CODAN LIMITED | ABN 77 007 590 605
Technology Park | 2 Second Avenue | Mawson Lakes SA 5095 | Australia
PO Box 35 | Salisbury South SA 5106 | Australia

20 September 2024

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

Dear Sir/Madam

FY24 Annual Report

Please find attached a copy of Codan Limited's FY24 annual report 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:-

Michael Barton
Company Secretary & CFO
Codan Limited
(08) 8305 0392

Kayi Li
Manager, Investor Relations
Codan Limited
(08) 8305 0392

CODAN

ANNUAL REPORT **2024**

Innovation **wherever you are**

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Annual General Meeting

The Annual General Meeting of Codan Limited will be held at:

11:00 am on Wednesday, 23 October 2024
The Courtside Room, The Drive, War Memorial Drive, North Adelaide, South Australia

The meeting will also be held virtually via an online platform at: https://meetnow.global/MWTF2WY

Codan Limited
ABN 77 007 590 605

Innovation **wherever you are**

CODAN FY24 SUMMARY

Group revenue of
$550.5 million
up 21% versus prior corresponding period (pcp)

Net profit after tax (NPAT) of
$81.3 million
up 24% versus pcp

Communications revenue of
$326.9 million
up 19% versus pcp

Communications orderbook of
$197.0 million
up 21%
versus pcp

Metal detection revenue of
$219.9 million
up 25%
versus pcp

Annual dividend of
22.5 cents
fully franked
(interim 10.5 cents, final 12.0 cents)

Earnings per share
45.0 cents

Underlying earnings per share
36.3 cents

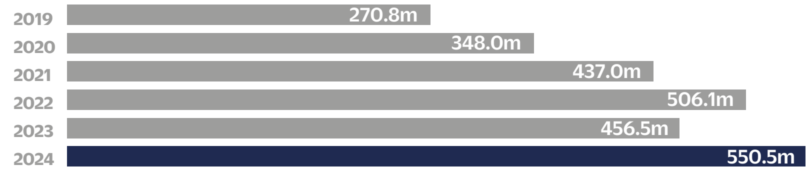
CODAN LIMITED

Founded in 1959 and headquartered in South Australia, Codan Limited (ASX:CDA) is an international company that develops rugged and reliable electronics solutions for government, corporate, NGO and consumer markets across the globe.

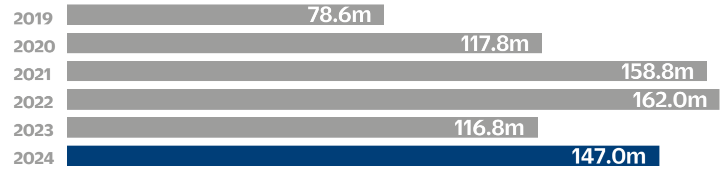
Codan's technologies include metal detection and communications.

We have approximately 900 employees located in Australia, Canada, the USA, the United Kingdom, Ireland, the UAE, Singapore, Denmark, Brazil, Mexico and India.
Our marketing reach embraces activity in over 150 countries, with exports accounting for more than 85% of our sales.

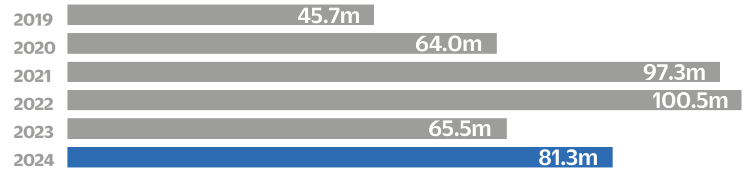
OPERATING REVENUE
$550.5m



EBITDA
$147.0m



UNDERLYING NPAT
$81.3m



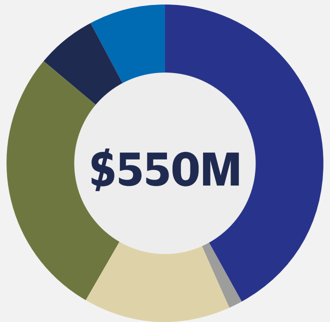
Results for the year ended 30 June	2024	% of sales	2023	% of sales	2022	% of sales	2021	% of sales	2020	% of sales	2019	% of sales
Revenue												
Communications	**$326.9m**	**59%**	$274.5m	60%	$241.7m	48%	$95.5m	22%	$104.0m	30%	$77.6m	29%
Metal Detection	**$219.9m**	**40%**	$176.1m	39%	$262.3m	52%	$326.5m	75%	$236.4m	68%	$182.1m	67%
Other	**$3.7m**	**1%**	$5.9m	1%	$2.1m	0%	$15.0m	3%	$7.6m	2%	$11.1m	4%
Total revenue	**$550.5m**	**100%**	$456.5m	100%	$506.1m	100%	$437.0m	100%	$348.0m	100%	$270.8m	100%
EBITDA	**$147.0m**	**26%**	$116.8m	26%	$162.0m	32%	$158.8m	36%	$117.8m	34%	$78.6m	29%
EBIT	**$113.9m**	**19%**	$88.90m	19%	$137.4m	27%	$139.8m	32%	$89.6m	26%	$63.4m	23%
Interest	**($9.4)m**		($5.3)m		($1.7)m		($1.1)m		($0.6)m		($0.1)m	
Net profit before tax	**$104.5m**	**19%**	$83.6m	18%	$135.7m	27%	$138.7m	32%	$89.0m	26%	$63.3m	23%
Taxation	**($23.2)m**		($17.4)m		($35.2)m		($41.4)m		($25.0)m		($17.6)m	
Net profit after tax	**$81.3m**		$65.5m		$100.5m		$90.2m		$64.0m		$45.7m	
Earnings per share, fully diluted	**45.0c**		36.5c		55.6c		49.8c		35.3c		25.3c	
Ordinary dividend per share	**22.5c**		18.0c		28.0c		27.0c		18.5c		9.0c	
Special dividend per share	**– c**		– c		– c		– c		– c		5.0c	

* Non-underlying income/(expenses) are considered to be outside of normal business activities of the group and for comparability reasons have been separately identified.
Underlying profit is a non-IFRS measure used by management of the company to assess the operating performance of the business. The non-IFRS measures have not been subject to audit.

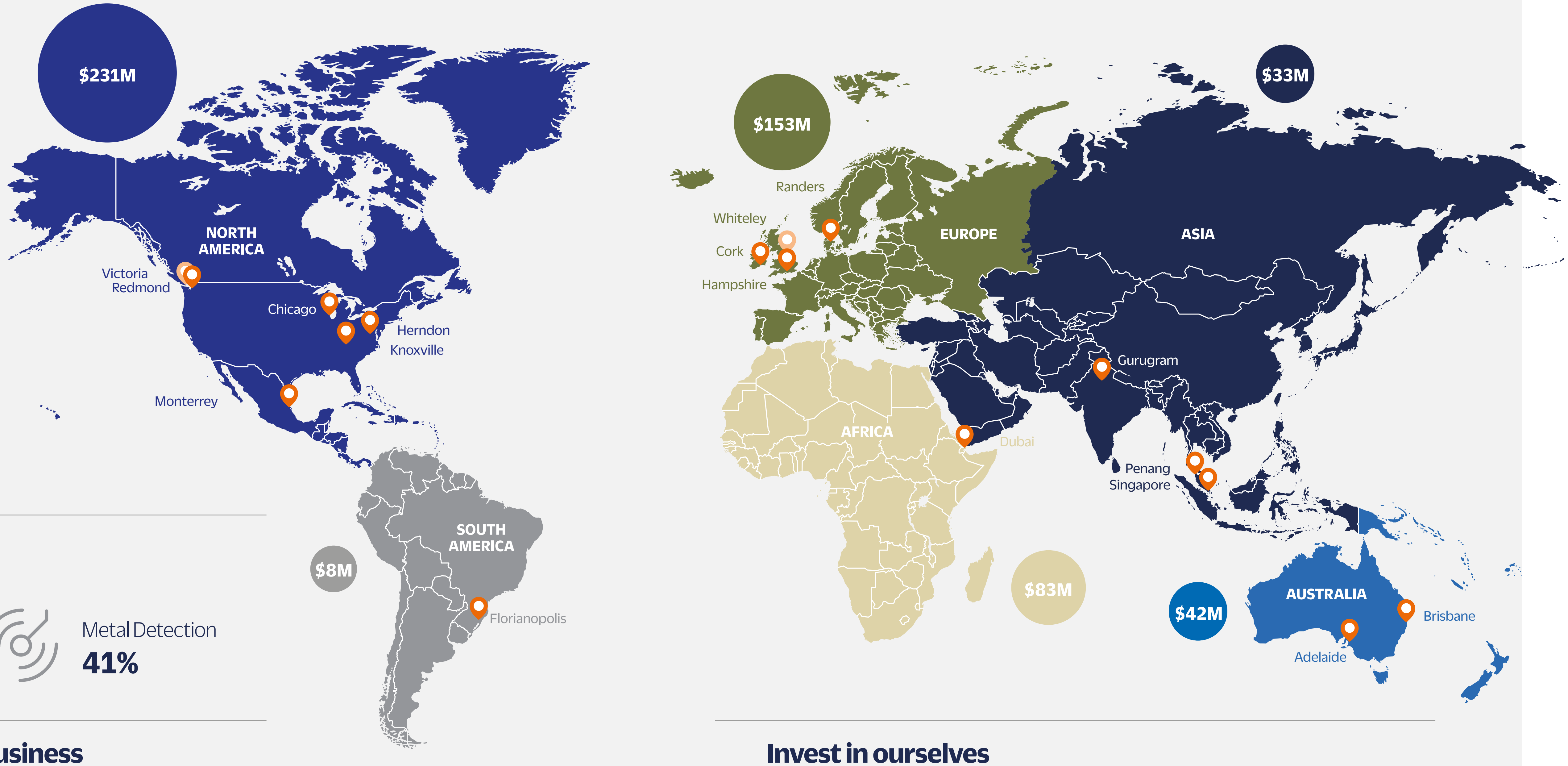
CODAN AT A SNAPSHOT

Global sales

Total sales revenue



Africa	$83M
Asia	$33M
Australia	$42M
Europe	$153M
North America	$231M
South America	$8M



Business segment sales

Communications
59%

Metal Detection
41%

Our global technology business

900 total employees

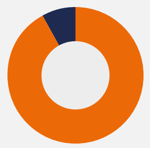
250+ engineers

7 key manufacturing sites

15 sales offices

Invest in ourselves

$57M invested in R&D



10% engineering % to sales

CHAIRMAN'S LETTER TO SHAREHOLDERS

Dear Shareholders,

On behalf of the Codan Board and management team, I am pleased to present our Annual Report for the year ended 30 June 2024.

Year in Review

The FY24 year has been a successful year, with Codan achieving strong growth in group revenues (+21%), group EBIT (+29%) and group NPAT (+24%). Pleasingly, each of our businesses contributed to the significantly improved financial performance in the past 12 months.

Our Communications business, comprising Zetron and Tactical Communications, grew both revenues and segment profit by 19% over the pcp, and maintained their segment profit margin at 25% whilst investing in new engineering and sales capability required for future growth. Pleasingly, the closing order book of $197 million increased 21% over the pcp, providing further confidence that growth will continue to be achieved in FY25; we continue to see significant opportunity for these businesses to grow both organically and inorganically in FY25. Our target for organic revenue growth from Communications in FY25 remains in the 10 to 15% range.

Our Minelab business achieved aggregate revenue of $220 million, up 25% compared to pcp achieved organically, with an improved segment profit margin at 35% versus 32% in the pcp. Minelab's African revenues improved to $71 million (compared to $36 million in the pcp), a pleasing result as the Sudan region remains largely disrupted, so the improvement is mainly from increased demand from West Africa. Both Minelab Rest of the World (RoW) and Countermine performed well in FY24 and have identified growth opportunities for FY25. In aggregate, we continue to target high single digit growth in FY25 for Minelab RoW revenues.

We continue to believe that Minelab is a global leader in gold detector technology, products and capability. Accordingly, our strategy is to continue to allocate capital to investing in new product development that we expect will enable Minelab to continue to lead the market. Whilst no new products were launched to the market in FY24, our engineering team is working on a number of new technology platforms that will come to market in FY26.

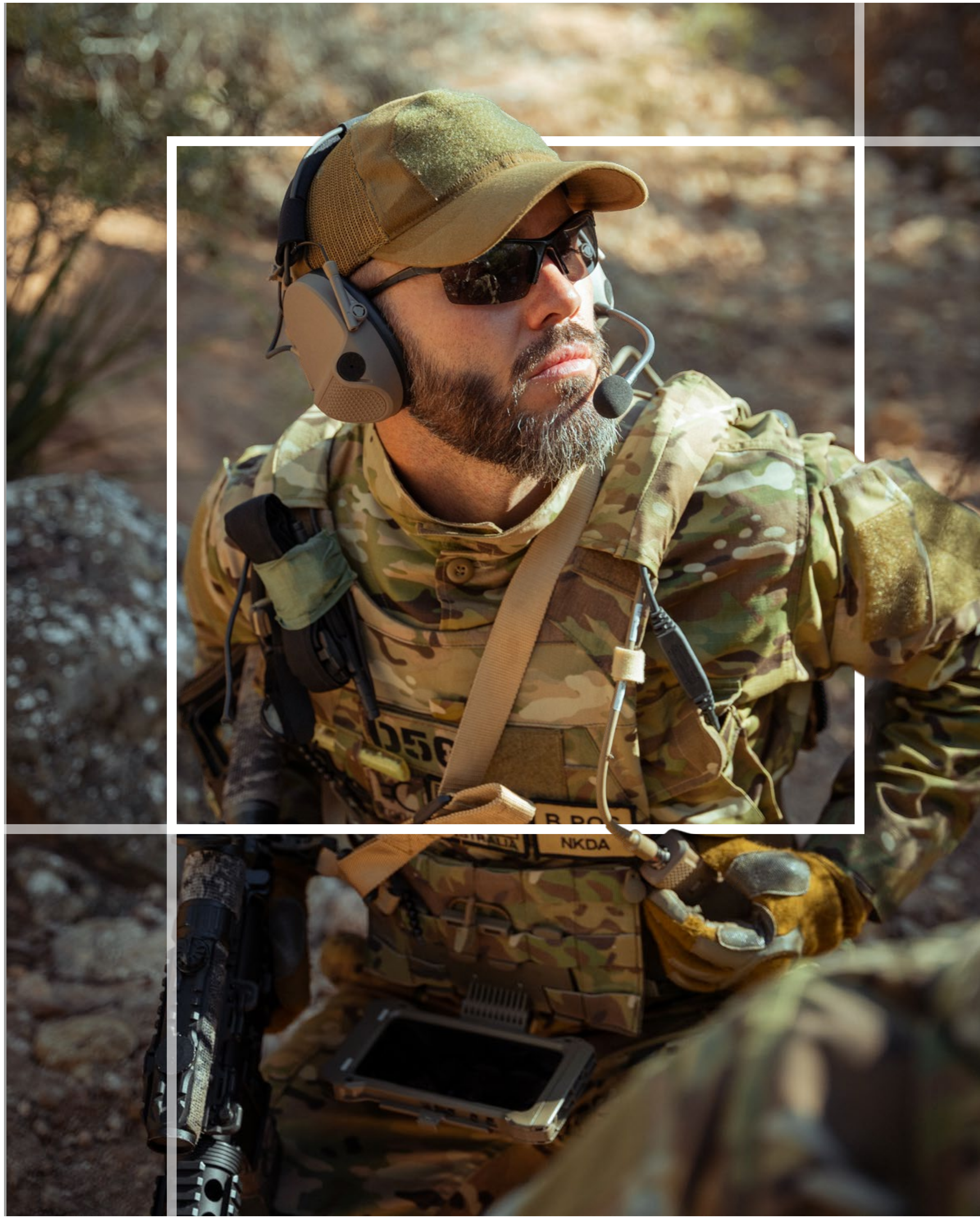
Financial Performance

In FY24, Codan achieved revenues, EBIT and NPAT that were all significantly up compared to pcp, and H2 also showed good growth across all metrics compared to H1. Of the EBIT growth of $26 million compared to pcp, $22 million was achieved organically, an uplift of 24% versus pcp.

	Increase over FY23	**FY24 $'M**	FY24 H2 $'M	FY24 H1 $'M	FY23 $'M
Revenues	**21%**	**550.5**	284.6	265.9	456.1
EBIT	**29%**	**113.9**	59.5	54.4	88.0
Underlying NPAT	**24%**	**81.3**	43.2	38.1	65.5

Dividend

Codan has a policy of distributing approximately 50% of its annual NPAT in dividends, and for the current year this delivered total dividends to shareholders of 22.5 cents fully franked, comprising the interim dividend of 10.5 cents and the final dividend announced in August 2024 of 12.0 cents. This represents an increase of 22% compared to pcp.



CHAIRMAN'S LETTER TO SHAREHOLDERS

Strategy & Acquisitions

Codan's strategy of investing in ourselves, strengthening our core businesses through sustained engineering investment in innovation and product development to maintain our competitive position across all segments remains core to Codan's success, and we have a pipeline of new product development projects under way in each of Minelab, Tactical Communications and Zetron.

We have been clear that where we identify acquisition opportunities that allow us to expand our addressable markets, or cost effectively accelerate differentiated product development, or fill technology gaps or that provide complementary technologies and capabilities, we will continue to pursue bolt-on acquisitions where we believe the outcome will be accretive for shareholders. We successfully completed two bolt-on acquisitions during FY24 (Zetron UK and Wave Central) in line with our strategy, and both businesses have been quickly integrated and are meeting our expectations.

With net debt at $75 million at 30 June 2024, we have a low debt to EBITDA ratio at 0.7 times, existing banking facilities of $170 million (plus $150 million accordion capacity, subject to approval), providing us with the financial flexibility to pursue on-strategy acquisition opportunities as they are identified. We will continue to do so in FY25.

Our track record of successfully acquiring and integrating businesses into Codan is a competitive advantage and provides us with confidence we can continue to create value for shareholders through inorganic growth. This is evidenced by the financial performance under Codan's ownership of the 6 acquisitions we have completed over the past 3 years, which continued to improve during FY24. We now estimate, based on current performance, the effective acquisition multiple, in aggregate, for these 6 acquired businesses is now approximately 3 times EBITDA, down from a 4-times multiple a year ago. This reflects the profitable growth being delivered under Codan's ownership.

Our strategy to diversify earnings and create value through the investment of capital in the Communications business continues to work well, with the added benefit that revenues and profitability are now much more evenly balanced across the group.

Capital Structure

Over the past 3 years, Codan has made 6 acquisitions that have all been funded with a combination of existing cash and/or debt. Our balance sheet remains strong and, combined with our improved financial performance, we currently have significant flexibility to pursue our bolt-on acquisition strategy without raising new equity or changing our dividend policy. In the event that a compelling acquisition of scale is identified we may need to reconsider Codan's appropriate long term capital structure, and this may include new debt or equity capital at that time.

Shareholder Returns

FY24 has been an excellent year for Codan shareholders, with EPS growing by 24% and dividends per share growing 22% compared to pcp. In addition, Codan's share price increased approximately 50% to $12.03 at 30 June 2024 compared to $8.03 at 30 June 2023.

Whilst the share price itself is outside our direct control, we know that Codan's financial performance does influence our share price and in FY24 we have successfully improved the quality of Codan's earnings and delivered significant profitable growth balanced across each of our businesses. Both our half and full year results in FY24 have exceeded market expectations, and generally have exceeded the targets set by the Board.

Our strategy and target addressable markets for each of our businesses, how these businesses are performing and how each is positioned for growth into the future, is now better understood by the investment community. We are pleased with the revenue and profitability growth in each of our businesses and we remain confident that by continuing to successfully execute the Codan strategy, and by delivering on our revenue and earnings growth targets, that shareholder returns will continue to increase.

To underline the importance of shareholder return performance, a Relative Total Shareholder Return performance metric was introduced into the FY24 long term incentive plan to better align executives' remuneration with shareholder outcomes.

Our track record of successfully acquiring and integrating businesses into Codan is a competitive advantage and provides us with confidence we can continue to create value for shareholders through inorganic growth.

Executive Remuneration

As announced last year and as set out in detail in the remuneration report, for FY24 and ongoing, we made considerable changes to the remuneration incentive structure and metrics that apply to the CEO and other Executive KMP. I believe the changes that were made have provided better alignment of incentive rewards for our executive team, particularly our CEO, with shareholders' interests. In FY25 we will continue to evolve the remuneration structure for our CEO and other executive KMP to further incentivise the achievement of superior returns for shareholders.

Codan's People

These FY24 results could not have been achieved without the expertise and efforts of our people across the globe, for which I thank them on behalf of shareholders. Under Alf's leadership we are continuing to build resilience in a long term culture that reflects Codan's values of a commitment to excellence, continuous improvement and customer satisfaction, as we believe this will benefit all of Codan's stakeholders over the long term.

In particular, on behalf of Codan's Board, I thank Alf for his leadership of Codan's high calibre executive team, for the clarity that he has brought to the development of Codan's strategy and for putting in place the right people, processes and systems to execute the strategy and position us for significant future growth and value creation.

Thank you for your support

We really appreciate your support as shareholders in Codan. Your Board and executive leadership team is committed to accretively and sustainably building shareholder returns by successfully executing on Codan's strategy, and we look forward to providing a trading update at our FY24 AGM later this year.

Graeme Barclay
Chair

CEO'S REPORT

Dear Shareholders,

Thank you for your continued support and investment in Codan during the 2024 financial year. On behalf of the Board of Directors, I am pleased to present the Annual Report for the year ended 30 June 2024.

