

16 February 2021

COMPANY ANNOUNCEMENTS PLATFORM
AUSTRALIAN SECURITIES EXCHANGE

CODAN TO ACQUIRE DOMO TACTICAL COMMUNICATIONS

Codan Limited (ASX: "CDA") has entered into an agreement to acquire 100% of the shares in US-based company, Domo Tactical Communications (DTC), from a Private Equity company. DTC is an established technology provider for high bandwidth wireless communications with specialist capabilities in MIMO Mesh networks (next generation software defined networks where multiple antennas stream data to and from devices across a network that is self-forming and self-healing). DTC is a trusted and long term supplier into more than 20 key United States government agencies as well as the "Five Eyes" intelligence communities.

DTC's MIMO Mesh products provide wireless transmission of video and other data applications to predominantly first world customers, including Military and Special Forces, Intelligence Agencies, Border Control, First Responders and Broadcasters. DTC is headquartered in the US, with locations in the UK and Denmark and has around 140 employees.

The acquisition comprises an upfront payment of USD 88 million (approx. AUD 114 million), with the possibility of an additional payment of up to USD 16 million if certain earn-out targets are achieved in calendar year 2021. The acquisition is on a cash free, debt free basis and is expected to complete by 30 April 2021, subject to a number of US and UK regulatory conditions typical for transactions of this nature.

In the first full year of Codan's ownership, DTC is expected to contribute approximately AUD 90 million of sales, AUD 14 million in EBITDA and AUD 9 million profit before tax. It will be earnings-per-share accretive from day 1. As a result of the transaction, Codan will acquire total assets approximately equal to the purchase price with no change to Codan's shareholder equity.

The acquisition will be fully funded from existing cash reserves. Our current banking facility provides sufficient ongoing financial flexibility.

Chief Executive, Donald McGurk, said "The acquisition of DTC is consistent with Codan's well publicised strategic growth plan for our Tactical Communications business. This is focussed on providing total communications solutions by transitioning from a traditional voice only platform via the addition of data and video communication capabilities. This acquisition fills a technology gap and will be able to leverage Codan's global distribution channels into the developing world. Importantly this transaction will be accretive for Codan shareholders from the outset.

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Codan has been successfully doing business in North America for over 20 years and this acquisition represents a continuation of our growth in this strategically important region. Total employee numbers in North America will grow from 120 to 140 as a result of this acquisition, with the majority focussed on product development and software engineering.

DTC's products are complementary to Codan's Tactical Communications solutions and serve similar markets and customers. A number of key members of our Tactical Communications sales team have previously worked in the MIMO Mesh and surveillance markets, and therefore have significant experience in this industry segment".

Codan's President for Tactical Communications, Paul Sangster, said "DTC is an important strategic acquisition for us and brings complementary capabilities to our existing tactical communications solutions. We will be able to add immediate value by integrating DTC's and Codan's sales and marketing teams as we open up new geographic routes to market. Over the long term our combined engineering capabilities will allow us to bring unique communications solutions to a diverse global customer base from military to security to broadcasting".

Codan looks forward to working with all DTC staff to affect a seamless integration into the Codan group. DTC is well known to Codan and we believe that there is excellent cultural alignment.

On behalf of the Board



Michael Barton
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:-

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