

ASX RELEASE

21 February 2025

CODAN H1 FY25 RESULTS

H1 FY25 HIGHLIGHTS:

- **Strong Group financial performance:**
 - Revenue of \$305.6 million, up 15% versus the prior corresponding period (“pcp”);
 - Earnings before interest and tax of \$65.8 million, up 21% versus the pcp; and
 - Net profit after tax of \$46.1 million, up 21% versus the pcp.
- **Communications business the key driver of the Group’s result:**
 - Revenue of \$187.0 million, up 22% versus the pcp, exceeding 10 to 15% growth target range;
 - Segment profit of \$49.8 million, up 31% versus the pcp, with segment profit contribution margin improving to 27% versus 25% in the pcp; and
 - Orderbook of \$247 million, up 35% versus the pcp.
- Metal detection revenue up 5% versus the pcp, with Africa contributing to this improvement.
- Net debt of \$124.1 million at 31 December 2024 (up by \$48.7 million from June 2024), having funded \$36.1 million for the Kägwerks acquisition and \$26.2 million for working capital requirements to support a growing Communications business.
- Earnings per share of 25.4 cents, up 21% versus the pcp.
- Interim dividend declared of 12.5 cents, fully franked, up 19% versus the pcp.
- Results briefing to be held at 11:00am AEDT Friday 21 February 2025 ([Click here to register](#))

Codan Limited (“ASX:CDA”, “Codan”, “Group” or “the Company”), the Australian-based technology company, today announced its half year results for the period ending 31 December 2024 (“H1 FY25”).

Chief Executive, Alf Ianniello, said:

“Codan has delivered another strong financial result for the first half of FY25, with Group revenues growing 15%, and both EBIT and NPAT were up over 20% versus the first half of FY24. We are proud to have delivered sustainable growth across the last four consecutive halves, underscoring our strong operational execution. Our focus remains on strengthening the business and laying the foundation for long-term, profitable growth, ultimately reinforcing a stronger Codan.

Our Communications segment continues to be the core driver of our success, delivering 22% revenue growth versus the pcp, importantly demonstrating the operational leverage this business has by expanding segment profit contribution margin to 27%, up from 25% in the

pcp. We are pleased with the progress being made in Communications as this business continues to strengthen with an orderbook of \$247 million, up 35% versus the pcp.

Our metal detection business delivered 5% growth in the first half, with Africa being a key contributor to this success. The rest of world business has maintained the elevated levels achieved during COVID without the benefit of new product releases in the period, noting that we are in a more challenging environment, demonstrating the resilience and strength of our business.

Our strategy positions us well to capitalise on new opportunities and drive further profitable growth.”

Codan Summary Financial Performance				
	Half Year ended			
	Dec-24		Dec-23	
	\$m	% of Sales	\$m	% of Sales
Revenue				
Communications products	187.0	61%	153.6	58%
Metal detection	115.0	38%	110.0	41%
Other	3.6	1%	2.3	1%
Total Revenue	305.6	100%	265.9	100%
Business performance				
EBITDA	83.3	27%	70.7	27%
EBIT	65.8	22%	54.4	20%
Interest	(5.5)		(4.6)	
Net profit before tax	60.4	20%	49.8	19%
Taxation	(14.3)		(11.7)	
Net profit after tax	46.1	15%	38.1	14%
Earnings per share, fully diluted	25.3 cents		20.9 cents	
Interim ordinary dividend per share	12.5 cents*		10.5 cents	

*The interim ordinary fully franked dividend has a record date of 3 March 2025 and will be paid on 17 March 2025.

Group revenue was up 15% versus the pcp, reflecting strong organic growth across its operations, with Communications being the key driver of this growth.

Expenses increased during the half primarily due to the integration of acquisitions, with the cost base of the newly acquired entities being integrated into the Group. During this period, Group integration and acquisition expenses totalled \$2 million.

Despite the increase in the expense base, EBIT and NPAT were both up 21% versus the pcp.

Net Debt and Balance Sheet

Net debt increased by \$48.7 million during the half to \$124.1 million at 31 December 2024. With upfront cash consideration for the acquisition of Kägwerks (\$36.1 million) and an increase in working capital of \$26.2 million to support the growth of the Communications business being the key uses of the additional debt in the period.

Cash generation for the period reflects the Group's shifting business mix, with Communications making up a larger proportion of overall performance. As expected for a growing business, this has led to increased working capital requirements. Notwithstanding this, the Group remains focused on cash generation to ensure cash and debt levels are appropriate and well-managed. The Group continues to maintain a net debt-to-EBITDA ratio of less than 1 times, reinforcing the Company's commitment to financial discipline.

During H1 FY25, the Group increased its existing bank facility to \$200 million (from \$170 million), with additional capacity available of a further \$150 million subject to bank approval. These facilities provide the Company with financial flexibility to support future inorganic growth opportunities.