Codan has delivered a strong FY24 result. It is pleasing to see the business deliver sustainable growth across the last three consecutive halves with group revenues up 21%, EBIT up 29% and NPAT up 24%. This result reflects strong organic growth, further supplemented by the businesses acquired throughout the year. Pleasingly, the group delivered organic EBIT growth of $22 million, up 25% over FY23.

Net debt increased $23.7 million during the year to $75.4 million at 30 June 2024. This is after paying $37.2 million cash consideration for acquisitions, investing $40.0 million into product development as well as funding $36.3 million of dividends paid during the year. Furthermore, the group has increased its existing bank facility to $170 million (from $140 million), with additional capacity available of $150 million subject to bank approval. These facilities provide the Company with the financial flexibility to support future inorganic growth opportunities. Specifically, Codan continues to seek Communications acquisition opportunities which enhance the quality of the group's revenues and increase future earnings visibility.

The Group's primary focus remains on strengthening the business to achieve sustainable, profitable growth for the future, reinforcing a stronger Codan.

Communications (Tactical & Zetron)

Communications delivered a strong FY24, with revenues increasing 19% to $326.9 million versus FY23, primarily attributed to Zetron's strong organic performance, bolstered by the acquisition of two high-quality businesses during the period (Zetron UK and Wave Central). Collectively, the acquisitions contributed revenues of $31 million and the businesses remain on track to achieving their year two investment objectives.

Pleasingly, organic revenue growth from the Communications segment exceeded the target 10% to 15% range, after normalising for revenues from the large Communications project delivered in FY23 (approximately $20 million).

Communications segment profit grew 19% and totalled $80.5 million, which reflects a 25% segment profit margin.

Communications' orderbook grew to $197 million at 30 June 2024 (+21% versus 30 June 2023). Pleasingly, this increase has been achieved in both the newly acquired and existing businesses.

CEO'S REPORT

Our dedication to high performance is evident in the quality of our products, the efficiency of our processes, and the commitment of our employees.

Tactical Communications delivered a solid result with strong growth in the unmanned systems and broadcast markets, which more than offset the softness in HF due to geopolitical factors in Africa. Some notable wins include a $8.5 million European-funded unmanned military program, $7.1 million South Korean military mesh communications contract and several contract awards in Broadcast for live event news coverage, college and professional sports. 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 solutions, optimising size, weight and power for a diverse set of customers. Following Codan's acquisition of Wave Central in December 2023, the business integrated well and delivered results in line with expectations during the first 7 months of ownership. Near-term, the focus for Tactical Communications is to successfully complete the development of our radio waveform and to be accepted into longer-term defence-related communications programs in North America.

Zetron outperformed expectations during the year as the business continues to deliver revenue growth from its expanded footprint. Zetron's growth continues to be driven by customers seeking to benefit from the integrated and complete command and control solution which is offered across the public safety, utilities and transport markets. Some notable wins include a $10.0 million contract with one of the largest utilities providers in the Midwest region of the US, $3.5 million upgrade with Kitsap County, a $2.0 million Queensland Rail project upgrade, the renewal of a London Underground recurring services contract as well as multiple awards in Iowa, North Carolina, Arizona, Missouri, West Virginia and New Jersey. Zetron continues to invest in the next generation of products and solutions, which will also be able to serve the growing NG911 public safety market.

During the year, Zetron successfully completed the integration of Zetron UK, with the business exceeding our year one acquisition expectations. With the business now successfully integrated, Zetron has shifted its focus towards executing its FY25 growth plans, consistent with the previously announced investment objective.

Metal Detection

Minelab's revenue of $219.9 million for FY24 reflects a 25% increase versus FY23, all achieved organically. As a result of enhanced operating leverage, Minelab's segment profit margin increased to 35% during the year, versus 32% in the prior year.

During FY24, rest of world performance benefited from full year revenues driven by the release of the Manticore, Equinox 700|900 and X-Terra Pro products, alongside an expansion of retail channel points of distribution across North America and Europe. While sales softened in specific regions, such as Australia, the business remains focused on sales growth via expansion of storefronts with leading retailers, along with enhancing market position using platforms such as Amazon and Minelab eCommerce channels. These efforts are expected to support further growth into FY25 and beyond.

Minelab Africa delivered an improved FY24 result, with revenues of approximately $70 million, increasing half on half as well as versus FY23. Despite the Sudan region of North Africa still being largely disrupted, it was pleasing to observe an improvement in revenues in West Africa which have generally returned to pre-covid levels. Additionally, as supply chains have normalised, Minelab has successfully reduced inventory holdings by approximately $15 million over the course of FY24.

Countermine continues to generate strong performance, following the delivery of several Government contracts to support humanitarian demining efforts in Ukraine. Countermine's established relationships with global NGOs supporting this effort is underpinned by its proven track record of detector performance.

ESG Initiatives

Over the past year, Codan has made significant strides in embedding our Environment, Social, and Governance (ESG) Framework across the organisation. Our efforts focus on aligning initiatives with ESG principles, particularly around climate change. We've partnered with environmental consultants to assess our carbon footprint, identifying opportunities to reduce Scope 1 and 2 emissions, and are on track to meet Australia's mandatory climate-related disclosures legislation. We're committed to refining our data collection practices and ensuring that our reduction targets are achievable. We've also implemented capacity-building programs for our Board, executives, and key stakeholders to assess risks and opportunities across our value chain. Our Social pillar emphasises community impact, with ongoing initiatives to support diversity in STEM fields and community programs for disadvantaged groups. Notable efforts include the launch of the Codan Founders Scholarship, continued support for STEM scholarships for women, and various charitable events, including our sponsorship of Youth Opportunities, and the Variety Bash. Our environmental commitment extends to planting 500 native trees with Hills Biodiversity at the Mt Barker Springs Water Reserve. Our team is proud of these contributions and remains dedicated to advancing our ESG goals in the future.

Our People

Our employees are the cornerstone of our success, and we are committed to nurturing a positive and inclusive workplace. The appointment of Marjolijn Woods as Chief Human Resources Officer has strengthened our HR initiatives, including training and development programs, wellness initiatives, and recognition schemes. Our focus on employee well-being and growth is central to our mission of becoming an employer of choice.

This year, we have also relaunched our core values to better reflect Codan's commitment to excellence, continuous improvement, and customer satisfaction. Our customer-driven approach ensures we understand our customers' needs, exceed their expectations, and build long-lasting relationships. Trust and integrity are fundamental to our business; we uphold the highest ethical standards and make the right choices, even when faced with challenges.

Our dedication to high performance is evident in the quality of our products, the efficiency of our processes, and the commitment of our employees. We foster a culture of continuous learning by setting ambitious goals and pushing ourselves to surpass expectations. Additionally, we embrace a "can-do" attitude, encouraging our team to think creatively, take calculated risks, and view challenges as opportunities for growth.

Our values are not just words on a wall but guiding principles that shape our decisions and interactions. By embracing these values, we create a culture of excellence, collaboration, and integrity that sets Codan apart in the industry and helps shape our future.

On behalf of the Board and leadership, I extend my heartfelt gratitude to our employees, shareholders, and stakeholders for their unwavering support. Looking ahead, we are optimistic about Codan's future. We will continue to invest strategically in our core business areas, as we remain dedicated to delivering long-term shareholder value. With our collective efforts, I am confident that we will achieve even greater success and build a brighter future for Codan.

Thank you once again for your trust and support.

Sincerely,

Alf Ianniello
Managing Director and CEO

METAL DETECTION

MINELAB

Minelab is a world leading producer of in-ground metal detection technologies for coin and treasure hunting, gold prospecting and humanitarian and military demining. Our focus on investment in product development through our world class engineering team, coupled with our ongoing innovation in design and production quality, ensure that we continue to deliver exceptional products.

Our local presence via our operations across many countries, along with the rich diversity of our team, ensures that we remain steadfast in our uniting purpose; to deliver innovative technology and exceptional support to all detectorists, the world over.

Our extensive product range is designed to exceed expectations and delight our customers at all levels, whether a novice recreational hobbyist or an experienced specialist detectorist. From the thrill of that first find through to conquering new frontiers for the seasoned adventurer, our coin and treasure portfolio delivers. For our gold prospecting community, ongoing technology enhancements enable improved yields, which support livelihoods and transform communities. With an intense focus on performance gains in landmine and unexploded ordnance detection we aim to continually drive safer environments for communities and operators around the world.

FY24 Summary

- Minelab had successful launches of several new products including the X-TERRA ELITE® (a waterproof, simultaneous multi-frequency detector with customisation options) and the X-TERRA VOYAGER® (a user-friendly, ready to go full detector kit for category entrants).
- Our direct to consumer sales channels experienced further development, including the launch of the www.usa.minelab.com e-commerce website. Continuing support for our dealers and consumers was driven by the creation of dedicated Amazon storefronts in the USA and Europe.
- African gold detector sales into countries other than Sudan have returned to pre-pandemic levels.
- Countermine achieved an exceptional result, including supply of significant detector volumes into Ukraine to assist in major demining efforts, saving lives and reducing injuries.
- A range of consumer facing initiatives has been initiated to foster a highly engaged community of detectorists with a view to further strengthening brand affinity.
- Significant progress has been realised in commercial system development to improve the interactive experience for sales channel partners and end-users.

FY25 Objectives

- Expanding our product range and storefront presence in both physical and digital retail channels in North America and Europe.
- Driving additional growth in both marketplace and proprietary e-commerce channels.
- Ongoing development of an exciting suite of new products to strengthen our offerings to the Rest of World, Africa and Countermine divisions.
- Continuing to focus on new territory development in all primary markets.
- Building on current strategies to enhance our commercial systems to yield improved experiences for sales channel partners and end-users.

METAL DETECTION

Rest of World Region

The enhancement of our range via the recent launch of the X-TERRA ELITE® and the X-TERRA VOYAGER®, coupled with commercial progress in digital environments, will ensure that we can drive continued growth in this large addressable market. Through our initiatives to create an exceptional experiential ecosystem for our consumers and sales channel partners, we aim to increase end user engagement and foster long term, mutually beneficial relationships for all stakeholders.

Our presence in North America continues to expand via ranging increases and store front growth with leading retail partners. This expansion, in conjunction with further advances in both marketplace as well as proprietary digital channels, continues to drive sustained regional results.

In Europe, we remain focused on share growth via digital platforms as well as physical retail.

Further, our close collaboration with our dealer network, supported by increasing brand awareness and breakthrough new products, will drive additional regional success.

In Latin America, marketplace and proprietary digital channels will remain a cornerstone for continued development. Strategies to drive expansion into gold prospecting regions will also add to anticipated market results.

Following on domestic entity establishment, the Indian market has experienced rapid dealer network and digital channel growth. This market will remain a focus given significant and ongoing potential.

Australia and New Zealand will continue to be developed via strong support for both the traditional dealer and major retail channels.

African Region

Our resolute commitment to ongoing technology enhancements for the artisanal mining segment continues to yield regional results. Expansions in the team, along with dealer network partnership, have enhanced our ability to drive growth and development in various regions of the continent. Along with improving performance in the established West African markets, encouraging progress in Central and East Africa has been experienced. We are highly motivated by the meaningful difference our detectors can make in improving livelihoods and prosperity gains for entire communities.

Countermine

Our countermine detectors are high performance machines used to detect landmines, unexploded ordnance, improvised explosive devices and explosive remnants of war. The range includes dual sensors (metal detection capability combined with ground penetrating radar) along with additional detectors designed for various threat identification challenges.

Our strong relationships with global humanitarian demining NGOs and military organisations have been built upon our proven track record of detector performance supported by exceptional customer service. We are proud of the crucial role our equipment and staff play in assisting with ongoing global efforts to clear the world of the scourge of landmines.

THE MASTERS OF METAL

Minelab has traditionally sponsored and attended a variety of metal detecting events to showcase its products and to introduce users to the people behind the product. We recognise that we want to pay that same attention to more users in more regions. We have embarked on new programs that interact more deeply with a much greater proportion of our global user base. This includes initiatives in the digital space to deliver improved experiences to our online visitors and to develop an online metal detecting companion application, as well as raising the stakes in our physical events.

The "Masters of Metal" is designed to take metal detecting events to the next level, building a competitive tournament style event throughout the eastern United States. The positive feedback from this first year has been overwhelming.

Masters of Metal brings a sporting competitiveness to metal detecting, combining several skills based events into an exciting weekend of activities. A Minelab first, detectorists are invited to enter in teams of four and engage in an adrenaline fuelled battle to demonstrate their metal detecting prowess.

Run between August and October 2023, with regional play-offs in New York, Arkansas, and Florida, 30 teams competed in three separate challenges each testing their speed, precision, and accuracy – key skills in metal detecting. These challenges, coined "Identify the Target," "Token Hunt" and "Claim Jumper," saw competitors racing the clock to detect, identify and retrieve dozens of specific targets amongst the bottle caps and pull tabs commonly found in public fields.

Top teams in each region earned the opportunity, and a cash prize contribution, to compete in the final championships held in Alabama in November 2023. The finals saw a huge turnout of competitors and spectators, with each member of the winning team taking home a brand new Minelab MANTICORE® detector. Following the overwhelming success of Masters of Metal 2023, the plan is to expand the competition to reach more of our global community.

COMMUNICATIONS

Codan Communications, through the Tactical and Zetron businesses, offers a full suite of solutions to its addressable markets. With customers in more than 150 countries across all seven continents, Codan Communications continues to enhance its world-class design, development, and implementation capability. With more than 65 years in the business, Codan has earned a reputation for quality, reliability, and high customer satisfaction, by producing innovative, interoperable, and industry-leading technology.

FY24 Summary

- Zetron outperformed expectations, as the business continues to deliver revenue synergies from its expanded footprint.
- Experienced strong growth in the Tactical unmanned systems market.
- Successful acquisitions of Wave Central and Eagle Newco (now rebranded as Zetron).
- New opportunities in live event news coverage, college and professional sports, film production, and unmanned applications in the growing remote production broadcast market.
- $10m deal for ACOM® Command & Control with one of the largest utilities providers in the Midwest region of the US.

FY25 Objectives

- Deliver Eagle Newco (now rebranded as Zetron) and Wave Central FY25 investment targets.
- Development of Tactical's radio waveform to target longer-term defence-related communications programs.
- Continue to deliver broadcast solutions for high-profile events such as Formula E, Le Mans 24-hour, UEFA Euro 2024, Eurovision, and the Paris 2024 Olympics.
- Ongoing investment into Zetron's next generation of products and solutions.

Tactical Communications

Our mission is to be the tactical communications partner to our key customers in our core markets: Military, Unmanned Systems, Law Enforcement and Intelligence, Broadcast, Commercial and NGO. Through our commitment to innovation and excellence, we design, develop and deliver robust and resilient communication solutions and technologies that ensure mission success by enabling our customers to get and remain connected wherever they are, when it matters most.

Tactical Communications has enjoyed another year of growth in the unmanned systems (drones) market where the DTC BluSDR™ is increasingly the radio of choice for mid-range air platforms for military applications globally. Our presence in the military radio market has been significantly enhanced with the delivery of an integrated soldier solution, building upon the successful implementation of our US solution the previous year. We have also established key partnerships with a US Government laboratory to develop a cutting-edge multi-waveform communications solution for Federal Government customers. Near-term, the focus is to successfully develop Tactical's radio waveform to target longer-term defence-related communications programs.

The acquisition of Wave Central LLC by Domo Broadcast Holdings LLC, completed in December 2023, has leveraged Wave Central's strong reputation and market-leading system integration capabilities to drive growth in North America. This acquisition enhances Domo Broadcast's global market share within the broadcast business, creating new opportunities in live event news coverage, college and professional sports, film production, and unmanned applications in the growing remote production broadcast market. We continue to build on the Tactical Communications Division's past successes in the Broadcast market, delivering broadcast solutions for high-profile events such as Formula E, Le Mans 24-hour, UEFA Euro 2024, Eurovision, and the Paris 2024 Olympics.

COMMUNICATIONS

Zetron

The core mission of Zetron is to provide communications solutions that help save lives and enable critical operations in Public Safety, Utilities, Transportation, and other industries where uninterrupted, always on, always ready communications are non-negotiable.

During FY24, Zetron outperformed growth expectations across key markets, achieving new annual highs in orders, revenue and contribution.

Zetron's excellent year would not have been possible without tremendous go-to-market advancements made in all Zetron-targeted geographic and vertical markets. Global sales operations integration and key focus on selling solutions helped growth across all key markets. The enhanced alignment between regional products and systems sales teams in North America, has resulted in more customers now opting to purchase our complete solutions, which include both Land Mobile Radio (LMR) and Command and Control (C&C) offering. For example, Madison County, closed in FY24, included Zetron's LMR infrastructure with MAX Dispatch® and MAX Call Taking®, Zetron's anchor Emergency Response solutions in North America.

Highlighting the year was a $10m deal for ACOM® Command & Control with one of the largest utilities providers in the Midwest region of the US. Other major strategic sales included Transylvania County, Madison County in public safety, Queensland Rail – an ACOM® system sold to one of the largest rail transportation networks in Australia, Ashghal Qatar – a key government public works win that builds on Zetron's growing presence in the Middle East, and London Underground – an annual recurring services revenue renewal for the largest rail network in the UK.

Following the acquisition of GeoConex in February 2023, a Computer Aided Dispatch (CAD) provider and long-time Zetron reseller, Codan announced the acquisition of Eagle Newco, a UK based command and control provider, in August 2023. By the end of FY24, substantial strides were made in completing the integration plans of both GeoConex and Eagle (now Zetron), enabling Zetron to begin realising the acquisition objectives of these transactions.

Research and development investments in Zetron solutions contributed to key milestone advancements in Zetron's core LMR and C&C technology portfolios.

Zetron's next generation MT-5 LMR platform includes advanced system management tools and additional functionality, which will continue to meet the evolving demands of the global LMR market.

Furthermore, efforts have been made to introduce Zetron European solutions, namely Stream and Workforce Management into the North American market, scheduled for completion in FY25.

In Command and Control, Zetron was awarded a contract for a Mission Critical – Push to Talk (MCPTT) audio, data, and video communications system to Public Transport Authority of Western Australia (PTA), with 52 ACOM® Command & Control positions. This will be the first fully MCx-capable railway communications network deployed in Australia, meaning it serves multiple mission critical services such as voice, data and video, allowing operators and first responders to communicate and exchange important incident information via multiple data formats across a Nokia 4.9G/5G private wireless system.

COMMUNICATIONS

Breaking New Ground in Mission-Critical Navigation Solutions for Unmanned Systems

In rapidly evolving modern warfare, the heavy reliance on Global Navigation Satellite Systems (GNSS) and Global Positioning System (GPS) for navigation has become a critical vulnerability. GNSS jamming and spoofing are increasingly common, posing significant risks to these systems' functionality in real world scenarios. This threat underscores the urgent need for resilient, alternative navigation (ALTNAV) solutions that can ensure accurate navigation and time synchronization even when GNSS is compromised.

Recognising this need, Domo Tactical Communications (DTC) has partnered with Inertial Labs, Inc. (INL), a pioneer in GNSS-independent navigation solutions, to develop a groundbreaking integrated solution for unmanned systems. The collaboration resulted in the development of a product that merges DTC's Mobile Ad-hoc Network (MANET) Mesh with MeshUltra™ waveforms and INL's inertial navigation system (INS), creating an unparalleled solution designed to excel in the most demanding GNSS contested environments.

Initial customer feedback indicates significant improvements in operational reliability and navigational accuracy in GNSS denied environments. This pioneering approach not only mitigates the risks associated with GNSS vulnerabilities, but also sets a new standard for resilient, reliable navigation solutions in the defence and unmanned systems industries.

As DTC and INL continue to refine and enhance their integrated solutions, they remain at the forefront of innovation, ensuring that unmanned systems can navigate and communicate effectively, regardless of the challenges posed by modern warfare.

COMMUNICATIONS

Building An Integrated System for Efficiency, Reliability and Accuracy

Morgan County E-911's journey from paper and hardware based systems to a fully integrated Next Generation 9-1-1 platform with Zetron's MAX solutions spans over two decades.

Morgan County E-911 provides round the clock 9-1-1 services in and around Morgan County in Eastern Tennessee. Beginning in 2005, the agency transitioned from cumbersome manual and paper based systems to Zetron's MAX GIS Mapping, GeoConex Computer Aided Dispatch (CAD) and MAX Call Taking®. However, the agency was still relying on a button base dispatch system that had reached end of life and needed to be replaced.

Most recently, Morgan County replaced the button base system with MAX Dispatch®, which integrates seamlessly with the previously installed suite of MAX solutions. The team also updated their MAX Call Taking® system for Next Generation 9-1-1 capabilities.

With these upgrades and Zetron's recent acquisition of GeoConex, Morgan County now has a fully integrated Next Generation 9-1-1 system. The system gives dispatchers the features and functions they need to get resources to the field rapidly and accurately, with reliability that makes all the difference in emergency situations. The resulting efficiency improvements, ease of use, and reduced stress have all made the transition to Zetron's MAX Solutions a game changer for the Morgan County team and communities they serve.

When Matthew Brown joined Morgan County E-911 in 2003 as a Dispatcher, he and fellow dispatchers worked in a highly manual, paper based environment. Today, as the agency's Director, he has been a part of tremendous and instrumental changes in how the rural county's emergency communications operate after a multi-year phased implementation of a fully integrated suite of Next Generation 9-1-1 technologies sourced from Zetron.

