present

Users:

- Demining organisations
- Governments
- Defence & security forces



GOLD PRODUCTS

Products to service all types of prospectors

GOLD DETECTOR RANGE

NEW RELEASE



والتن الذهب 1000
GOLD MONSTER 1000

USD RRP ex tax/shipping

\$899



SDC 2300

\$3299



GPX Series

\$3999



GPX 6000™

\$5999



GPZ 7000

\$7999

ENTRY

-

MID RANGE

-

PROFESSIONAL



RECREATIONAL PRODUCTS

Expanding MULTI-IQ® technology across the range

RECREATIONAL DETECTOR RANGE



All Targets, All Soils, All the Time.



USD RRP ex tax/shipping

\$99 - \$249

\$199 - \$499

\$649 - \$899

\$1499

\$1549

\$2499

HOBBYIST

ENTHUSIAST

SPECIALIST

EXPERT

PUBLIC SAFETY COMMUNICATIONS

Strategic fit of Zetron with LMR