Codan remains focused on improving the quality of its revenue streams by targeting businesses with recurring revenue models or contracted revenues, particularly with government customers through programs of record. Moving forward, Codan will continue to pursue acquisitions that enhance the quality of the Group's revenues, with a specific focus on acquiring businesses or technology within the Communications segment. The Company expects future acquisitions to complement Codan's existing operations and products, they will target growth markets and enhance future earnings visibility.

Communications (Tactical & Zetron)

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

Communications revenue increased 22% to \$187.0 million versus the pcp. Organic growth versus the pcp exceeded the top end of the targeted 10 to 15% growth range and was further enhanced with acquisitions. Communications segment profit was \$49.8 million, up 31% versus the pcp. As a result of operating leverage, segment profit margin increased to 27% versus 25% in the pcp.

Tactical Communications delivered strong results, primarily due to the growth achieved in the law enforcement and unmanned systems verticals. Tactical continues to benefit from its leading MESH radio technology, which demonstrates exceptional performance in harsh and contested environments. Specifically, the business excels in providing compact, lightweight and efficient radio solutions, optimising size, weight and power, making them ideal for a wide range of applications. In particular, the business has achieved excellent growth in the unmanned systems market, where these attributes are crucial for enhancing performance, mobility, and operational efficiency in remote, contested or challenging environments. Tactical Communication's near-term priorities include completion of the development of the multi-waveform radio solution with TrellisWare and the pursuit of opportunities for inclusion in longer-term defence-related communications programs across North America, Five Eyes alliance and NATO member nations.

Zetron delivered growth in line with expectations, with all geographic regions and markets contributing to this result. Zetron continues to strengthen its position in critical sectors such as public safety, utilities, and transportation by focusing on innovation and addressing the evolving needs of these industries. Research and development efforts are focused on

advancing Next Generation 911 (NG911) capabilities and improving customer experiences by providing a seamless, integrated solution.

Consistent with the Group's strategy to acquire complementary businesses or technology, in early December 2024 Codan acquired Kågwerks, a leader in tactical operator-worn communications technologies, offering soldiers a lightweight network hub that integrates multiple systems into one solution. This acquisition strengthens Codan's Tactical Communications division by providing access to the budgeted Nett Warrior Program of Record and expands its presence in the US military communications market. As previously announced Codan expects the acquisition to generate \$49 million to \$57 million in revenue and \$8 million to \$11 million in EBITDA in the first 12 months of ownership, a highly accretive acquisition. Our first three months of ownership have been positive, with integration progressing well and on track. The sales opportunity pipeline remains strong, reinforcing the investment thesis, which is further evidenced by a current order book balance of \$16 million.

Communications aggregate orderbook grew to \$247 million at 31 December 2024 (up 35% versus the pcp), driven by strong Tactical Communications order intake.

Communications continues to target organic revenue growth in a 10 to 15% range, including the benefit of the Kågwerks acquisition made in FY25, Communications overall revenue growth is expected to exceed 15% for the full year.

Metal Detection (Minelab)

Minelab is the world leader in handheld metal detection technologies for the recreational, gold mining, demining and military markets. For more than 30 years Minelab has led the metal detection industry to new levels of technological excellence.

Minelab's revenue of \$115.0 million for H1 FY25 is a 5% increase versus the pcp. As a result of an increase in the proportion of revenue generated from Minelab Africa, Minelab increased segment profit margin to 36% during the half versus 34% in the pcp.

Minelab Africa delivered a better than expected first half result, with revenues at approximately \$45 million, increasing half on half as well as versus the pcp. This increase is attributed to West Africa, as the Sudan region of Northeast Africa remains disrupted. While Africa has historically delivered a stronger second half result due to seasonality, it is too early for the Company to determine whether seasonality improvements will apply in FY25.

Rest of World (RoW) Minelab has maintained the strong revenue levels achieved during COVID, highlighting the strength and resilience of its operations. Although revenue did not benefit from new product launches as in the previous year and were impacted by the rising cost of living and political uncertainties in the US ahead of the elections, Minelab RoW has continued to demonstrate strong resilience. Minelab RoW is investing to grow its market share through the development of its technology platform, expanding its retail presence in the US and Europe, and enhancing its E-Commerce capabilities. These strategic initiatives position the business for continued success as new products are introduced.

Countermining had an exceptional first half last year due to a large humanitarian order that was not repeated this half. Countermining remains a project-based business, however the business is continuing to develop and innovate its leading-edge technology to support humanitarian demining efforts.

Outlook

When considering the outlook for the balance of FY25:

- Communications continues to target organic revenue growth in a 10 to 15% range; with the benefit of Kägwerks, acquired during FY25, Communications overall revenue growth is expected to exceed 15%;
- If business conditions remain similar to H1, Minelab revenues in the second half 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. As revenues grow, the company will continue to focus on driving operational leverage. Additionally, strategic acquisitions in the Communications segment will be pursued to enhance revenue quality and improve predictability. These initiatives position Codan for sustained long-term growth.

H1 FY25 Results Briefing

A briefing with Managing Director, Alf Ianniello, at 11:00am (Australian Eastern Daylight Time) on 21 February 2025. This briefing will be available via the following link – [2025 Half Year Results Announcement](#).

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.

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