Brown, who has been Director of Morgan County E-911 since 2010, recalls the days of paper complaint cards, radio logs and maps. "We didn't have a computer generated map at all. We had printed map books and a wall map that weren't updated frequently. The information would get outdated really quickly." he said.

Serving an area of more than 500 square miles and 21,000+ residents in the Cumberland Mountains of Eastern Tennessee, the 14 full time employees of Morgan County E-911 provide around the clock emergency communications support to public safety agencies across the county and participating cities – including law enforcement, fire, rescue and emergency medical services in which they would typically handle 200 to 350 calls per day.

Brown is pleased with the next generation Zetron systems he and his team rely on to serve Morgan County. One of the biggest benefits he sees is the ease of use for dispatchers, which relieves stress and helps them get resources out to the field more efficiently. He also notes that the glitch free integration of everything is a huge factor, as is the ease of updating information on the back end and making on the fly changes, such as, adding a new officer to the system moments before they go on duty.

ENVIRONMENT, SOCIAL & GOVERNANCE REPORT

CEO's Statement

I am pleased to present our annual Environment, Social and Governance (**ESG**) report, which outlines the actions taken that demonstrate our continued commitment to sustainable practices, community enhancement and corporate governance. Our efforts this past year reflect a dedication to not only improving our operational performance but also improving sustainability and ensuring positive impacts in the communities where we operate.

Codan endeavours to enhance the well-being of the communities we are part of. A notable highlight was our Tree Planting Day, during which our employees and volunteers successfully planted 500 trees, contributing to local biodiversity and environmental health.

Our engagement with the United Nations Global Compact (**UNGC**) remains an important part of our ESG strategy. This allows us to leverage the resources and expertise offered by the UNGC to deepen our knowledge and improve our practices. This partnership supports our ongoing efforts to align our operations with globally recognised sustainability principles. It also allows us to interact with peer organisations to reinforce that we are top of class with our initiatives.

In addition to the continued support of charities with whom we have been aligned for many years, this year we are proud to have provided financial support to two additional remarkable local charities: Catherine House and Youth Opportunities. Our contributions to Catherine House have helped provide essential services and support to women experiencing homelessness, offering them a safe place and the resources needed to rebuild their lives. Similarly, our support for Youth Opportunities has empowered young people with the skills, confidence, and opportunities they need to succeed in life. These partnerships are integral to our mission of fostering strong, resilient communities, and we are humbled to contribute to their vital work.

Understanding and managing our greenhouse gas (**GHG**) emissions is critical to our environmental responsibility. We continue to engage with external specialists to assist us with a comprehensive exercise to rebaseline our GHG footprint for FY23 and to calculate FY24. This rebaselining ensures that our reporting is transparent and reflects our true environmental impact, allowing us to set more precise targets for future reductions. We also engaged with internal stakeholders to identify and investigate GHG reduction opportunities and prepare for the transition to mandatory climate-related reporting. This proactive approach ensures that we remain at the forefront of sustainability practices and are well prepared to meet regulatory requirements.

The Codan Founders PhD Scholarship program is, at the time of writing this statement, actively seeking its first candidate through a detailed application process. We are resolute in our belief that investing in education, innovation and research is pivotal to driving long-term, sustainable growth.

We are proud of the strides we have made this year. Our commitment to ESG principles is a continuous journey, and we are dedicated to making meaningful and measurable progress. We will continue to work diligently to meet our sustainability goals, enhance our community relationships, and uphold the highest standards of corporate responsibility.

Thank you for your continued support as we strive to make a lasting, positive impact on our world.

Sincerely,

Alf Ianniello
Managing Director and CEO

ESG Framework

ENVIRONMENT	Review our global environmental footprint to establish the timeframe and financial implication of making a GHG net zero statement. Support initiatives that create a positive environmental impact both in business operations and in the wider community.
SOCIAL	Encourage, promote and develop all students, regardless of gender, age, family status, culture, ethnicity or religion to pursue a career in STEM. Target Community Programs that assist disadvantaged groups within the communities our businesses operate. Empower and support a connected and high-performing workforce to deliver long term value creation.
GOVERNANCE	Remain committed to conducting business in an honest, ethical and accountable way and in accordance with our core values. Upholding a strong governance program, including a Sustainability Council, dedicated to identifying and managing risks, issues and opportunities that are important to our business and stakeholders for long term value.

About this Report

This ESG Report seeks to provide information regarding the material aspects of Codan's sustainability practises across Codan and its controlled entities during the financial year ended 30 June 2024 (**FY24**). The ESG Report (**Report**) is published on 20 September 2024 and forms part of Codan's Annual Report.

This Report has been prepared in accordance with the Global Reporting Initiative (**GRI**) Standards: Core option. For a full list of disclosures referenced in this Report, please refer to the GRI Content Index available within the ESG report. The information contained within this report has been compiled with the contribution of various leaders across the business and has been approved by the Codan Board. Please note this Report has not been externally assured.

We welcome any feedback and questions you may have on the information presented and encourage you to contact us at sustainability@codan.com.au.

List of Material topics

Environment
Social – Our People
Social – Our Community
Governance – Corporate Governance Statement
Governance – Business Ethics / Behaviour
Governance – Our Supply Chain
Governance – Cyber Security
Governance – Tax

All data referenced in this report is in AUD unless otherwise specified.

ENVIRONMENT

Climate Change

Codan remains committed to doing its part to mitigate climate change and adapt to a changing world.

Codan supports the goals of the Paris Agreement to limit the global temperature rise this century to well below 2°C above pre-industrial levels and to strive to limit this to 1.5°C.

In accordance with this commitment and in conjunction with the Environment pillar of Codan's ESG Framework, Codan is taking a diligent approach to understand its emissions profile and the actions required to reduce emissions.

In FY24 Codan:

- engaged external consultants to calculate the emissions associated with Codan's businesses and provide a baseline for global operations;
- developed an understanding of the largest sources of those emissions and assessed opportunities for emissions reductions;
- finalised a list of actions and timelines for emissions reduction opportunities;
- took additional steps to enhance Codan's governance of climate-related issues; and
- continued Codan's progressive alignment with the recommendations of the TCFD for effective management of climate-related risks and opportunities.

TCFD Disclosures

Progressing from TCFD towards ISSB IFRS Sustainability Standards

Codan is continuing to use the Task Force on Climate-Related Financial Disclosures (**TCFD**) Recommendations to structure its climate related disclosures in FY24. TCFD recommendations emerged as the leading global framework for companies and investors to assess climate-related risks and opportunities. The TCFD framework has been used as the backbone for the inaugural International Sustainability Standards Board (**ISSB**) International Financial Reporting Standards (**IFRS**) Sustainability Standards – IFRS S1 and IFRS S2 - which set a new global baseline for general sustainability and climate-related disclosures.

The incoming regime for mandatory climate-related reporting in Australia will be based on IFRS S1 and S2 and implemented by new Australian Sustainability Reporting Standards. Given these standards are yet to be finalised, Codan is using the TCFD Recommendations to progress its maturity in the practice and quality of climate-related disclosures. Once the Australian Sustainability Reporting Standards are finalised, Codan will assess what additional actions are required to meet these provisions.

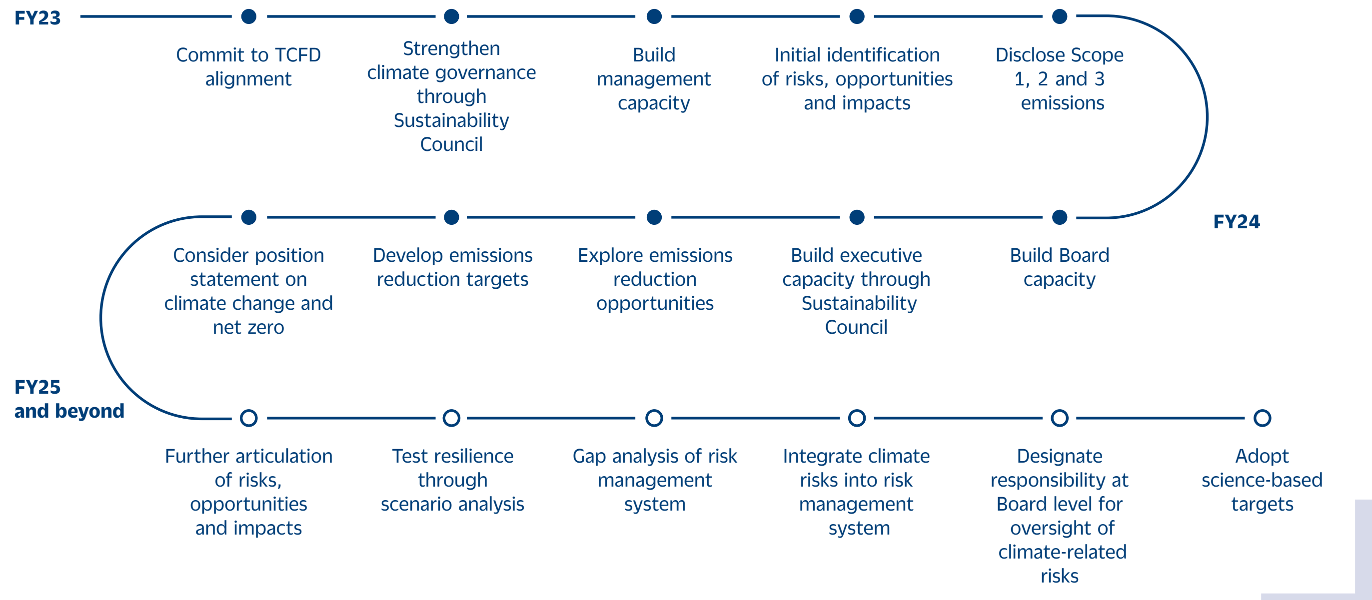
In FY24, Codan advanced along the planned milestones of its TCFD Roadmap. Detail of the actions taken in FY24 are provided in the sections below on Governance, Strategy, Risk Management, Metrics and Targets.

Governance

Codan is committed to responsible and effective governance, which promotes the integrity and efficiency of our business and maximises shareholder value. In accordance with the Governance pillar of Codan's ESG Framework, we aim to uphold a strong governance program including the utilisation of a Sustainability Council. Codan is dedicated to identifying and managing risks, issues and opportunities that are important to its business and stakeholders, which will assist in creating long term value.

Codan took a number of steps in FY24 to enhance climate-related governance mechanisms and to develop subject command in climate-related issues at Board and Management levels.

CODAN'S TCFD ROADMAP



ESG REPORT **ENVIRONMENT**

Board oversight

In FY24, all members of the Board attended a session on climate-related risks, reporting and directors' duties. This session was conducted to build Board capacity as part of the implementation of Codan's TCFD Roadmap.

The Codan Board has overall responsibility for the oversight of group risks and opportunities, including sustainability and climate-related issues. The Audit and Risk Committee (**ARC**) is responsible for developing and monitoring risk management policies implemented by management. The Board has delegated responsibility to the ARC for all sustainability and climate-related risks. The ARC reports regularly to the Board on its activities.

Amendments were introduced to the ARC Charter in FY24 to specify that the ARC assists the Board in its oversight of financial and non financial risks including climate-related risks and other ESG factors. The ARC Charter also allocates responsibility to the ARC for reviewing and recommending to the Board any reporting to shareholders on matters considered material, including reporting on any material information about climate-related risks.

Other governance mechanisms have been introduced in FY24 to strengthen the way in which climate-related risks are overseen by the Board. Quarterly updates are provided to the Board by the General Counsel and Joint Company Secretary on all ESG initiatives, with a focus on climate-related actions. In FY24, these quarterly updates have also kept the Board informed of developments in mandatory climate-related reporting in Australia and the actions planned in FY24 and FY25 to prepare Codan for compliance with the new reporting requirements.

In addition to quarterly updates, the Board is informed of ESG and climate-related news as required.

Other climate related matters considered by the Board in FY24 were:

- the budget for planned actions in FY25 to prepare Codan for mandatory climate related reporting; and
- expenditure for measures that contribute to immediate or near term emissions reductions such as installation of additional solar panels and EV charging facilities.

Codan's General Counsel and Joint Company Secretary has reported to the ARC on the progress of FY24 targets under the TCFD Roadmap. The ARC will also review and approve the actions required to realise opportunities for emissions reduction.

Management

Management is responsible for the implementation of Codan's group risk management policies and procedures, including the implementation of Codan's ESG Framework and the recommendations of the Sustainability Council.

In accordance with its Terms of Reference, the Sustainability Council has an explicit responsibility to have regard to the physical risks of climate change for Codan's businesses and the risks and opportunities that may be material for Codan as the world transitions to a low carbon economy. Additionally, the Sustainability Council is committed to achieving a high standard of environmental performance and has oversight of the policies and operational controls of environmental, health and safety, and social risks.

Members of the Sustainability Council include Codan's General Counsel and Joint Company Secretary and Chief Human Resources Officer (**CHRO**). In FY24, management representatives from our overseas communications businesses were added as members of the Sustainability Council. The council also includes representatives from facilities, supply chain, and Minelab business units, ensuring that the council is appropriately represented from all parts of the business.

In FY24, a capacity building session was held with the Sustainability Council to build subject command in climate-related risks and opportunities and developments in climate related reporting. As outlined in its Terms of Reference, the Council has 4 formal meetings each year and the meetings for FY24 were all well attended.

The CHRO is the executive representative on the Sustainability Council. The CHRO reports any material ESG and climate-related issues to the executive team. The General Counsel is the chair of the Sustainability Council and reports directly to the CEO and CFO on all ESG matters.

Strategy

In FY24, Codan invested significant time and resources to analyse Codan's emissions profile. External consultants facilitated engagement with representatives from Codan's business units, supply chain, facilities and logistics functions. Codan also engaged with its contract manufacturers. The objective was to explore the risks and opportunities of reducing the emissions associated with each business and function.

Findings from this analysis have informed Codan's understanding of the specific activities that can reduce emissions in Codan's operations and value chain. Further detail is provided below in the section on "Opportunities to Reduce Emissions".

In FY25, Codan will continue to develop this analysis. This will inform Codan's strategic decision making and approach to the development of emissions reduction targets and other measures to support the transition to a low carbon future.

Climate-related risks and opportunities

In FY23, Codan undertook an initial assessment of climate-related risks and opportunities relevant for its business, starting with a focus on contract manufacturing. The initial assessment found the following:

Physical risks

Risks are event driven (acute) and longer term shifts in climate patterns (chronic). The physical risks relevant to Codan's use of contract manufacturing sites include extreme weather events (acute) and sea level rise (chronic) resulting in flooding which could hinder access to production sites and disrupt distribution.

Transition risks

Risks that are driven by policy, legal, technology and market changes to mitigate and adapt to climate change. The transition risks relevant to Codan's use of contract manufacturing sites, which are low impact risks, include:

- market risks from rising energy costs resulting in increased production costs; and
- policy risks from carbon pricing resulting in increased production costs.

Opportunities

The TCFD also defines categories for climate-related opportunities that may arise for companies in the transition to a lower carbon economy. The initial assessment of opportunities conducted in FY23 related to:

- resource efficiency – potential collaboration with contract manufacturers to investigate opportunities to reduce operating costs by improving efficiency across production processes; and
- products – innovation to develop new products using more recycled materials.

ESG REPORT **ENVIRONMENT**

Resilience

In FY23, Codan commenced the process of engaging with contract manufacturers on energy and resource efficiency, emissions reduction plans and adaptation of their sites to physical risks. In FY24, Codan had discussions with our two largest manufacturers, Venture Corporation Limited (**Venture**) and Plexus Corporation (**Plexus**). Plexus is a member of the UNGC and shares Codan's public commitment to building a better world through sustainable and responsible business practices. In FY24, Plexus installed solar panels on its facility which contributed to reduced emissions for Codan's manufacturing. Venture has group wide green manufacturing initiatives that include:

- implementation of restriction of hazardous substances (**RoHs**) directive with RoHs certified equipment in its facilities;
- implementation of Ozone Depleting Substance (**ODS**) FREE Process Verification Scheme;
- control and management of emissions, noise and wastewater discharge in all of its facilities;
- establishment of waste management systems and recycling programs;
- resource conservation programs on the use of water, power, paper and other materials in its manufacturing facilities and offices; and
- promulgation of Venture's Environmental Policy and its programmes.

Initiatives that were achieved by both manufacturers in FY24 include:

- maintenance of ISO 14001 Environmental Management Systems certification;
- reducing emissions on the Codan production lines;
- no reporting of any environmental related incidents; and
- ongoing alignment with Codan's Modern Slavery and Human Rights Policy.

In FY25, Codan intends to conduct a more detailed assessment of climate-related risks and opportunities across Codan's businesses and value chain. This will enable Codan to reach conclusions on the risks and opportunities that can reasonably be expected to affect Codan's prospects. Climate-related scenarios will be used to further analyse the short, medium and long-term impacts of risks and opportunities and the implications for Codan's strategy and planning. Codan expects to continue this work into FY26 and beyond.

Risk Management

The Board has overall responsibility for the establishment and oversight of Codan's risk management system.

Risk management policies are established to identify and analyse the risks faced by the Codan group, to set appropriate limits and controls, and to monitor risk and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and Codan's activities.

The ARC oversees how management monitors compliance with Codan's group risk management policies and procedures and reviews the adequacy of the Risk Management Framework in relation to group risks.

Certain climate-related physical and transition risks are addressed in the Codan Group Risk Register. These relate to business continuity, interruption of material supply, technology risk, reputation, and policy risks. Controls include the ongoing review of Codan's Business Continuity Plan, continued investment in R&D, governance of ESG issues through the Sustainability Council and the ESG Framework, and continued public reporting of Codan's sustainability performance.

As part of Codan's commitment to increasing alignment with the TCFD recommendations, and to prepare Codan for compliance with mandatory climate-related financial reporting in future years, Codan intends to develop processes to ensure that climate-related risks are identified and managed as part of Codan's risk management system. In the coming years, Codan intends to undertake a gap analysis of the existing risk management system and recommendations for integrating climate-related risk.

Metrics and Targets

Codan engaged external consultants to assess and calculate the Scope 1, 2 and 3 emissions for its Australian operations in FY23. This emissions data was included in Codan's FY23 Annual Report. In FY24, Codan re-engaged the same external consultants to assess and calculate Scope 1, 2 and 3 emissions on a consolidated basis for the Codan group. Emissions data for FY23 was also rebaselined which is detailed below.

The FY24 carbon footprint assessment for Codan follows the operational control approach under the GHG Protocol guidelines and covers Scope 1, 2 and 3 emissions for Codan's global operations. Consequently, the Scope 1 and 2 emissions disclosed are related to all Australian and overseas facilities. Scope 3 emission disclosures are based on upstream and downstream emissions in the value chain and all emission sources are included to the extent deemed relevant under the GHG Protocol's guidance. Please note that the activities and emission sources included for Scope 1 and 2 GHG emissions differ from those presented in the FY23 Annual Report. This is because the FY23 Annual Report does not include the emissions activity relevant for the rebaselining exercise.

Codan and external consultants also conducted an analysis of the opportunities for emissions reduction across Codan's businesses. Further detail is provided below in the section on "Opportunities to reduce emissions".

Emissions data

The FY24 assessment follows the standards and guidelines of:

- the Greenhouse Gas Protocol (GHG Protocol); and
- GHG reporting standards recommended by the TCFD.

The FY24 assessment has expanded to include Codan's global operations and therefore includes relevant Scope 1, 2 and 3 emissions from overseas operations that form part of the company's value chain both upstream and downstream.

FY23 Rebaseline

In an effort to refine the carbon footprint for FY23 as published in Codan's FY23 Annual Report, a rebaselining exercise was conducted to account for the following:

- the initial baseline footprint focused on Australian operations which has been expanded to encompass global Codan emissions;
- embodied impact from materials was recategorised from "Processing of Sold Products" to "Purchased Goods and Services" to align with the GHG Protocol's guidance; and
- Zetron's emissions from purchased goods and services (embodied materials) and use of sold products.

Codan's global carbon footprint calculations for FY23 decreased by 21% as a result of the rebaselining exercise. This is a more accurate assessment of Codan's carbon footprint for FY23 and over time, we expect that there will be further adjustments of the calculated GHG footprint as we refine our data collection and calculation process. Codan's intention is to provide the most accurate data as can be reasonably determined using best practice. All further references to the FY23 footprint, are to the rebaselined FY23 footprint.

Table 1 : Rebaselined footprint summary

Emissions Scope	FY23 Annual Report Footprint (tCO_2-e)	Rebaselined FY23 Footprint (tCO_2-e)	% Change
1	260	1,433	451%
2	716	948	32%
3	66,135	50,601	- 23%
TOTAL	**67,111**	**52,982**	**- 21%**

ESG REPORT **ENVIRONMENT**

Emissions Boundaries

The purpose of an emissions boundary is to define the organisational and operational boundaries for a GHG inventory, indicating which GHG emissions sources and activities are included in the inventory, and those that are excluded. The emissions boundary is a key component of GHG accounting and reporting, as it helps ensure that the inventory is comprehensive and consistent with recognised GHG accounting standards, such as the GHG Protocol.

This report presents Codan's initial proposed Emissions Boundary (Figure 1) which provides a basic indication of the GHG Protocol emissions categories that are included or excluded from the carbon footprint.

Figure 1: Codan's Emissions Boundary

Inside emissions boundary (included)

Scope 1
- Company facilities
- Company vehicles

Scope 2
- Company facilities electricity

Scope 3
- Business travel
- Capital Goods
- Upstream Transport and Distribution
- Downstream Transport and Distribution
- Employee commuting
- Upstream leased assets
- Processing of sold products
- Use of sold products
- End of Life treatment of sold products
- Purchased goods and services
- Waste generated in operations
- Fuel & Energy related activities (not accounted for in Scope 1 & 2)

Outside emissions boundary (excluded)
- Downstream leased assets
- Franchises
- Investments

Total Emissions FY24

Codan's total GHG emissions assessed for FY24 is 54,357 tCO_2-e.

Figure 2: Breakdown of GHG Emissions by Scope

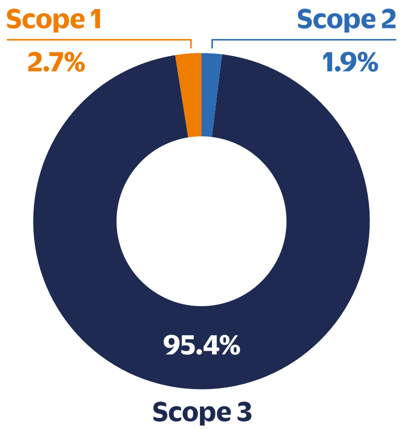


Table 2: Total GHG Emissions by Scope

Scope	FY24 (tCO_2-e)	FY23 (tCO_2e)
1	**1,485**	1,433
2	**1,037**	928
3	**51,835**	50,601
TOTAL	**54,357**	52,982

ESG REPORT **ENVIRONMENT**

Figure 3: Year on Year GHG Emissions by GHG Protocol Category (tCO2e). Percentages shown are of total emissions for FY24.

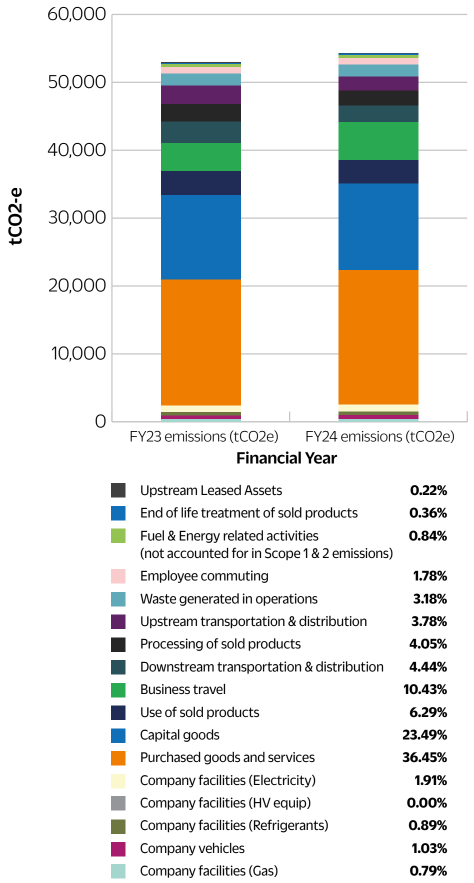


Figure 4: Scope 1 GHG Emissions by Source. Percentages shown are of total emissions for FY24.

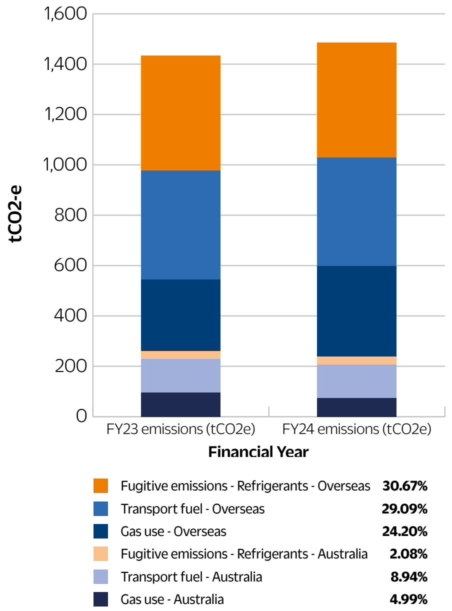


Figure 5: Scope 2 Emissions by Source (tCO2e) sections above line show avoided emissions from renewable.

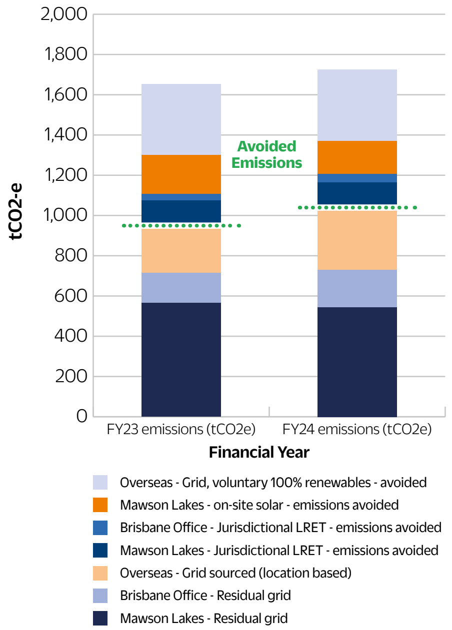


Figure 6: Scope 1 and 2 Energy Use (kWh). Percentages shown are of total activity for FY24.

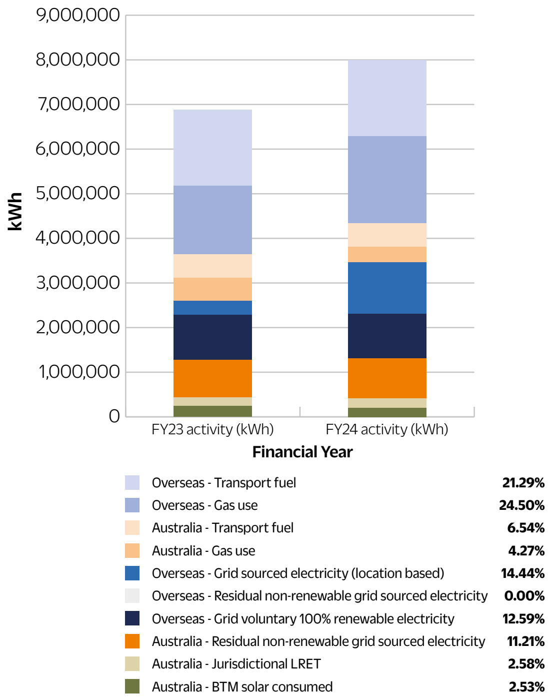


Figure 3 shows the year-on-year variation of total emissions between FY23 and FY24, and breakdown by GHG Protocol category. Overall, emissions have increased by 2.6% from FY23 to FY24, noting that FY24 was a year of significant growth for Codan with revenues up over 20% versus FY23.

Scope 1 Emissions

The Scope 1 GHG emissions for Australian facilities are from:

- 56% transport fuel;
- 31% natural gas; and
- 13% fugitive emissions of refrigerants.

The Scope 1 GHG emissions for overseas facilities are from:

- 36% fugitive emissions of refrigerants;
- 35% transport fuel; and
- 29% natural gas use.

Emissions increased during FY24 when compared to FY23, however, there was an improvement in data quality where invoices were used to calculate emissions for some overseas sites. Activity from other overseas locations were estimated using the same assumptions from FY23.

Scope 2 Emissions

Electricity consumed at Mawson Lakes was 1,028,705kWh during FY24 of which 35% was renewable electricity sourced from solar generated on site and the grid.

Overall, electricity use at Mawson Lakes decreased by 3.1% when compared to FY23, however, residual non-renewable electricity consumption increased by 0.5%. The remaining electricity consumed in Australia was 279,074kWh in Brisbane, of which 18.7% was renewable electricity sourced involuntarily from the jurisdictional LRET portion of the grid.

The combined voluntary and involuntary emissions avoided total 686 tCO2e for FY24. This is due to 69% of consumption being sourced from renewable electricity sources. The breakdown of these emissions avoided are:

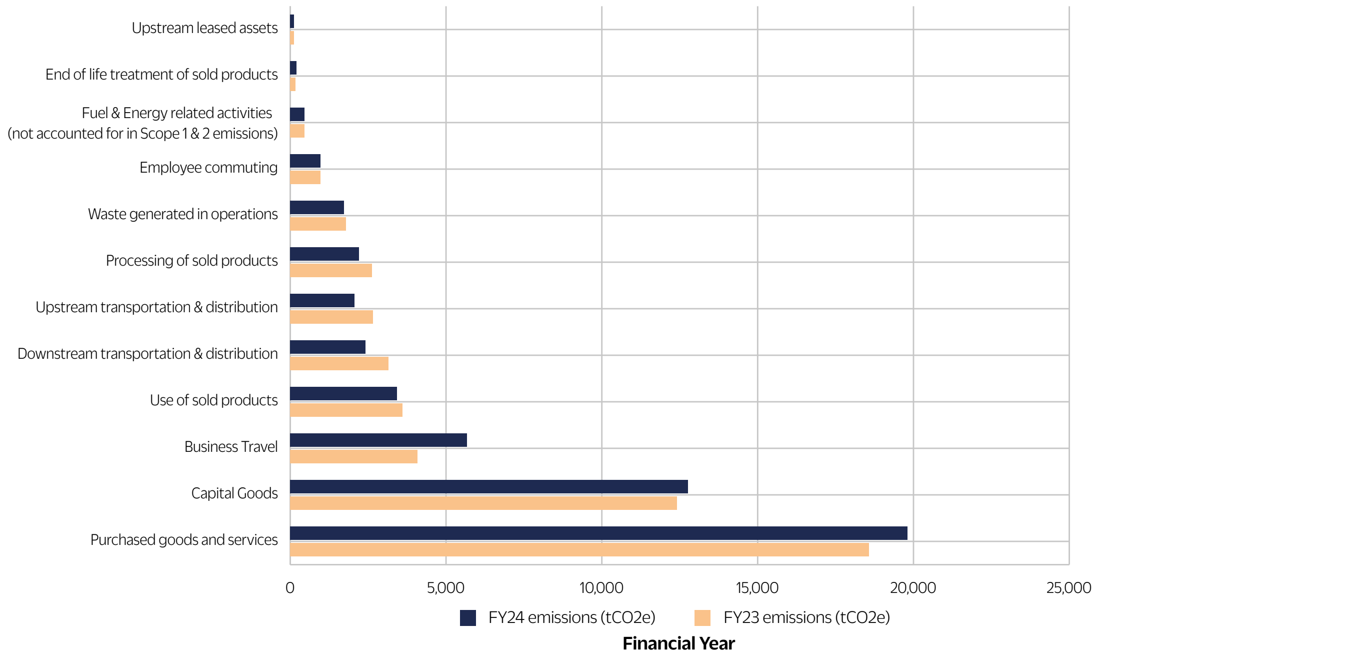
- 165 tCO2e for on-site solar at Mawson Lakes;
- 354 tCO2e for grid purchased 100% renewable electricity at DTC UK in Whiteley; and
- 167 tCO2e for the jurisdictional LRET portion of the grid in Australia.

During FY24, there was an improvement in data quality and emission factors for a number of overseas sites which were either estimated or not included last year and may explain the increase in these emissions.

Scope 3 Emissions

Purchased goods and services are the biggest driver of Scope 3 emissions, resulting in 38% of total scope 3 emissions for FY24. Key activities within purchased goods and services include embodied impact of materials and spend on office equipment and low value assets.

Figure 7: Scope 3 Emissions by GHG Protocol Category.



ESG REPORT **ENVIRONMENT**

Opportunities to reduce emissions

Working with external consultants over the course of FY24, Codan completed an assessment of emissions reduction opportunities. The assessment involved the participation of internal stakeholders representing the key functions of Codan's business activities. Stakeholder sessions were conducted with Codan business units, as well as supply chain, facilities and logistics functions. The purpose of these discussions was to explore the risks and opportunities in relation to reducing the emissions associated with each business and function. In addition, discussions took place with Plexus and Venture on the risks and opportunities related to reducing emissions from Codan's use of contract manufacturing.

Findings from this process led to the preparation of a list of priority actions to reduce emissions. The stakeholder groups were re-engaged to review these actions and discuss feasibility and timelines. Additional discussion took place with Codan's CEO and CFO to consider the operational implications of the actions and timeframes and confirm which actions to recommend to the ARC for approval.

The opportunities for emissions reduction that are under consideration for the short term include:

- installation of additional electric vehicle charging stations at the Mawson Lakes office;
- creation of an Uber "Business Corporate Account" to utilise electric and low emission vehicles when on business travel;
- use of renewable energy electricity packages for all offices;
- increase percentage of sea freight used compared to air freight; and
- use electric, hybrid or low carbon vehicles when replacing existing fleet vehicles.

On review and approval by the ARC in FY25, Codan will start taking the necessary actions to realise these opportunities. These are the actions that have been identified in the short term. We recognise that there is more that will be required in the future, and we will continue to investigate and assess other opportunities.

Additional analysis and monitoring will be conducted so that Codan has sufficient data to develop and set public emissions reduction targets.

In relation to DTC's UK operations, a carbon reduction plan was established in FY23 to meet stakeholder and regulatory expectations in the UK. The DTC carbon reduction plan was reviewed and updated in FY24. Ongoing monitoring of the DTC carbon reduction plan will form part of Codan's overall monitoring of the implementation of emissions reduction actions across the group.

Ongoing environmental management

Our global head office is located in the Technology Park precinct of South Australia and houses approximately 230 staff (**Head Office**). It is currently awarded a 5.0 star NABERS energy rating. The fit for purpose space is fitted with solar panels and electric vehicle charging stations providing free energy to staff. We maintain an effective Environmental Management System that is integral to our business process and is accredited to AS/NZS ISO 14001 Environmental Management Systems.

All waste (including all business and production waste) produced by Head Office totalled 62 MT was 100% diverted from landfill in FY24 with 6.74 MT recycled. Head Office separates waste for collection by type including food waste and organics, e-waste, cardboard, batteries and secure documents.

Head office had a total water consumption of 9926kl which was all taken from city water services.

In FY24, Codan introduced a new Environment and Biodiversity Policy which recognises the importance of biodiversity conservation and protection. Codan is monitoring the voluntary corporate reporting trends on nature and biodiversity risk, and the uptake of the Taskforce on Nature-related Financial Disclosures (**TNFD**) Recommendations. As these reporting practices emerge, Codan will determine whether to commence voluntary reporting using the TNFD.

We are mindful of our indirect environmental impact within our supply chain. Our Supplier Code of Conduct encourages our suppliers to develop a more sustainable business by minimising their environmental impact. Our two largest contract manufacturers (Plexus and Venture) are accredited with ISO 14001 Environmental Management Systems. Both have confirmed their sites reported no environmental incidents for FY24.

Codan products are RoHS certified. The goal of RoHS is to reduce the environmental effect and health impact of electronics. The legislation's primary purpose is to make electronics manufacturing safer at every stage of an electronic device's life cycle. Codan products are also fitted with a Waste Electrical and Electronic Equipment (WEEE) Sticker which encourages consumers to dispose of the product thoughtfully when at the end of its life cycle.

SOCIAL

Our People

Our Core Values have been a long-standing set of shared principles that shape the culture in the Codan community and contribute to our people achieving our organisational goals. In April 2024 we relaunched our Core Values, which included some small changes to reflect the organisation we are today, and the organisation we aspire to be. The statements that accompany each value were refined to reflect a stronger employee focus.

In relaunching the Core Values through our inaugural CEO e-communication, our employees were able to hear from our CEO who shared his observations and aspirations for the Core Values to shape the future of Codan.

> *"We recognise the vital importance of our Core Values in shaping the future of Codan. They are not just words on a wall, they are the guiding principles that inform our decisions, shape our interactions, and shape our identity as a company. By embracing these Core Values, we create a culture of excellence, collaboration and integrity that sets us apart. Together, we will strive for excellence, build enduring relationships with our customers and each other, and continue to innovate and lead in our industry."*
>
> **Alf Ianniello – Codan CEO**

We also had the privilege to interview employees from across our global organisation and capture their sentiments and perspectives of the Core Values in their work and personal lives. Despite the growth that the business has seen in recent years, it was clear that the Core Values bring us together and reflects all our people in all our offices globally. This was summed up by our Chief Human Resources Officer (**CHRO**):

> *"Regardless of which office you work in, which region you live, or which of our businesses you're part of. Whether you're a long tenured employee or just starting your journey with us, I'm looking forward to seeing new ways our Core Values are reflected in how you do your work, and how you interact with each other and with our customers."*
>
> **Marjolijn Woods – Codan CHRO**

Engagement Survey

In September 2023, we launched a company-wide Employee Engagement Survey with 85% participation. Our engagement score, which is a measure of people's connection and commitment to the company and its goals, was 72% favourable. A significant contributor to this score, was that 85% of our employees reported they would recommend Codan as a great place to work.

Our employee footprint has grown enormously since our previous employee survey, and it was important to validate what is important to our current workforce. While the engagement score was strong, we had key areas for action and work continues to progress these at all levels of the business. The key Codan Group actions are for our leadership to provide strong communication of a vision, greater access to career opportunities, and confidence in our leaders to take action following the survey.

Some of the activities to address these actions, include the development of an Internal Communications Framework, which offers a clearly defined structure and schedule for communications to all levels and regions throughout the organisation. The Internal Communications Framework includes the CEO e-communication used to relaunch the Core Values mentioned above. For career growth, we have launched a global newsletter promoting internal vacancies, greater focus on development objectives in the performance review process, and a new talent and succession planning framework. A reward and recognition program is also under development.

TRUST AND INTEGRITY

HIGH PERFORMANCE

CUSTOMER DRIVEN

CAN-DO

ESG REPORT **SOCIAL**

Diversity, Equity and Inclusion (DEI)

Research shows that a diverse workforce is strongly linked to high performing teams, and we see evidence of that at Codan across our global workforce. Work has commenced to develop DEI strategy which will include broad consultation with employees through focus groups and stakeholder interviews. This project will enable us to continue to ensure that our people continue to reflect diversity in our business, through gender, age, family status, culture, race, ethnicity, sexuality, religion and beliefs. We are also committed to providing an environment where all our employees can succeed and meet their potential, feel part of a team and contribute to Codan's success.

Gender representation	**FY24**		FY23	
	Female %	**Male %**	Female %	Male %
Board	**40%**	**60%**	40%	60%
Senior Executive	**17%**	**83%**	17%	83%
Senior Management	**24%**	**76%**	24%	76%
Other	**24%**	**76%**	26%	74%
Whole workforce	**24%**	**76%**	25%	75%

Health and Wellbeing

Our Health & Fitness Improvement Program is an initiative to provide health and wellbeing opportunities and activities to our employees. This was held again in our Head Office location and was also offered in our global offices, where the program was tailored to reflect the local culture, environment and climate.

Our Head Office location at Mawson Lakes offered the opportunity to attend sessions including the very popular ergonomic assessments for workstations, skin checks, 1-on-1 nutrition consultations, short health checks for blood glucose and blood pressure, and seated massages. There was also a series of seminars from health professionals, covering topics including work life balance, stress management, resilience, and financial wellness. One key activity that has sustained beyond the 12-week program are the walking groups at lunch time and after work, which sees our objective to build new connections and providing support to colleagues in action.

Our Zetron division organised a team from each of their global offices to participate in the "911der" Women Virtual 5K walk, to support a community providing mental health and wellness resources, training, career development, outreach, and research to 911 responders. The Zetron office in Victoria (Canada) launched a health initiative for employees providing a selection of fresh fruit daily which has been welcomed.

In the Zetron UK office, a wellness day was coordinated onsite with several activities on offer including zinc taste testing, an education session on sleep, as well as body composition testing, which measured factors including fat, muscle, BMI, metabolic rate and age. This was followed by a session with a qualified nutritionist where the results were discussed in detail by providing the opportunity for employees to learn and understand their health risk factors, metabolic age, and most importantly, what steps they can take in terms of nutrition and other habits to bring about improvements.

Development and Learning

Codan's in-house mentoring program remains a key development opportunity in the organisation with strong interest from employees across the group for both the mentor and mentee roles. This program is a meaningful way to connect our employees across regions and business units, while offering the opportunity for learning from others' experience and perspectives. Many relationships between mentors and mentees have sustained beyond the mentoring program, while also providing real opportunities for collaboration that would otherwise not have been possible.

A key project has been our Human Resources Information System (**HRIS**) which is due to be launched early in FY25. This project will enable us to move from using disparate systems to a single platform to deliver performance, talent and succession, and learning and development to our global workforce. The HRIS will allow us to capture inputs more securely and consistently, and track progress against development activities to ensure development and succession outcomes are realised. Our framework for succession planning and talent mapping has been developed and was piloted earlier this year, bringing a more focused and structured approach to this activity.

	FY24	FY23
Learning & Development ($000)	**658**	306

ESG REPORT **SOCIAL**

In addition to the scholarships that Codan provides through a number of South Australian institutions, we have also fostered our long standing relationships with local universities to provide meaningful work experience for future engineers in our Head Office location. Codan offers selected candidates a four year apprenticeship at Head Office, and also offers internships across the business.

Zetron Canada continues to partner with the University of Victoria, with 5 co-op students currently undertaking placements. The co-op program has a strong history of resulting in permanent employment for students post-graduation. The Zetron US and Brisbane offices both currently have an intern within their marketing and engineering teams respectively.

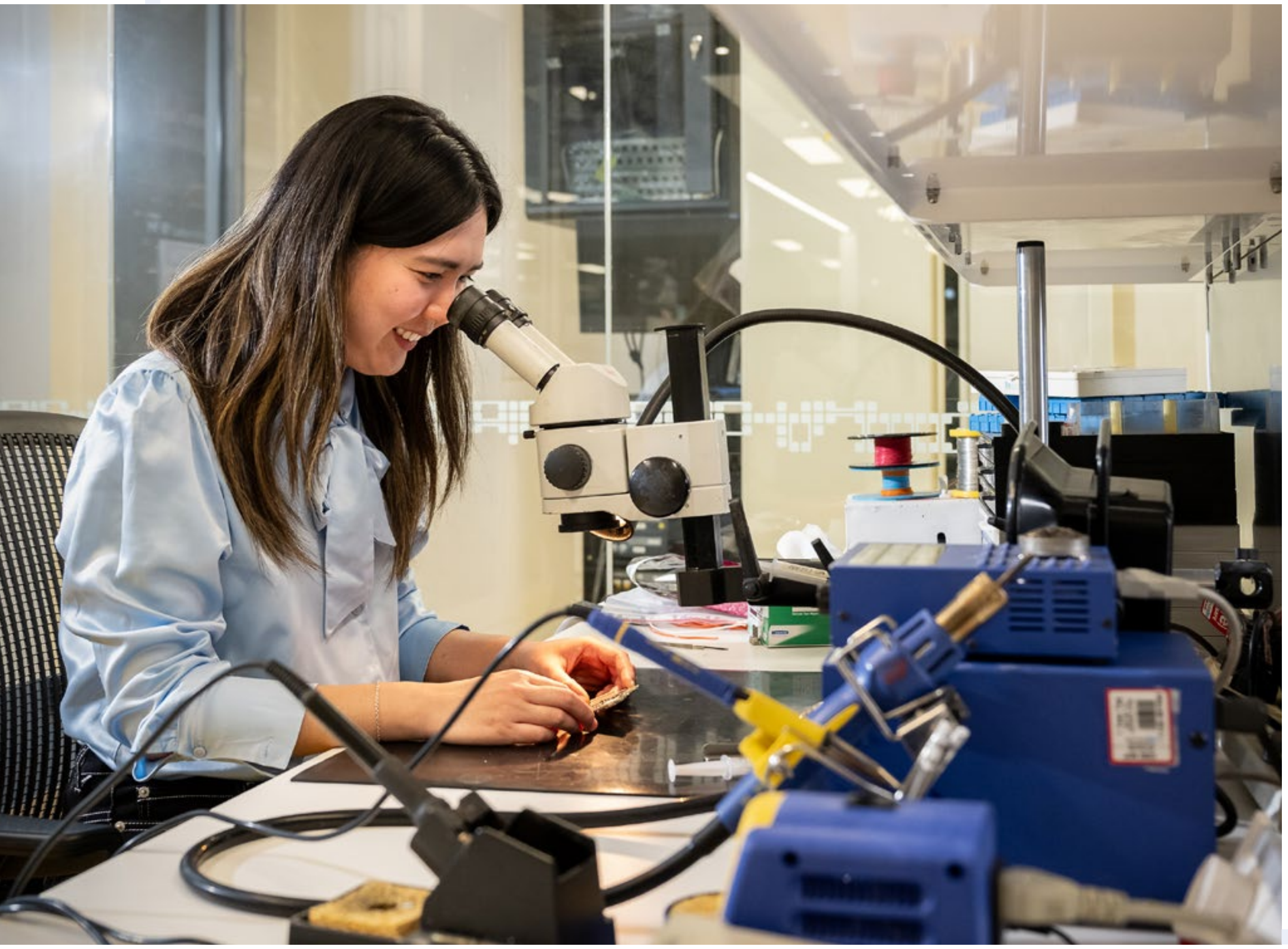
DTC UK continue their established four year apprenticeship framework, which offers a qualification at the end of the tenure to school leavers across a number of disciplines. This is also complemented by their ongoing focus to include graduate positions in the workforce profile, providing an internal talent pipeline.

Codan continued their support of the South Australian Node of the Australian National Fabrication Facility (ANFF-SA) Microengineering School, hosting industry tour groups to showcase career opportunities in manufacturing.

WHS

We maintain an effective Work Health and Safety System that is integral to our business processes and are accredited to OHSAS 18001 and AS/NZS 4801 Occupational Health and Safety Management Systems. FY24 reporting is now extended to capture all global locations, with all Codan sites encouraged to report near misses and incidents. Our positive reporting culture allows us to anticipate and proactively address safety concerns.

Workplace Health & Safety Statistics	**FY24**	FY23
Lost Time Injuries	**1**	1
Near Misses	**3**	1
Incidents	**49**	15
Fatalities	**0**	0



Our Community

Employing over 200 engineers across the Codan group, STEM disciplines are a large part of our business operations. To further future proof our talent pipeline, an ongoing commitment is to encourage, promote, and develop all students, regardless of gender, age, family status, culture, ethnicity, and religion to pursue a career in STEM. Across all our offices, we have continued to engage with local universities, including exhibiting at various career fairs and networking events to promote and discuss the career opportunities we have available within the Codan Group.

In November 2023, Codan, in collaboration with the University of Adelaide, officially launched the Codan Founders Scholarship program.

Codan is extremely proud to honour and continue to build the legacy established by our founders; Mr Ian Wall, Mr Jim Bettison and Mr Alastair Wood. Their legacy at Codan is integral to our people and the success of our business, with an ever present commitment to innovation and growth. Each of our founders were pioneers in engineering excellence, delivering innovative products that truly made a difference in the world. In working with the University of Adelaide, where each of our founders began their journeys, we aim to honour the impact they had as engineers and innovators. The PhD program is a multi-year commitment, each of which will take approximately three years to complete. We aim to develop projects with the University for each of these scholarships across our core business units and their respective technology and product offerings. Through the program, we are seeking to attract and introduce elite students to the way in which Codan's world class engineering teams operate. As part of the program, the students will spend time at Codan to work with and experience our engineering teams in action. This is an integral part of the program, to ensure genuine cross learning between Codan and the PhD students. Codan values the importance of innovation and development of novel Intellectual Property in creating life changing products for its customers. In partnering with an esteemed institution like the University of Adelaide, with its world leading Faculty of Sciences, Engineering and Technology, we are confident that our investment will allow us access to the most highly talented students with whom we can partner to develop more groundbreaking and innovative technologies.

Pictured: Jessica Gallagher, University of Adelaide Deputy Vice-Chancellor External Engagement and Codan Managing Director and CEO Alf Ianniello.

Codan continues to support the Undergraduate STEM Scholarship for Women with the University of South Australia. Available to second year female students enrolled in a full-time or part-time eligible STEM undergraduate program, the scholarship is valued at up to $15,000 over three years. It also provides a paid work experience component to complement the financial assistance and extend the scholarships value by providing practical work based experience, mentoring, and a potential pathway to employment. Codan also participated in the University of South Australia STEM Girls Academy Creative Challenge. The challenge is based on the problem solving mindset "Design Thinking" and combines a series of steps which can guide you to think as a designer, sparking ideas that can lead to innovation. Through the STEM Girls Academy, students learn this methodology in a series of workshops, where they are guided and mentored by industry professionals to solve a problem presented to them. Codan's challenge workshops were led by Vanessa Nery, Technical Author at Domo Tactical Communications and Joey MacDougall, In-House Legal Counsel at Codan.

We also continued to support the Codan Playford Trust honours scholarship. The $10,000 scholarship is awarded annually to an outstanding student commencing third year, fourth year or Honours in electronic engineering, signal processing or physics, with an interest in sensing systems. The successful applicant has the opportunity to undertake paid work experience at Codan. The aim is to help the student develop skills and knowledge and enhance their industry experience. The students will work on projects in a collaborative environment, actively contributing and drawing on the experience of others.

ESG REPORT **SOCIAL**

Being a socially conscious and responsible organisation is a part of Codan's corporate identity. Our mission is to target community programs that assist disadvantaged groups within the communities our businesses operate.

	FY24	FY23
Donations ($000) inclusive of product donations	**387**	230

Codan is a proud major sponsor of Youth Opportunities. Youth Opportunities supports young people to develop the lifelong skills, habits and confidence to thrive. Through this sponsorship, Codan will provide 40 young people in Northern Adelaide the opportunity to participate in the Youth Opportunities Elevate Personal Leadership Pathway program, and award 2 Educational Scholarships. This wellbeing and leadership program offered to Year 10 students, will help them to develop the skills to overcome adversity, build resilience and optimism, and prepare for their future while also providing access to opportunities which reduce barriers to achieving their potential.

> *"My main career goal is to become a successful lawyer, assisting people and communities in need of legal support. Receiving this laptop is life changing for me. Having a laptop will make it easier for me to follow my student studies and work on assignments, research, and projects. It will enable me to invest more time in my education, personal development, and community engagement efforts. By supporting my education, the laptop will directly contribute to my goal of becoming a lawyer. The laptop's impact will benefit not only me but also those I'm committed to helping. This support will help me achieve my career aspirations and empower me to become a more impactful leader in my community."*
>
> **Zainab, Salisbury High school, Codan Educational Scholarship Recipient.**

Each year, Zetron holds an annual "Shoot for the Stars" golf tournament, benefiting Behind the Badge foundation. All proceeds from the event go directly to the Behind the Badge Foundation, an organisation supporting the agencies, families, and communities of law enforcement officers that are seriously injured or killed in the line of duty.

Shoot for the Stars has grown each year and become engrained in Zetron culture, with many employees contributing as volunteers and supporters. Over 11 years, Zetron Shoot for the Stars events have raised more than $400,000 for the foundation.

> *"Everyday law enforcement works on behalf of our communities to serve and protect us all and we are honoured to play a small part in helping survivors of line of duty tragedies and their families through the amazing work of the Behind the Badge Foundation. Over the years, Shoot for the Stars has become so much more than a one day event for us. It's an important gathering that brings together our employees, partners, and community to show our pride and appreciation for those who sacrifice so much to serve."*
>
> **Scott French, Zetron President and Executive General Manager.**

Codan is a long-time proud supporter of Variety - the Children's Charity (**Variety**). 2024 marks our 36th year of gold sponsorship of the Variety Bash, Australia's largest and longest running charity motoring event through the Australian outback. Codan participates in the event with its own Variety Bash vehicle and oversees the radio communications in the lead up to the event. In addition, Codan is responsible for manning the control centre to facilitate the communication and tracking of all official vehicles, mobile workshops and mobile doctors, for a safe and successful Variety Bash. Codan employees conduct site surveys ahead of the Variety Bash to ensure the remote site provides reliable communications along the Variety Bash route, as well as provide HF radio operator training, assist with radio installations and attend Variety Bash meetings.

Codan hosted its fourth annual charity golf day in South Australia, where key stakeholders were invited to register a team to participate in a fun filled day on the course. Over $112,000 was raised inclusive of key stakeholder and Codan donations, and this amount was donated and distributed evenly amongst three chosen charities, namely: Variety, Hutt St Centre and KickStart for Kids.

This year, Codan was proud to extend its support to Catherine House, South Australia's only homelessness and recovery service for women. Catherine House provides crisis and long term accommodation, mental health programs, access to education and employment opportunities and other support services to women experiencing homelessness in the state. Over $2,000 was raised for Catherine House through donations by employees at an International Women's Day morning tea held at our Mawson Lakes headquarters, in addition to the investment that Codan made to its programs.

Aligning with our ESG commitment to support initiatives that create a positive environmental impact on the wider community, Codan partnered with Hills Biodiversity to plant 500 native trees and plants at the Mt Barker Springs Water Reserve in the Adelaide Hills. Thirty years ago, the Mt Barker Springs site, also known as Drovers' Rest, was thriving with native grasses, forbs and sedges. Recently the land has been heavily grazed, reducing native vegetation and enabling exotic plants to thrive and the soil to degrade. A significant regeneration project is now underway at the site, led by Hills Biodiversity, which is focused on restoring the native grassland and enhancing the local biodiversity of Mt Barker Springs. Contributing to this important restoration project was a fulfilling experience for our employees.

ESG REPORT

GOVERNANCE

Corporate Governance Statement

Codan's corporate governance statement, which was approved by the Board on 21 August 2024, is available on the company's website and may be accessed at https://codan.com.au/who-is-codan/corporate-governance/

Business Ethics/Behaviour

Codan's Code of Conduct provides a framework for employee conduct, with guidance around expected and acceptable standards of behaviour that are aligned with our Core Values, and which allow us to work together to achieve the goals of the business. The Code of Conduct and Core Values are included in induction packs for new starters.

An essential part of our culture of "Trust & Integrity", one of Codan's four Core Values, is underpinned by our "Speak Up" culture. This culture encourages staff to raise issues or conduct that concerns them. Our "Speak Up" culture is reinforced by our Code of Conduct, Core Values and Whistleblower Protection Policy. We take all reports of harassment, discrimination, bullying and any form of misconduct very seriously. Our grievance procedure facilitates the appropriate investigation and resolution of complaints. There were no workplace grievances registered globally during FY24.

At Codan, we take compliance seriously. We have a strong, fit for purpose compliance program run by our in house Legal & Compliance department. Staff training is a critical part of this program and is compulsory for all employees and forms part of our induction program. This induction includes training on Anti-Bribery and Anti-Corruption (**ABAC**), Modern Slavery, Whistleblower Protection and Code of Conduct. Our training program is risk-appropriate, with additional tailored training sessions conducted for staff in high-risk roles.

ABAC remains a material topic for our business, as we acknowledge some of our businesses operate in high-risk environments. Our ABAC program and ABAC Policy is reviewed annually to ensure it remains fit for purpose and in line with best in practice anti-bribery compliance programs. Key aspects of the program involve a risk driven due diligence process for third party business partners, regular training for high-risk staff and a selection of third parties, and an approval based gratuities register. Internal audits are conducted on high-risk transactions.

Codan's sanctions compliance program is a groupwide approach that uses enhanced due diligence measures, external resources, monitoring and approval procedures to ensure we meet our global sanctions obligations.

Codan's modern slavery program is continually reviewed in line with our Modern Slavery and Human Rights Policy. To seek continual best practice, Codan has also joined the UNGC's Modern Slavery Communities of Practice, which allows discussions across different industries and organisation size, to share ideas. Codan produces a Modern Slavery Statement designed to meet the disclosure requirements of the Australian *Modern Slavery Act 2018* (Cth). In undertaking its risk assessment with respect to Modern Slavery, Codan has again identified that its main risk lies with its major third-party contract manufacturers. Presently, this includes Venture and Plexus. Both are based in Penang, Malaysia and manufacture more than 60% of Codan product.

Codan's supply and procurement team are in regular contact with Plexus and Venture and have undertaken numerous discussions around their approaches to modern slavery. Codan's Supply Chain Manager and Legal Counsel also visited both sites to conduct an in-person audit, following on from the in-person audit conducted in FY23. These audits allowed us to see first hand that our contract manufacturers share the same expectations with respect to modern slavery compliance.

We have a Supplier Code of Conduct and Supplier Terms and Conditions that include Modern Slavery clauses. In FY24, the Supplier Code of Conduct was revised to include requirements for suppliers to abide by Codan's Conflict Mineral Policy and comply with the International Labour Organisation (**ILO**) Declaration on Fundamental Principles and Rights at work. We have systems in place to carry out daily online searches on our highest risk suppliers for any adverse media, including modern slavery topics, and to date we have had no adverse "hits". Codan is not aware of any supplier non-compliance with social expectations or any contractor fatalities in FY24.

	FY25 Target	**FY24 Actual**	FY23
ABAC Policy violations	NIL	**NIL**	NIL
ABAC Internal audits	2	**2**	2
Sanction breaches and fines	NIL	**NIL**	NIL
Modern Slavery breaches	NIL	**NIL**	NIL

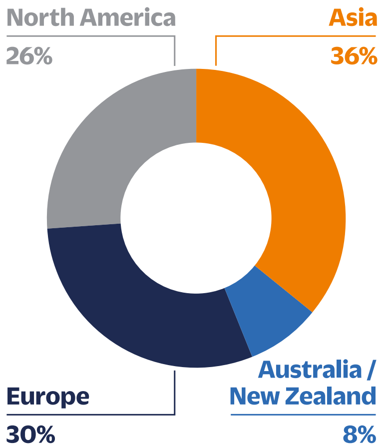
ESG REPORT **GOVERNANCE**

Our Supply Chain

Codan has an extensive global supply chain in place, sourcing product and material from most regions in the world. We partner with suppliers who meet stringent quality standards, are innovative and work in safe and responsible ways. Our dealings with our suppliers reflect Codan's core values, and as such, we have built collaborative, honest and trusting relationships which have resulted in reliable supply over the long term.

Our supply chain is responsive to the changing needs of our customers and markets. All Codan suppliers must provide agility, flexibility and speed to market. At the end of our supply chain are global distribution centres located in the UAE, USA, Malaysia, Poland, Brazil, Mexico, India and Australia, which ensure product is regionally distributed for the fastest route to market.

Codan Group supplier spend



Codan has 1,000 active suppliers across the Codan Group, with supplier spend circa $161 million across mostly electronic components, as well as cables, antennas, plastics and packaging.

Cyber Security

As a global technology company, safeguarding our intellectual property and confidential information is paramount to maintaining trust with our customers, suppliers and partners. As the probability of cyber-attacks increases the risks and becomes more complex, Codan has adopted a risk-based framework to protect our assets. Cyber risks are regularly reported to the Codan Board and Audit and Risk Committee. Relevant organisational policies and standard operating procedures are in place and are regularly reviewed to ensure they remain commensurate with the external risk.

During FY24, Codan completed penetration testing and regular vulnerability assessments to highlight potential system vulnerabilities. Continued staff awareness training as well as rolling this program out to recently acquired companies.

In FY24, Codan had no known major security incidents or events that resulted in loss of confidential information or intellectual property.

Tax

As part of our commitment to meeting our global taxation obligations in a transparent and open manner, we conduct our tax affairs within a robust tax risk management policy and framework overseen by the Board.

Codan's tax governance process is documented in our Tax Risk Management Policy and Framework. This framework is based on the philosophy of managing tax risk through a well-planned approach built around the following principles:

- a transparent and accountable relationship with local country tax authorities;
- the payment of the legally correct amount of tax in a timely manner;
- the systematic identification of significant tax sensitive transactions ahead of time;
- the documentation of tax processes to facilitate review and minimise the impact of changes in personnel;
- defined channels for the reporting of tax information to the Board;
- internal controls, with effectiveness of those controls assessed on a regular basis;
- Codan should not enter any transaction where there is a material risk that any legislative general anti-avoidance provisions will be applied by a Court; and
- Codan will not promote tax exploitation schemes.

The Board has delegated oversight of Codan's taxation affairs and the framework to the Audit and Risk Committee. The framework requires the Committee to attest to the Board on a yearly basis that it has effective policies and processes in place to manage tax risk.

The CFO has overall responsibility for the group's taxation affairs, including enforcing policies and implementing strategies approved by the Board, developing and implementing systems that identify, assess, manage and monitor tax risks, monitoring the appropriateness, adequacy and effectiveness of tax risk management systems and reporting on tax risk and management to the Board.

The CFO is also responsible for the maintenance of in-house tax resources with appropriate qualifications and experience in taxation matters, to oversee that Codan's obligations globally are discharged in a legally correct and timely basis and that the tax risk management controls set out in the framework operate in an effective and robust manner.

The framework requires management to consult with reputable local country external tax advisors where appropriate to ensure compliance with local country obligations. KPMG is engaged to review the numbers disclosed in the "Tax Note" in the Annual Report each year, as part of the half-year review and full-year audit. We apply arms'-length principles to our international related party dealings, engaging with external advisors with appropriate expertise to ensure our compliance with transfer pricing laws globally.

As part of our commitment to our tax risk management policy and framework, we adopted the recommendations of the Board of Taxation's Tax Transparency Code with effect from 30 June 2021. To this end, the board has directed that each year the Annual Report should contain sufficient information to comply with Part A of the Code. The Part A disclosures required of Codan by the Code are:

- Codan's Australian and global effective tax rates;
- a reconciliation of the accounting profit to income tax expense;
- a reconciliation from income tax expense to current year income tax payable; and
- identification of material temporary and non-temporary differences.

The Part A financial information can be found in the Taxation Note (Note 7) of the Notes to the Financial Report on page 99 of this Annual Report. As Codan's business has continued to diversify, and in line with the success of our communications business, the activities and assets which generate our income have become more balanced and spread across the globe. In FY24, we paid $7.1 million corporate income tax in Australia which is approximately a third of our global corporate income tax contribution. Our shareholders continue to benefit from the generation of Australian franking credits from Australian tax paid.

BOARD OF DIRECTORS

GRAEME BARCLAY

MAICD, F Fin, CA, MA (Hons)
Chair, Chair of Remuneration and Nomination Committee

Graeme is a former CEO and Chartered Accountant with more than 35 years' experience in professional services, investment banking, broadcast infrastructure and telecommunications.

Over the past 20 years Graeme has held Executive Chairman or Group CEO roles at BAI Communications, Transit Wireless LLC (New York), Nextgen Networks, Metronode data centres and Axicom group (formerly Crown Castle Australia), and for 8 years during this period was also an executive director in Macquarie Group's infrastructure team. In these roles, Graeme was responsible for all aspects of strategy, M&A, sales and business development, contract delivery and operations, as well as implementing the appropriate capital structure and raising equity and third-party debt for these businesses in Australia, UK, Hong Kong, Singapore, Canada, USA and New Zealand.

Over the past 20 years in these businesses, Graeme led and completed more than 20 acquisition and divestment transactions including the sale of Nextgen Networks to Vocus for $820 million in 2016 and the sale of Metronode to Equinix for $1.04 billion in 2018. In his role as Chairman of Uniti Group Limited (ASX: UWL), he led the company from a market capitalisation of $30 million at IPO in February 2019 to the successful divestment via a Scheme of Arrangement to a consortium of investors led by HRL Morrison and Brookfield Asset Management at an enterprise value of $3.8 billion in August 2022.

Included in his prior board appointments are: Arqiva Limited (institutionally owned UK telecommunications infrastructure group), Chairman of the main Board and of the Audit and Risk Committee for Nextgen group (Ontario Teachers' Pension Plan majority owned fibre network and data centre owner), NED and member of the Audit and Risk Committee of Axicom Group (institutionally owned mobile tower operator), and Chairman of Uniti Group Limited (ASX:UWL) (fibre to the premise network owner).

Graeme was appointed to the Codan Board in 2015 and became Chairman in February 2023.

Graeme holds an honours economics degree, is a Chartered Accountant, a fellow of FINSIA and a member of AICD.

ALF IANNIELLO

Wharton GCP, GradCertMgmt, BEng (Electronics)
Managing Director and Chief Executive Officer

Alf Ianniello joined Codan as Chief Executive Officer and Managing Director in January 2022. Having held numerous global executive leadership roles in his career – spanning three decades – Alf has considerable expertise across packaging, defence and automotive industries.

Prior to joining Codan, Alf was Chief Executive Officer of Detmold Group for 14 years. Throughout this tenure, Alf identified growth opportunities and opened new markets and product lines to position the Australian family-owned and operated business as a global leader in the provision of sustainable packaging products.

In a highly competitive market, Alf was responsible for significant expansion in Detmold's profitability and development, and under his stewardship, Alf successfully positioned Detmold as an employer of choice, given his focus on fostering positive culture, developing individuals and promoting teamwork.

After earning a Bachelor of Engineering (Electronic Engineering) in 1994, Alf began his career as a Design and Production Engineer with British Aerospace Australia. He then spent 7 years with Schefenacker Vision Systems, as a Customer Engineer and Branch Manager in the USA, before moving to the organisation's Australian division in 2000 as Project Manager. In 2007, Alf was appointed Schefenacker's Australian Managing Director.

Known for his ability to leverage innovation and organisational capabilities, Alf has managed major facilities across Australia, China, Vietnam, Philippines, India, Singapore, Dubai, Indonesia, US, UK, Germany and South Africa.

Alf attended the Wharton Business School Global CEO Program at the University of Pennsylvania in 2012. He also holds a Graduate Certificate in Management and Bachelor of Engineering (Electronic Engineering) from the University of South Australia and graduate of the Australian Institution of Company Directors.

KATHY GRAMP

BA (Acc), FCA, FAICDLife
Independent Non-Executive Director
Chair of Board Audit and Risk Committee

Kathy was appointed to the Board of Codan in November 2015. She has had a long and distinguished executive career and over 25 years of board experience across a diverse range of complex organisations and industry sectors. She has significant experience as Chair of Audit & Risk Committees.

Prior to joining Codan, Kathy was CFO of Austereo Ltd. She joined Austereo in 1989 and retired in June 2011. In that time the company grew from 2 radio stations to the largest commercial radio network in Australia, and the leader in Digital and Online Media. Leadership roles and responsibilities included business planning & re-engineering, debt & equity raising, acquisitions & integration, capital investment, major IT projects, corporate governance, risk management, financial management, tax & accounting, change management and investor & key stakeholder relations. Further experience was gained through exposure to international markets such as Greece, UK, USA, South Africa, Argentina, Malaysia, and New Zealand.

Kathy was a Director of Uniti Group Limited (ASX:UWL), Chair of the Audit & Risk Committee and member of the Nomination & Remuneration Committee until August 2022. Uniti, a diversified provider of telecommunication services, listed in February 2019 and through acquisition and organic growth, increased its enterprise value from around $30 million at the time of listing to $3.8 billion in August 2022 when the business was sold to a consortium of financial investors. She was a Director of QANTM IP Limited (ASX: QIP), appointed 11 May 2022 and also served as Chair of the Audit and Risk Committee until August 2024. QANTM is the owner of a group of leading intellectual property and trademark services businesses operating in Australia, New Zealand, Singapore, and Malaysia.

Kathy holds a BA Accounting, is a Chartered Accountant and a Life Fellow of the Australian Institute of Company Directors and is a member of Chief Executive Women.

SARAH ADAM-GEDGE

BBus (Acc), CA, GAICD, Member IoD (NZ)
Independent Non-Executive Director

Sarah was appointed to the Board in February 2023. She has expertise in digital and technology businesses with an executive background that includes 12 years at IBM Global Business Services, and 8 years as CEO of Avanade Australia, Publicis Sapient Australia and Wipro Limited Australia and New Zealand.

Sarah has extensive international experience as a result of leadership roles in global information technology companies, and significant experience driving growth initiatives, working with customers and in different markets. Prior to joining IBM, Sarah was a Consulting Managing Partner at PWC, and Audit and Business Consulting Partner at Arthur Andersen.

She is a Director of Austal Limited (ASX: ASB) where she serves as Deputy Chair, Bravura Solutions Ltd (ASX:BVS) and Emeco Holdings Ltd (ASX: EHL). She is also on the Board of private companies including Kinetic IT Pty Ltd and Cricket Australia.

Sarah is a Chartered Accountant, a graduate of the Australian Institute of Company Directors, and currently mentors for the Minerva Network and CAANZ.

HEITH MACKAY-CRUISE

BA (Econ), FAICD
Independent Non-Executive Director

Heith was appointed to the Board in March 2023 and has been involved in the media, education and technology sectors over the past 25 years. Heith is currently the non-executive Chair of Southern Cross Media Group Limited (ASX:SXL) and is also a non-executive National Director of the Australian Institute of Company Directors.

Heith is a previous non-executive Chair of Straker (ASX:STG), LiteracyPlanet, hipages Group (ASX:HPG) and the Vision Australia Foundation as well as a previous non-executive Director of LifeHealthcare and Bailador Technology Investments (ASX:BTI). In Heith's prior executive career, he was the founding CEO of Sterling Early Education, the Global CEO and Managing Director of Study Group, and CEO for PBL Media New Zealand. Heith also held senior executive positions with Australian Consolidated Press and worked in sales and marketing roles for PepsiCo around Australia.

Heith is a mentor with Kilfinan Australia, a Fellow of the Australian Institute of Company Directors and has a Bachelor of Economics degree from the University of New England.

LEADERSHIP TEAM

ALF IANNIELLO

Wharton GCP, GradCertMgmt, BEng (Electronics)
Managing Director and Chief Executive Officer

Alf Ianniello joined Codan as Chief Executive Officer and Managing Director in January 2022.

Having held numerous global executive leadership roles in his career – spanning three decades – Alf has considerable expertise across packaging, defence and automotive industries.

Prior to joining Codan, Alf was Chief Executive Officer of Detmold Group for 14 years. Throughout this tenure, Alf identified growth opportunities and opened new markets and product lines to position the Australian family-owned and operated business as a global leader in the provision of sustainable packaging products.

In a highly competitive market, Alf was responsible for significant expansion in Detmold's profitability and development, and under his stewardship, Alf successfully positioned Detmold as an employer of choice, given his focus on fostering positive culture, developing individuals and promoting teamwork.

After earning a Bachelor of Engineering (Electronic Engineering) in 1994, Alf began his career as a Design and Production Engineer with British Aerospace Australia.

He then spent 7 years with Schefenacker Vision Systems, as a Customer Engineer and Branch Manager in the USA, before moving to the organisation's Australian division in 2000 as Project Manager. In 2007, Alf was appointed Schefenacker's Australian Managing Director.

Known for his ability to leverage innovation and organisational capabilities, Alf has managed major facilities across Australia, China, Vietnam, Philippines, India, Singapore, Dubai, Indonesia, US, UK, Germany and South Africa.

Alf attended the Wharton Business School Global CEO Program at the University of Pennsylvania in 2012. He also holds a Graduate Certificate in Management and Bachelor of Engineering (Electronic Engineering) from the University of South Australia and graduate of the Australian Institution of Company Directors.

MICHAEL BARTON

BA (Acc), FCA
Chief Financial Officer and Company Secretary

Michael joined Codan in May 2004 as Group Finance Manager after a 14-year career with KPMG in their assurance division. He was appointed Company Secretary in May 2008 and in September 2009, Michael was promoted to the position of Chief Financial Officer and Company Secretary. Michael leads a team responsible for managing Codan's financial operations as well as legal and commercial matters, investor relations, information technology and business systems.

He holds a Bachelor of Arts in Accountancy from the University of South Australia and is a fellow of Chartered Accountants Australia and New Zealand.

SCOTT FRENCH

BSc
President and Executive General Manager, Zetron

Scott was appointed to the role of President and Executive General Manager, Codan Critical Communications in February 2019.

With the acquisition of Zetron in 2021, GeoConex in 2022 and Eagle Ltd in 2023, Scott is now leading Zetron worldwide, headquartered in the USA with operations in Canada, UK, US and Australia. Scott came to Codan highly recommended for his lateral thinking, strategic approach to business and for his strong leadership. He brings a wealth of experience gained from 30+ years with world-class organisations including Motorola, Panasonic, Zetron and Codan which have a strong history of providing technology solutions that enable improved communications.

During his time at Motorola, Scott made the transition from engineering leadership to overall go-to-market leadership for several lines of business, helping to transform Motorola into a solutions provider beyond land mobile radio (LMR). Throughout his journey, Scott gained significant experience in wireless technologies including broadband, solution delivery and services. At Panasonic, he continued his leadership by transforming the company from product to solutions sales, with focus on mobile devices and security, before assuming the role of General Manager, Americas for two years with Zetron, a command and control company.

Following the acquisitions of Zetron, GeoConex and Eagle, Zetron is now a global leader in command and control solutions for public sector, transportation and utilities. In addition, Scott served as Vice Chairman on the state and local Board of Directors of TechAmerica, representing both Motorola and Panasonic, and was also the Chair of the State and Local Government and Education Executive Council of IT Alliance for Public Sector.

Scott holds a Bachelor of Science in Industrial and Systems Engineering from Virginia Tech, and undertook MBA studies with a focus on leadership at Loyola University Maryland.

PAUL SANGSTER

BS, Chicago Booth AMP
President and Executive General Manager, Tactical Communications

Paul Sangster is the Executive General Manager of the Tactical Communications segment for Codan and has over 25 years of industry experience. He is responsible for business strategy, financial performance and operational execution covering a broad portfolio of products and services. Prior to leading the Tactical Communications segment, he led the global business development efforts for the Communications Division. Paul joined Codan in 2013.

Prior to Codan, Paul spent 12 years at Cobham Tactical Communications and Surveillance as the Vice President of Sales and Marketing, based in Washington DC.

He holds a Bachelor of Science in Management Studies from the University of Maryland, Global Campus. He also completed the Executive Development Program and the Advanced Management Program at University of Chicago's Booth Business School.

BEN HARVEY

BA, MBA, AMP
President and Executive General Manager, Minelab (Appointed 1 October 2023)

Ben joined Codan in 2017 as the Minelab Vice-President, General Manager for the Americas and Europe, driving significant and sustained growth in these regions.

Ben brings a wealth of commercial acumen to Codan as evidenced by his more than thirty years of experience spanning Fortune 500 leaders such as Newell Brands and Masco Corporation, as well as private equity and entrepreneurial organisations. During his career, Ben has held various roles of increasing responsibility across business development, marketing and general management disciplines with a particular focus on the retail consumer space. Ben is a globally minded, highly impactful executive with a proven track record for generating breakthrough results via strategic development and implementation across diverse geographies and verticals.

Ben holds a Bachelor of Arts degree in International Business from Adrian College as well as a Masters of Business Administration from Wayne State University. In addition, Ben completed the Advanced Management Program at Harvard Business School in 2022.

MARJOLIJN WOODS

BASc, GradDipHRM
Chief Human Resource Officer

Marjolijn joined Codan in 2018 and was appointed to the role of Chief Human Resource Officer in January 2023.

Prior to this appointment, Marjolijn was the Global Human Resources Director for Codan | Domo Tactical Communications and has extensive experience with people and culture.

She holds a Bachelor of Applied Science from Deakin University and a Graduate Diploma Human Resource Management from the University of South Australia.

DANIEL HUTCHINSON

BCom (Hons), LLB (Hons)
Executive General Manager – Strategy, Corporate Development and M&A

Daniel brings almost two decades of investment banking and corporate advisory experience to Codan. Prior to his appointment, Daniel was a Managing Director at MA Moelis Australia (the Australian affiliate of Moelis & Company) where he advised on numerous M&A and capital markets transactions for Australian and international technology and industrials companies.

He also holds advisory panel positions for various Australian based growth companies.

Daniel holds a Bachelor of Commerce (Hons) and a Bachelor of Laws (Hons) from the University of Queensland.

FINANCIAL REPORT

For the year ended 30 June 2024

DIRECTORS' REPORT

The directors present their report together with the financial statements of the group comprising Codan Limited ("the Company") and its subsidiaries for the financial year ended 30 June 2024 and the auditor's report thereon.

DIRECTORS

The directors of the Company at any time during or since the end of the financial year are:

Graeme Barclay

Alf Ianniello

Kathy Gramp

Sarah Adam-Gedge

Heith Mackay-Cruise

Details of directors and their qualifications and experience are set out on pages 56 to 57.

COMPANY SECRETARY

Mr Michael Barton BA (Acc), FCA

Michael joined Codan in May 2004 as Group Finance Manager after a 14-year career with KPMG in their assurance division. He was appointed Company Secretary in May 2008 and in September 2009, Michael was promoted to the position of Chief Financial Officer and Company Secretary. Michael leads a team responsible for managing Codan's financial operations as well as legal and commercial matters, investor relations, information technology and business systems. He holds a Bachelor of Arts in Accountancy from the University of South Australia and is a fellow of Chartered Accountants Australia and New Zealand.

Mr Daniel Widera LLB/LP, Harvard PLD

Daniel joined Codan in March 2013 as Senior Legal Counsel after spending the previous 8 years of his career as a corporate lawyer, both in private practice and in-house. He was appointed General Counsel and Joint Company Secretary of Codan in September 2022. Daniel leads a team responsible for Codan's global legal and compliance function, as well as managing the group ESG program. He holds a Bachelor of Laws and Legal Practice from Flinders University and completed the Program for Leadership Development at Harvard Business School in 2023.

DIRECTORS' MEETINGS

The number of directors' meetings (including meetings of committees of directors) and number of meetings attended by each of the directors of the Company during the financial year are set out below:

	Board meetings		Audit and Risk Committee meetings		Remuneration and Nomination Committee meetings	
Director	**A**	**B**	**A**	**B**	**A**	**B**
Mr A Ianniello	15	15				
Mr G R C Barclay	15	15	6	6	4	4
Ms K J Gramp	15	15	6	6	4	4
Ms S Adam-Gedge	15	15	6	6		
Mr H Mackay-Cruise	15	15			4	4

A – Number of meetings attended
B – Number of meetings held during the time the director held office during the year

CODAN LIMITED AND ITS CONTROLLED ENTITIES

REMUNERATION REPORT – AUDITED

Key messages from Chair of Remuneration and Nomination Committee

Dear Shareholders,

I am pleased to present the Codan Group remuneration report for FY24. During FY23 I became Chair of the Remuneration and Nomination Committee (RNC) and, as reported in last year's remuneration report, we took the opportunity to review the remuneration strategy and framework as it had operated in prior years and to make changes for FY24 and onwards.

FY24 Remuneration Framework

As part of designing the revised remuneration strategy and framework to apply from FY24, we engaged with key stakeholders and external independent advisors in order to better understand how Codan should attract, retain and motivate the high calibre executive leaders and team members we require to execute on our strategy and to deliver superior returns for our shareholders.

The organisational structure of the Codan group has evolved considerably over recent years, so we believed that FY24 was a year to evolve the incentive remuneration structure for our Executive KMP. The remuneration report sets out the details of these changes. The most significant changes that were implemented in FY24 are as follows:

- STI for Executive KMP was no longer based on a single Group EBIT metric. Instead, it was based on a scorecard approach including targets for revenue growth, profitability and free cash flow, order book growth and delivery against sustainability and safety targets;
- These performance metrics were tailored for each Executive KMP to reflect the specific areas of their responsibility, weighted to those metrics that an Executive has the greatest ability to influence;
- For each of the STI performance metrics, the Board set a minimum performance threshold (below which no STI applies for that metric), an on-target performance level (which reflected the FY24 annual plan approved by the Board) and a stretch target that is typically greater than 110% of the on-target performance level;
- A cap of a maximum of 100% of fixed remuneration applies to all STI payments to Executive KMP (previously no cap applied);
- LTI continues to be based on EPS growth, but with amendments made to how the base line is set. We increased the target range considerably to require compound annual growth of between 8% at threshold, 10.5% at target and 13% at maximum (from between 2% and 8%) with a 67% weighting. We introduced a Relative Total Shareholder Return performance measure in FY24, with a 33% weighting, that requires performance above the 50th percentile at threshold 62.5 percentile at target and above the 75th percentile at maximum, compared to peer group performance; and
- We reviewed the incentive structure for the CEO and made a number of important changes to apply for three financial years FY24 to FY26, with the intent to better align the CEO's target and maximum incentives with the interests of shareholders.

The changes to the FY24 remuneration framework and to the CEO's remuneration are more fully set out at in the 'FY24 Remuneration Structure Changes and Outcomes' section of the Remuneration Report.

These changes provided our Executive KMP with the ability to influence the outcome of their STI performance more directly, with performance metrics that reflect the key value drivers for Codan and most importantly, in combination with the changes to the LTI structure and metrics, better aligns reward outcomes for Executive KMP with our shareholders. Our intent remains to ensure we have a reward structure that will incentivise and motivate Executive KMP to deliver sustainably superior returns for our shareholders into the future. During FY25 we will continue to consider further changes to the way our Executive KMP are incentivised to remain employed by Codan and motivated to deliver even greater returns to shareholders.

FY24 Remuneration Structure and Outcomes

As reported in last year's remuneration report the fixed salary of our CEO has been fixed until FY26 (other than changes to statutory payments) and other Executive KMP had their fixed remuneration reviewed during the year with increases made in line with relevant market conditions.

A significantly improved financial performance was achieved in FY24 versus FY23 with revenues increasing by 21% to $551 million, EBIT increasing by 29% to $114 million, and NPAT increasing 24% to $81 million. This improved financial performance has flowed through to the variable remuneration outcomes of our Executive KMP in FY24.

The FY24 STI plan was based on a scorecard approach that set targets for revenue growth, profitability, free cash flow, order book growth, and delivery against sustainability and safety targets. With all segments of our business delivering improved financial performance in FY24 it is pleasing to report that each Executive KMP has been awarded STI payments for FY24. This follows the FY23 year where no STI payments were awarded to Executive KMP.

The FY24 LTI plan is an equity rights plan that has two performance measures, measured over a three-year period FY24 to FY26. Firstly, EPS growth, which requires compound annual growth over the three-year measurement period of between 8% at threshold and 13% at maximum, with a 67% weighting. Secondly, a Relative Total Shareholder Return performance measure, with a 33% weighting, that requires performance above the 50th percentile at threshold and above the 75th percentile at maximum, compared to peer group performance, over the three-year measurement period. FY24 is the first year of the measurement period for the FY24 LTI plan so the final outcome will be dependent on performance in FY25 and FY26, but it is worth noting that in FY24 EPS growth of 24% was achieved and Codan's share price increased from $8.03 to $12.03.

Prior to FY24, the LTI plan was based on a single metric of EPS growth. During FY24, the FY22 LTI plan performance rights have fully vested for Executive KMP following the end of the three-year performance period on 30 June 2024 as the aggregate EPS achieved over the performance period was 136.9 cents which is above the 133.7 cents required to achieve 100% vesting of performance rights into shares.

Graeme Barclay
Chair, Remuneration and Nomination Committee

REMUNERATION REPORT – AUDITED (continued)

Key Management Personnel

This report has been prepared in accordance with section 300A of the Corporations Act 2001 (Cth)(Act) and Accounting Standards. It outlines our remuneration strategy for the financial year ended 30 June 2024 and gives detailed information on the remuneration arrangements of Key Management Personnel (KMP).

KMP are those who have authority and responsibility for planning, directing, and controlling the Group's activities, either directly or indirectly. The table below shows the KMP covered by the FY24 Remuneration Report.

Name	Position	Term	Country of Residence
Non-Executive Directors			
Current			
Graeme Barclay	Chair	Full Year	Australia
Sarah Adam-Gedge	Non-Executive Director	Full Year	Australia
Kathy Gramp	Non-Executive Director	Full Year	Australia
Heith Mackay-Cruise	Non-Executive Director	Full Year	Australia
Executive KMP			
Current			
Alf Ianniello	Chief Executive Officer and Managing Director	Full Year	Australia
Michael Barton	Chief Financial Officer and Company Secretary	Full Year	Australia
Peter Charlesworth	Executive General Manager, Minelab	Until 30 September 2023	Australia
Ben Harvey	Executive General Manager, Minelab	From 1 October 2023	USA
Scott French	Executive General Manager, Zetron	Full Year	USA
Paul Sangster	Executive General Manager, Tactical Communications	Full Year	USA

Executive Remuneration Structure

Codan's remuneration framework for Executive KMP is in place to support our strategy and drive sustainable outperformance. Our remuneration framework must be globally competitive to attract, motivate, retain, and mobilise our top talent across our businesses. This has become increasingly important as each of Codan's businesses continue to grow, both organically and through acquisition, in countries outside of Australia.

Remuneration packages are competitively set to attract and retain appropriately experienced and qualified executives and include a mix of fixed remuneration and performance-based remuneration. Shareholder alignment is created through the performance-based incentives provided to executives, including equity-based remuneration.

Fixed remuneration is reviewed annually and gives our Executive KMP a competitive fixed salary and related benefits. Fixed salary levels reflect the executive's experience, capability, performance and potential and is set in relation to market conditions and relevant benchmarks. Executive KMP are eligible for certain benefits in line with our policies in each jurisdiction that we operate. Typically, these include retirement contributions (such as statutory superannuation) and basic insurances (such as disability, life and medical) where it is local market practice for employees in those countries. We may also provide benefits to support the global mobilisation of our executive talent.

Our Executive KMP remuneration framework has two variable components, being a short-term incentive plan (STI) and a long-term incentive plan (LTI).

The STI plan focusses the executive team on delivering the financial and strategic priorities relevant to the financial year.

The plan motivates Executive KMP to achieve financial and operational targets and rewards them for outperformance.

The LTI plan is equity based and rewards Executive KMP for creating long term shareholder value by delivering long term earnings growth and share price performance above peers.

The Remuneration and Nomination Committee reports to the Codan Board and has responsibility for the structure of remuneration paid to KMP, can reference trends in comparative companies both locally and internationally and may obtain independent advice on the appropriateness of remuneration packages and incentive structures.

In FY24 the Committee engaged the services of Ernst & Young to provide advice on the executive remuneration structure and remuneration related public disclosure. No recommendations in relation to the remuneration of KMP were provided to the Committee or Board.

FY24 Executive KMP Remuneration Changes and Outcomes

During FY23, a new Chair was appointed to the Board and to the Remuneration and Nomination Committee and the Board underwent a renewal process. These changes led to a review of the Executive KMP remuneration framework and metrics to provide further alignment with shareholders' interests. The Board considered it appropriate to redesign the executive remuneration framework for both STI and LTI to apply in FY24 and beyond to better support the future growth of the Company, better align reward outcomes for the CEO and other Executive KMP to shareholder outcomes, while retaining the core philosophy and principles outlined above.

CODAN LIMITED AND ITS CONTROLLED ENTITIES

CEO Remuneration

In conjunction with the changes set out below that have been made to the Executive KMP STI and LTI framework and metrics, the Board considered it important to address the relatively low incentive package available to the CEO, and the particularly low percentage of long-term equity-based incentive remuneration. Acknowledging that the lower incentive package is partially offset by relatively higher fixed remuneration and a cash (as opposed to equity based) STI that was negotiated when Mr Ianniello was recruited to the CEO role in January 2022, the Board nonetheless wanted to implement changes to the CEO remuneration package to create better alignment with shareholders. Essentially through a combination of fixing fixed remuneration until FY26 (other than changes to statutory payments), setting higher vesting performance requirements to achieve remuneration incentives at target and maximum for LTI and increasing in the value of equity-based incentives, particularly at maximum.

The STI available in FY24 has been reduced to 25% at target performance and 50% at maximum, with at least 50% of STI to be paid in equity, and 50% in either cash or equity at the CEO's election.

Noting the higher EPS growth targets that apply for the FY24 LTI plan and the introduction of a Relative Total Shareholder Return metric, the LTI available has been increased to 50% at threshold performance and 75% at maximum for FY24, all equity-based, with target at the mid-point of 62.5%. The at maximum percentage increases to 100% from FY25 onwards.

The chart below sets out the percentage of at-risk remuneration and percentage of equity-based remuneration for FY24.

Summary of KMP Remuneration Structure for FY24

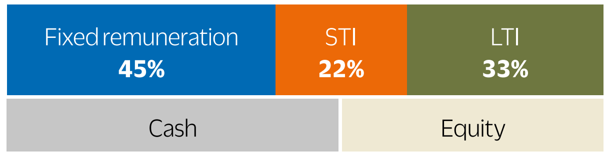
Executive KMP remuneration for FY24 at Codan is:

- Performance based
  - The remuneration for the CEO is 47% performance related at target and 55% performance related at maximum;
  - The remuneration for other Executive KMP is 47% performance related pay at target and 60% performance related at maximum.
- and is equity focussed
  - at target 41% of the CEO's total remuneration is paid in equity, at maximum 44% of the CEO's total remuneration is paid in equity;
  - at target 20% of other Executive KMP's total remuneration is paid in equity, at maximum 20% of other Executive KMP is paid in equity.
- and multi-year focussed
  - LTI performance is measured over a three-year period;
  - Shares issued under the LTI scheme are subject to a further two-year holding lock for Australian based Executive KMP;
  - 10% good leaver holding provisions in place for all Executive KMP.

CEO

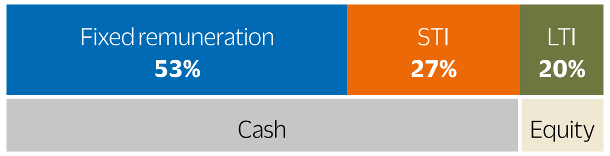
At Target*

At Maximum:

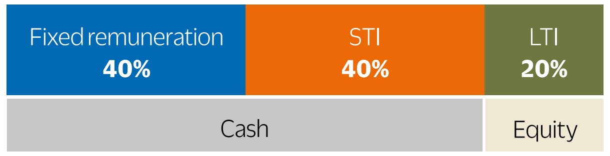


Other Executive KMP

At Target*



At Maximum:



** While there has been no change from last year's report to the entry point and maximum levels of the FY24 LTI plan, or to the performance requirements of the FY24 LTI plan, the above tables have been updated to reflect a Target performance for the LTI that is now defined to be the midpoint between the Threshold (entry) and Maximum levels. These same tables in last year's report used the entry level of the FY24 LTI plan as Target.*

Fixed Remuneration Review

The annual review of fixed remuneration for Executive KMP was performed and certain changes were implemented with effect from 1 January 2024. As noted previously the CEO's fixed remuneration was not increased during the year and this was also the case for non-executive Director's fees.

An external benchmark process that was approved by the Remuneration and Nomination Committee was completed during FY24 for all Executive KMP. The Chief Financial Officer had an increase to fixed remuneration of 7.5%, reflecting a need to adjust compared to market benchmarks. The United States based executives that lead our Communications businesses had an increase to their fixed remuneration of 3.5% which was in line with market conditions. Given our executive that leads our Minelab business was appointed to the role during FY24 there was no further changes to his remuneration during FY24.

FY24 Short Term Incentive

The STI structure is focussed on those aspects of the Company's performance in the FY24 annual plan within the control of the Executive KMP that will impact the value of the Company, being growth in revenues, profitability, operating free cash flow, order book (where applicable) and the achievement of sustainability and safety targets. The key changes to the STI structure for FY24 versus the prior year are as follows:

REMUNERATION REPORT – AUDITED (continued)

FY24 Executive KMP Remuneration Changes and Outcomes (continued)

FY24 Short Term Incentive (continued)

- STI is a percentage of each Executive KMP's fixed pay rather than a percentage of an EBIT profit pool (FY23 and prior);
- A scorecard has been determined for each Executive KMP with STI objectives set based on the financial and non-financial performance of the business or group that the executive can directly influence;
- A Codan Group EBIT metric (a higher weighting will apply to CEO and CFO) is included in each KMP's STI scorecard;
- STI for each Executive KMP is capped at a maximum of 100% of fixed pay, (FY23 and prior STI's were uncapped).

The framework for the FY24 STI plan is as follows:

Feature	Description				
Purpose:	Motivate and reward Executive KMP for contributing to the delivery of annual business performance.				
Value:	**Target**		**Maximum**		
	CEO	25% of fixed pay	CEO	50% of fixed pay	
	Other Executive KMP	50% of fixed pay	Other Executive KMP	100% of fixed pay	
	The CEO has lower STI and higher LTI than other Executive KMP to provide for better long-term alignment with shareholders.				
Eligibility:	All Executive KMP are eligible to participate in the STI plan. To be eligible for a payment executives must be employed at the time of the STI payment. The Board will exercise discretion when paying an STI to any Executive KMP who has been a "good leaver" during the year, with any payments likely to be made on a pro-rata basis.				
Delivery:	STI's are paid in cash, other than 50% of any STI for the CEO which will be paid in equity. The CEO has the option to have more than 50% of any STI paid in equity. For FY24 Executive KMP have the option to elect to have up to 50% of cash STI paid in equity on the same terms as the CEO. Shares issued to Executive KMP under the STI plan are restricted, with 90% restricted for a period of 1 year from issue date and 10% restricted until 12 months after the cessation of employment with the Company. The number of shares issued under the STI plan are calculated using the same share price that is used under the LTI plan. This is as approved by shareholders at the Annual General Meeting. The share price used was $7.59.				
Performance period:	1 year				
Setting performance objectives:	At the start of the financial year a scorecard of objectives is determined by the Board. For FY24 this was done as set out below. At the end of the year the Board will undertake a rigorous assessment of actual performance against each of the metrics. The Board has the discretion to increase or decrease the STI allocated to any Executive KMP considering their individual performance, approach to business risks and adherence to Codan values. Codan's performance against STI targets is disclosed retrospectively noting that the actual targets for FY24 (and for each prospective year) are not disclosed as they are commercially sensitive.				
Performance objectives:	**Measure**	**Rationale**	**Measurement**		
	Revenue	Financial metric focussed on growth	Revenue		
	Profitability	Financial metric that measures the performance of the business	Group EBIT Segment profit		
	Cash flow	Financial metric focussed on cash generation	Operating and investing cashflows		
	Order book	Financial metric that provides a lead indicator of future performance	Contracted orders received from customers		
	Sustainability and Safety	Codan is committed to providing a safe work environment and operating in a sustainable manner	Measures include performance against agreed operational objectives		
Individual performance objectives:	Each Executive KMP agreed an individual scorecard of performance objectives at the start of FY24 against which their performance will be assessed. Individual performance objectives are selected from the above list, tailored to the specific responsibilities of the role. The weighting of financial performance objectives (which includes growth in revenue, profitability, cash flow and order book) for each Executive KMP was at least 80% of their STI for FY24.				
Threshold, target and maximum performance objectives:	For each of the financial performance objectives the Board has set a minimum performance threshold (usually between 80% and 90% of target levels), an on-target performance level (predominantly being the year's business plan) and a maximum level (typically 110% of the target performance level).				
Percentage of STI depends on Actual Performance	**Performance against STI objectives**	**Percentage of STI Paid**			
	Less than Threshold	0%			
	Equal to Threshold	50%			
	More than Threshold, less than Target	Pro-rated vesting from 50% to 100%			
	Target	100%			
	More than Target, less than Maximum	Pro-rated vesting from 100% to 200%			
	Maximum	200%			
	The above percentages are calculated against the Target STI amount which is 25% of fixed pay for the CEO and 50% of fixed pay for Other Executive KMP.				

FY24 Short Term Incentive Targets and Outcomes

Codan has achieved strong financial performance in FY24. Revenues increased from $457 million to $551 million (growth of 21%), EBIT increased 29% to $114 million and Net Profit after Tax increased from $66 million to $81 million (growth of 24%). Strong growth was achieved by both our Communications and Metal Detection businesses. A leading indicator of growth is the customer order book for our Communications business which increased from $163 million to $197 million (growth of 21%).

Operationally, we have continued to progress our ESG initiatives and have provided a safe workplace for our staff. Our cash generation did not meet our targets and remains a key focus for our Executive KMP going forward. Overall, the STI outcome for our KMP is aligned with Codan's financial and operational outcomes. This is a pleasing result after FY23 when no STI's were paid to KMP. The CEO has elected to take 100% of his FY24 STI in equity.

The FY24 STI performance measures for our KMP are disclosed below:

CEO & CFO	Weighting	Target	Actual Result	Performance	STI Outcome
Group EBIT	60%	$102 million	$108 million	✓	134%
Cash Generation	25%	$73 million	$51 million	✗	0%
Environmental, Social, Governance and Safety	15%	Safety metrics and ESG objectives	All metrics were achieved	✓	100%
	100%				**96%**

Group EBIT is measured after the impact of finance charges on lease liabilities and before FY24 acquisitions and their related integration costs. The improved financial performance across all Codan's businesses resulted in this profitability measure increasing from $87 million in FY23 to $108 million in FY24 an increase of 24%. The positive impact of acquisitions made and acquisition and integration costs incurred in FY24 were removed from this profitability assessment for STI purposes. Cash generation for the Codan group is measured by considering operating and investing activities (excluding acquisitions of subsidiaries) and the threshold of this metric was not achieved in FY24, largely due to the timing of revenue transactions during the year. The Environmental, Social, Governance and Safety objective related to understanding our carbon footprint and identifying opportunities for improvement and the safety of our employees.

Communications	Weighting	Target	Actual Result	Performance	STI Outcome
Sales	20%	$302 million	$327 million	✓	108%
Segment Result	40%	$81 million	$81 million	✓	100%
Cash Generation	10%	$48 million	$34 million	✗	0%
Order Book	10%	$180 million	$197 million	✓	165%
Group EBIT	20%	$102 million	$108 million	✓	134%
	100%				**118%**

The above balanced scorecard details are for the Communications segment as a whole inclusive of FY24 acquisitions. The STI performance measures for our KMP who lead this Segment are specific to the business performance for the portion of the business that they lead. The financial targets for the Communications business are set and measured in United States dollars and the impact of acquisitions made in the year were excluded from the results when assessing the KMP's performance against each STI metric. Therefore, the STI outcomes for each KMP may vary to the above disclosed results. The Communications business delivered a strong result in FY24 with sales growth of 19%, profit growth of 19% and order book growth of 21% versus FY23.

DIRECTORS' REPORT (continued)

REMUNERATION REPORT – AUDITED (continued)

FY24 Executive KMP Remuneration Changes and Outcomes (continued)

FY24 Short Term Incentive Targets and Outcomes (continued)

Metal Detection	Weighting	Target	Actual Result	Performance	STI Outcome
Sales	20%	$196 million	$220 million	✓✓	224%
Segment Result	40%	$66 million	$78 million	✓✓	226%
Cash Generation	20%	$65 million	$78 million	✓✓	235%
Group EBIT	20%	$102 million	$108 million	✓	134%
	100%				**200%**

The metal detection segment delivered a strong result in FY24 with sales growth of 25%, profit growth of 37% and excellent cash generation versus FY23 and FY24 target.

Legend

- ✗ Actual result was below threshold resulting in no STI payment on this metric
- ✓ Actual result was above threshold but below target so STI outcome between 50% and 100%
- ✓ Actual result was above target but below maximum so STI outcome between 100% and 200%
- ✓✓ Actual result was above maximum so STI outcome at 200%

The following table provides the FY24 STI outcomes for KMP (for the period they were KMP):

KMP	STI at Target $	STI at Maximum $	STI Achieved $	STI as a % of Maximum	STI % Not Achieved
A Ianniello	252,438	504,876	341,222	68%	32%
M Barton	207,107	414,214	227,905	55%	45%
B Harvey	203,058	406,117	406,117	100%	0%
S French	314,216	628,432	360,499	57%	43%
P Sangster	314,216	628,432	314,216	50%	50%

All STI payments to Executive KMP are subject to Board discretion so the above STI outcomes can vary to the results of the disclosed STI performance measures. In FY24 the Board exercised discretion to increase STI payments where the performance and strategic objectives that were delivered in the year were felt to exceed the outcome of the STI performance measures. In aggregate this amount was less than $200k, of which the CEO was awarded an additional $100k to reflect the leadership, development and implementation of Codan's strategy including the acquisitions made during the FY24 year.

FY24 Long Term Incentive

The LTI incentive structure is focussed on long term performance being delivered for shareholders with reference to growth in EPS, and in FY24 the addition of a Relative Total Shareholder Return (RTSR) metric, measured over a three-year period and is designed to motivate superior performance and to retain Executive KMP. The key changes to the LTI structure for FY24 versus the prior year are as follows:

- Performance metrics: Historically Codan's LTI plan had a single financial metric, being the growth of EPS over a defined base level. In FY24 a second LTI metric, RTSR, was added.
- EPS base year: The EPS used as the base for performance targets has in recent years been based on an average of Codan's results in three prior years. The Board has determined that the immediately preceding financial year's EPS will be used as the base level for setting EPS growth targets going forward.
- EPS growth expectations: The growth rates that were required to achieve the performance hurdles were previously between 2% and 8% per annum. The Board decided to significantly increase the required EPS growth rates and have adjusted the FY24 performance hurdles to be between 8% and 13% per annum.
- EPS performance: The previous LTI plan used an aggregate target over the 3-year period; the FY24 LTI plan is based on an EPS target being met in the third year of the performance period using the required EPS annual growth rate compounded over the three-year measurement period.

The framework for the FY24 LTI plan, which was set out in the FY23 remuneration report, is as follows:

CODAN LIMITED AND ITS CONTROLLED ENTITIES

Feature	Description
Purpose:	The purpose of the LTI plan is to focus the CEO and other Executive KMP on the creation of sustainable long term shareholder value. It rewards executives for delivering long term earnings performance above a minimum target and for creating value for shareholders with shareholder returns at above the 50th percentile of a selected peer group of ASX listed companies. It encourages Executive KMP to remain employed by Codan and aligns their interests with those of shareholders.
Face value:	**Threshold** CEO 50% of fixed pay Other Executive KMP 25% of fixed pay **Target** CEO 62.5% of fixed pay Other Executive KMP 37.5% of fixed pay **Maximum** CEO 75% of fixed pay Other Executive KMP 50% of fixed pay
	This represents the face value of the equity should all the performance targets be achieved. The value ultimately received by executives will depend on the Codan share price at the time of vesting. The CEO has a higher LTI incentive, 100% equity based, relative to other KMP to better align his financial reward with shareholders. The maximum for the CEO will increase to 100% from FY25.
Eligibility:	All Executive KMP are eligible to participate in the LTI plan. To be eligible for a grant of performance rights they must have been employed at the beginning of the performance period i.e. 1 July before the grant of that year's performance rights. The Board may exercise discretion for executives employed after 1 July in a year and may consider issuing performance rights on a pro rata basis.
Instrument:	Performance rights
Performance period:	3 years, ending 30 June 2026
Number of performance rights:	The number of rights granted is determined by dividing the relevant LTI percentage of the Executive KMP's fixed salary as of 1 July 2023 by the volume weighted average of the Company's share price in the five days after the release of the Codan group's annual results for FY23 which was $7.59.
Summary of performance conditions:	The LTI will be assessed against two independent performance metrics being EPS growth and RTSR. **EPS growth performance hurdle: 67% weighting** An EPS growth metric provides a clear line of sight between executive performance and Codan's financial performance over the long term. It is also well understood by the Codan executive team and our shareholders. The Board may adjust the underlying NPAT used to measure performance against the LTI plan where it deems it appropriate to do so, for example as a result of major transactions, such as an acquisition or divestment, or other one-off type items. To measure EPS, we will divide the Codan Group NPAT by the weighted average number of Codan ordinary shares on issue during the financial year. To measure growth in EPS we compare the EPS in the financial year immediately preceding the grant (FY23) with the EPS achieved in the measurement year, being Year 3 (FY26). To set the FY26 target the Board has used the underlying EPS performance for FY23 of 36.3 cents per share. Performance rights would vest if the EPS achieved in the measurement year exceeds a threshold with all rights vesting if a maximum EPS is achieved. The threshold, target and maximum EPS were calculated by applying a compounding annual growth rate to a base EPS. This is represented in the below table:

DIRECTORS' REPORT (continued)

REMUNERATION REPORT – AUDITED (continued)

FY24 Executive KMP Remuneration Changes and Outcomes (continued)

FY24 Long Term Incentive (continued)

Feature	Description
	The vesting schedule of the rights subject to the EPS growth hurdle is as follows: **EPS annual compounding growth** – **Percentage of rights vested** Less than Threshold – 0% Threshold – 50% of maximum More than Threshold less than Maximum – Pro-rated from 50% to 100% At or greater than Maximum – 100% of maximum For the CEO at Threshold 67% of the Maximum rights vest, with pro-rated vesting from 67% to 100% of Maximum. The Board retains full discretion to determine, amend and calculate the vesting outcomes. **RTSR performance hurdle: 33% weighting** This RTSR measure represents the relative change in the value of Codan's share price over a period including reinvested dividends, compared to the constituents of a peer group. The change is expressed as a percentage on the opening value of the shares and then ranked as a percentile compared to the peer group. The Board has chosen a RTSR measure as it provides an appropriate comparative measure of shareholder return, reflecting an investor's choice to invest in Codan versus another peer group entity. Executive KMP will only derive value from the RTSR component of the LTI plan if Codan's RTSR performance is at least at the 50th percentile of companies in the peer comparison group measured over the three-year period. The vesting schedule of the rights subject to the RTSR hurdle is as follows: **RTSR** – **Percentage of rights vesting** Less than 50% Threshold percentile – 0% At 50% percentile Threshold – 50% of maximum More than Threshold less than 75% Maximum percentile – Pro-rated from 50% to 100% At 75% Maximum percentile – 100% of maximum For the CEO at Threshold 67% of the Maximum rights vest, with pro-rated vesting from 67% to 100% of Maximum. For the FY24 rights grant the peer group of companies will be companies listed on the ASX within 50% and 200% of Codan's 12-month average market capitalisation as at 30 June 2023, with industry exclusions being any companies in the peer group from the Materials, Finance and Energy GICS sectors. The Board can adjust the peer group constituents to take account of events that happen during the performance period, for example, the impact of corporate activity such as takeovers, mergers or de-listings.
Conversion to shares:	If vested, each performance right is exercisable into one ordinary share in the Company, at nil exercise price, and the Executive KMP has a twelve-month period following vesting to do this. Shares allocated to Executive KMP upon exercise of the performance rights rank equally with all other ordinary shares on issue. Where the shares are subject to further restrictions, they cannot be sold before the restriction period ends. They may still be forfeited in certain circumstances.
Restriction periods:	Of the shares granted to Executive KMP, 90% remain restricted for a further two years after vesting whereby Executive KMP are prohibited from trading the shares. This two-year restriction period does not apply to our overseas based Executive KMP due to local taxation regulations. The remaining 10% of shares are subject to a "good leaver" clause such that they remain at risk of forfeiture at the Board's discretion until twelve months after the Executive KMP leaves the employment of Codan.
Leaver provisions:	Performance rights vest subject to Board approval and the Executive KMP remaining an employee of the Group on the vesting date. In certain circumstances the Board may exercise discretion and allow a good leaver to retain their unvested performance rights in whole or part. If the Board does exercise this discretion the Board will determine the conditions and timing of when that vesting may occur. The Board generally would only exercise this discretion in circumstances such as permanent disability, retirement and redundancy, consistent with the notion of a good leaver.

CODAN LIMITED AND ITS CONTROLLED ENTITIES

Feature	Description
Clawback provisions:	Any performance rights on issue to an Executive KMP will lapse immediately on termination of the executive from the employment of Codan for reasons of misconduct. Any shares issued to an Executive KMP under the LTI plan remain at risk of forfeiture while they remain restricted. Forfeiture of the shares will occur if the Executive KMP: • Perpetrates fraud, • Acts dishonestly, • Commits a breach of the executive's obligations to Codan, • Provides services to a competitor of Codan, • Engages in activity that in the opinion of the Board is detrimental to Codan.
Other equity provisions:	Performance rights issued to Executive KMP carry: • no voting or dividend entitlements, • no entitlement to participate in new share issues other than bonus issues (when the Board may adjust the number of rights in accordance with ASX Listing Rules to make sure that there is no advantage or disadvantage to the executive), • no automatic entitlement to shares in the event of a change in control event for Codan, with the Board to exercise discretion in these circumstances.

Non-Executive Directors Fee Structure

Total remuneration for all non-executive directors, last voted upon by shareholders at the 2010 AGM, is not to exceed $850,000 per annum. Non-executive directors do not receive any performance-related remuneration, nor are they issued options on securities. Directors' fees cover all main Board activities and membership of committees. There were no changes to non-executive director fees during FY24 other than the statutory change in the superannuation rate of 0.5%. Codan has commenced a benchmarking exercise on fees paid to non-executive directors, with any adjustments to take effect from 1 July 2024.

Service contracts

It is the group's policy that service contracts for Executive KMP are unlimited in term but capable of termination on three to six months' notice, and that the group retains the right to terminate the contract immediately by making payment in lieu of notice. The group has entered a service contract with each Executive KMP.

Executive KMP are also entitled to receive on termination of employment their statutory entitlements of accrued annual and long service leave with the Board to exercise discretion regarding any entitlement to variable components of their remuneration.

Other transactions with key management personnel

There have been no loans to key management personnel or their related parties during the financial year.

From time to time, directors and Executive KMP, or their personally related entities, may purchase goods from the group. These purchases occur within a normal employee relationship and are trivial in nature.

Director share ownership

The Directors' Shareholding Policy requires directors to build a minimum shareholding in the Company. For non-executive directors, this minimum shareholding should equate to their annual director fee and for executive directors their annual fixed remuneration. Under the policy, directors have five years to reach the minimum holding. All directors are in compliance with the policy.

Remuneration Tables (Statutory Disclosures)

Corporate performance

As required by the Corporations Act 2001, the following information is presented:

	2024	2023	2022	2021	2020
Profit attributable to shareholders ($000)	**$81,387**	$67,774	$100,736	$90,351	$63,795
Dividends paid ($000)	**$36,263**	$43,480	$53,361	$38,809	$26,999
Share price at 30 June	**$12.03**	$8.03	$6.96	$18.03	$7.09
Increase(Decrease) in share price at 30 June	**$4.00**	$1.07	($11.07)	$10.94	$3.62
Earnings per share, fully diluted	**44.8c**	37.4c	55.6c	49.8c	35.3c

CODAN LIMITED AND ITS CONTROLLED ENTITIES

DIRECTORS' REPORT (continued)

REMUNERATION REPORT – AUDITED (continued)

Remuneration Tables (Statutory Disclosures) (continued)

Directors' and Executive KMP remuneration

Details of the nature and amount of each major element of the remuneration paid or payable to each director of the Company and other key management personnel of the group are:

Directors	Year	Salary and fees $	Short-term incentives $	Other short-term $	Post-employment and superannuation contributions $	Other long-term $	Termination benefits $	Performance rights $	Total $	Proportion of remuneration performance related %
Non-Executive										
Mr G Barclay*	**2024**	**192,280**	**–**	**–**	**21,151**	**–**	**–**	**–**	**213,431**	**–**
	2023	136,199	–	–	14,301	–	–	–	150,500	–
Ms K Gramp	**2024**	**104,880**	**–**	**–**	**11,537**	**–**	**–**	**–**	**116,417**	**–**
	2023	104,880	–	–	11,012	–	–	–	115,892	–
Ms S Adam-Gedge**	**2024**	**96,141**	**–**	**–**	**10,575**	**–**	**–**	**–**	**106,716**	**–**
	2023	40,059	–	–	4,206	–	–	–	44,265	–
Mr H Mackay-Cruise**	**2024**	**96,141**	**–**	**–**	**10,575**	**–**	**–**	**–**	**106,716**	**–**
	2023	32,047	–	–	3,365	–	–	–	35,412	–
Total non-executives' remuneration	**2024**	**489,442**	**–**	**–**	**53,838**	**–**	**–**	**–**	**543,280**	**–**
	2023	313,185	–	–	32,884	–	–	–	346,069	–
Executive Director										
Mr A Ianniello	**2024**	**973,242**	**341,222**	**–**	**27,500**	**24,791**	**–**	**126,083**	**1,492,838**	**31.3**
	2023	987,042	–	–	27,500	24,479	–	36,783	1,075,804	3.4
Total directors' remuneration	**2024**	**1,462,684**	**341,222**	**–**	**81,338**	**24,791**	**–**	**126,083**	**2,036,118**	**–**
	2023	1,300,227	–	–	60,384	24,479	–	36,783	1,421,873	–

* Graeme Barclay commenced his role as Chair on 1 February 2023.
** Sarah Adam-Gedge & Heith Mackay-Cruise commenced their roles as directors on 1 February 2023 and 1 March 2023 respectively.

Executive officers	Year	Salary and fees Restated*** $	Short-term incentives $	Other short-term* $	Post-employment and superannuation contributions $	Other long-term $	Termination benefits $	Performance rights $	Total Restated*** $	Proportion of remuneration performance related Restated*** %
Non-Executive										
Mr M Barton (Chief Financial Officer and Company Secretary)	**2024**	**370,229**	**227,905**	**–**	**27,500**	**24,362**	**–**	**38,529**	**688,525**	**38.7**
	2023	346,413	–	–	27,500	44,108	–	106,143	524,164	20.2
Mr P Charlesworth (Executive General Manager, Minelab)**	**2024**	**102,979**	**113,458**	**–**	**6,850**	**2,699**	**–**	**11,404**	**237,390**	**52.6**
	2023	429,606	–	–	25,292	10,855	–	134,567	600,320	22.4
Mr B Harvey (Executive General Manager, Minelab)**	**2024**	**416,322**	**406,117**	**39,837**	**13,854**	**–**	**–**	**36,989**	**913,119**	**48.5**
Mr S French* (Executive General Manager, Zetron)**	**2024**	**632,356**	**360,499**	**30,740**	**21,313**	**–**	**–**	**296,165**	**1,341,073**	**49.0**
	2023	553,393	–	26,577	15,597	–	–	202,770	798,337	25.4
Mr S Sangster* (Executive General Manager, Tactical Communications)**	**2024**	**659,994**	**314,216**	**–**	**15,711**	**–**	**–**	**291,725**	**1,281,646**	**47.3**
	2023	524,033	–	1,639	20,702	1,281	–	197,785	745,440	26.5
Total Executive KMP remuneration	**2024**	**2,181,880**	**1,422,195**	**70,577**	**85,228**	**27,061**	**–**	**674,812**	**4,461,753**	**–**
	2023	1,853,445	–	28,216	89,091	56,244	–	641,265	2,668,261	–

* Other short-term benefits relate to costs incurred for arrangements made following the executives' relocation from an overseas country to the location of their employment with Codan.
** Mr P Charlesworth retired as Executive General Manager, Minelab on 30 September 2023 and Mr B Harvey was appointed to this role on 1 October 2023.
*** As disclosed in the FY23 Remuneration Report, the executives leading our Communications business had their fixed salary increased to US$400,000 and this expense was included in the FY23 financial statements. The amount reported in the FY23 Remuneration Report Tables did not incorporate the adjustment of US$48,690 for Mr S French and US$32,000 for Mr S Sangster for the approved new fixed salary. The comparatives in the FY24 Remuneration Tables (Statutory Disclosures) have been restated to incorporate this adjustment.

DIRECTORS' REPORT (continued)

REMUNERATION REPORT – AUDITED (continued)

Remuneration Tables (Statutory Disclosures) (continued)

Directors' and Executive KMP remuneration (continued)

Executive KMP outside of Australia are paid in their local currencies. The Australian dollar equivalents are calculated using average exchange rates for the financial year.

The remuneration amounts disclosed above have been calculated based on the expense to the Company for the financial year. Therefore, items such as performance rights, annual leave and long service leave taken and provided for have been included in the calculations. As a result, the remuneration disclosed may not equal the salary package as agreed with the Executive KMP in any one year.

Other than performance rights, no options or shares were issued during the year as compensation for any key management personnel.

Movements in shares

The movement during the reporting period in the number of ordinary shares in Codan Limited, held directly, indirectly, or beneficially by each key management person, including their related parties, is as follows:

	Held at 1 July 2023	Received on exercise of rights	Other changes*	Held at 30 June 2024
Directors				
Mr G Barclay	123,752	–	–	123,752
Mr A Ianniello	41,120	–	–	41,120
Ms K Gramp	28,000	–	–	28,000
Ms S Adam-Gedge	8,000	–	5,000	13,000
Mr H Mackay-Cruise	5,000	–	14,500	19,500
Executive KMP				
Mr M Barton	204,075	14,641	(86,586)	132,130
Mr P Charlesworth**	493,982	18,102	–	512,084
Mr B Harvey**	6,490	–	(5,101)	1,389
Mr S French	38,426	17,788	4,270	60,484
Mr S Sangster	85,732	17,536	–	103,268

* Other changes represent shares that were purchased or sold during the year.
** Mr P Charlesworth retired as Executive General Manager, Minelab on 30 September 2023 and therefore his closing shareholder balance relates to this date and Mr B Harvey was appointed to this role on 1 October 2023 and therefore his opening shareholding balance relates to this date.

Performance rights issued

Details of performance rights granted to Executive KMP during the year are as follows:

	Number of performance rights granted during year	Grant date	Average fair value per right at grant date ($)	Exercise price per right ($)	Vesting date	Number of rights vested during year
Directors						
Mr A Ianniello	99,809	25 October 2023	6.12	–	30 June 2026	–
Executive KMP						
Mr M Barton	25,391	25 January 2024	5.80	–	30 June 2026	–
Mr B Harvey	35,579	25 January 2024	6.48	–	30 June 2026	–
Mr S A French	40,089	25 January 2024	6.48	–	30 June 2026	–
Mr S P Sangster	40,089	25 January 2024	6.48	–	30 June 2026	–

Details of vesting profiles of performance rights granted to KMP as at 30 June 2024 are detailed below:

	Performance rights granted Number	Date	Percentage vested in year	Percentage forfeited in year	Financial years in which shares will be issued if vesting achieved
Director					
Mr A Ianniello	16,305	25 November 2022	–	–	2025
	40,714	25 November 2022	–	–	2026
	99,809	25 October 2023	–	–	2027
Executive KMP					
Mr M Barton	14,641	13 November 2020	100	–	2024
	10,124	6 December 2021	–	–	2025
	25,889	17 February 2023	–	–	2026
	25,391	25 January 2024	–	–	2027
Mr P D Charlesworth	18,102	13 November 2020	100	–	2024
	13,774	6 December 2021	–	–	2025
	30,496	17 February 2023	–	–	2026
Mr B Harvey	5,668	13 November 2020	100	–	2024
	3,499	6 December 2021	–	–	2025
	8,285	17 February 2023	–	–	2026
	35,579	25 January 2024	–	–	2027
Mr S A French	17,788	13 November 2020	100	–	2024
	12,688	6 December 2021	–	–	2025
	116,254	17 February 2023	–	–	2026
	37,500	17 February 2023	–	–	2028
	40,089	25 January 2024	–	–	2027
Mr S P Sangster	17,536	13 November 2020	100	–	2024
	12,126	6 December 2021	–	–	2025
	119,426	17 February 2023	–	–	2026
	37,500	17 February 2023	–	–	2028
	40,089	25 January 2024	–	–	2027

Performance rights issued in financial year 2024

The Company issued 99,809 performance rights in relation to the FY24 LTI plan to the Chief Executive Officer. For the EPS growth performance hurdle, the fair value of the rights was on average $6.74, based on the Black-Scholes formula. The model inputs were the share price of $8.13, no exercise price, expected volatility 49.5%, dividend yield 2.28%, a term of three years and a risk-free rate of 4.63%. For the RTSR performance hurdle, the fair value of the rights was on average $4.88, based on the Monte Carlo simulation method. The model inputs were the share price of $8.13, expected volatility 49.5%, dividend yield 2.28%, a risk-free rate of 4.63%, performance period of 3 years ending 30 June 2026, volatility for each peer, historical returns for each peer and vesting schedule applicable to the Chief Executive Officer.

The Company issued 141,148 performance rights in February 2024 to other Executive KMP. For the EPS growth performance hurdle, the fair value of the rights was on average $7.25, based on the Black-Scholes Formula. The model inputs were the share price of $7.95, no exercise price, expected volatility 48.1%, dividend yield 2.33%, a term of three years and a risk-free rate of 4.54%. For the RTSR performance hurdle, the fair value of the rights was on average $4.43, based on the Monte Carlo simulation method. The model inputs were the share price of $7.95, expected volatility 48.1%, dividend yield 2.33%, a risk-free rate of 4.15%, performance period of 3 years ending 30 June 2026, volatility for each peer, historical returns for each peer and vesting schedule applicable to other Executive KMP.

The performance rights become exercisable if certain performance targets are achieved. These performance targets, explained more fully earlier in the report, relate to growth of the group's earnings per share and a Relative Total Shareholder Return metric, these are measured over a three-year performance period.

DIRECTORS' REPORT (continued)

REMUNERATION REPORT – AUDITED (continued)

Remuneration Tables (Statutory Disclosures) (continued)

Performance rights issued in financial year 2023

The Company issued 40,714 performance rights in relation to the FY23 long term incentive plan and 16,305 performance rights in relation to the FY22 plan in November 2022 to the Chief Executive Officer. The FY22 issue was a pro rata issue given the Chief Executive Officer commenced employment part way through that year. The fair value of the rights was on average $3.24, based on the Black-Scholes formula. The model inputs were the share price of $3.98, no exercise price, expected volatility 53%, dividend yield 7.04%, a term of three years for the FY23 issue and a term of two years for the FY22 issue and a risk-free rate of 3.6%. The Company issued 367,075 performance rights in February 2023 to other Executive KMP. The fair value of the rights was on average $4.62, based on the Black-Scholes Formula. The model inputs were the share price of $5.48, no exercise price, expected volatility 53%, dividend yield 5.11%, a term of three years and a risk-free rate of 3.6%.

The performance rights become exercisable if certain performance thresholds in relation to growth of the group's earnings per share over a three-year period are achieved.

Performance rights issued in financial year 2022

The Company issued 48,712 performance rights in December 2021 to Executive KMP. The fair value of the rights was on average $8.20 based on the Black-Scholes formula. The model inputs were the share price of $9.11, no exercise price, expected volatility 45%, dividend yield 3.0%, a term of three years and a risk-free rate of 1.6%.

The performance rights become exercisable if certain performance thresholds in relation to growth of the group's earnings per share over a three-year period are achieved.

The FY22 LTI plan performance rights have fully vested following the end of the three-year performance period on 30 June 2024 as the aggregate EPS achieved over the performance period was 136.9 cents, above the 133.7 cents required for 100% vesting of performance rights to shares.

Movement in performance rights

The movements during the reporting period in the number of performance rights over ordinary shares in Codan Limited, held directly, indirectly or beneficially by each key management person, including their related parties, is as follows:

	Held at 1 July 2023	Issued	Vested	Lapsed	Held at 30 June 2024
Directors					
Mr A Ianniello	57,019	99,809	–	–	156,828
Executive KMP					
Mr M Barton	50,664	25,391	14,641	–	61,414
Mr P Charlesworth*	62,372	–	18,102	–	44,270
Mr B Harvey*	11,784	35,579	–	–	47,363
Mr S French	184,230	40,089	17,788	–	206,531
Mr S Sangster	186,588	40,089	17,536	–	209,141

* Mr P Charlesworth retired as Executive General Manager, Minelab on 30 September 2023 and therefore his closing shareholder balance relates to this date and Mr B Harvey was appointed to this role on 1 October 2023 and therefore his opening shareholding balance relates to this date.

OPERATING AND FINANCIAL REVIEW

Codan is a technology company that provides robust technology solutions that solve customers' communications, safety, security, and productivity problems in some of the harshest environments around the world. Our customers include United Nations organisations, security and military groups, government departments, major corporates as well as individual consumers and small-scale miners.

FY24 HIGHLIGHTS:

- Strong Group financial performance:
  - Group revenue of $550.5 million, up 21% versus prior corresponding period ("pcp");
  - Earnings before interest and tax of $113.9 million, up 29% versus pcp; and
  - Net profit after tax of $81.3 million, up 24% versus pcp.
- Strong Communications performance continues:
  - Communications revenue of $326.9 million, up 19% versus pcp, segment profit of $80.5 million, up 19% versus pcp; and
  - Expanding communications orderbook of $197 million, up 21% versus 30 June 2023.
- Strong metal detection performance:
  - revenue of $219.9 million up 25% versus pcp, segment profit $77.9 million, up 37% versus pcp; and
  - All divisions growing versus pcp.
- Net debt of $75.4 million as at 30 June 2024, having funded $37.2 million for acquisitions and $36.3 million of dividends paid during the year.
- Earnings per share of 45.0 cents, up 24% versus pcp.
- Annual dividend of 22.5 cents, fully franked (interim dividend 10.5 cents, final 12.0 cents) versus 18.5 cents in FY23.

Codan has delivered a strong FY24 result, with group revenues up 21%, EBIT up 29% and NPAT up 24%. It is pleasing to see the business deliver sustainable growth across the last three consecutive halves. Our primary focus remains on strengthening the business to achieve sustainable, profitable growth for the future, reinforcing a stronger Codan.

Our Communications segment remains core to our future growth and continues to perform strongly, with revenues up 19% versus pcp. Communications continues to strengthen its position in the market as a solutions provider, with the orderbook growing 21% to $197 million versus 30 June 2023. The Zetron UK and Wave Central businesses acquired during the reporting period are performing well with integration activities now complete. Our strategy remains to continue to invest in the Communications segment to drive revenue growth, enhance predictability and capitalise on opportunities in large addressable growth markets.

Our metal detection business also delivered a strong FY24, with each of Minelab's divisions delivering increased revenues, collectively up 25% versus FY23. Our strategy remains to invest in metal detection technologies and distribution channels, to drive revenue growth and enhance financial returns.

Dividend

The Company announced a final dividend of 12.0 cents per share, fully franked, bringing the full-year dividend to 22.5 cents. This dividend has a record date of 4 September 2024 and will be paid on 18 September 2024.

Financial performance and other matters

	FY24		FY23	
	$m	% of sales	$m	% of sales
Revenue				
Communications	**326.9**	**59%**	274.5	60%
Metal Detection	**219.9**	**40%**	176.1	39%
Other	**3.7**	**1%**	5.9	1%
Total revenue	**550.5**	**100%**	456.5	100%
Business performance				
EBITDA	**147.0**	**27%**	116.8	26%
EBIT	**113.9**	**21%**	88.0	19%
Interest	**(9.4)**		(5.3)	
Net profit before tax	**104.5**	**19%**	82.6	18%
Taxation	**(23.2)**		(17.1)	
Underlying Net profit after tax	**81.3**	**15%**	65.5	14%
Non-recurring income/(expenses) after tax*:				
Recognition/(derecognition) of tax losses previously not booked	**–**		2.2	
Net profit after tax	**81.3**		67.7	
Underlying earnings per share, basic	**45.0 cents**		36.3 cents	
Statutory earnings per share, basic	**45.0 cents**		37.5 cents	
Ordinary dividend per share	**22.5 cents**		18.5 cents	

* Non-recurring income/(expenses) are considered to be outside of normal business activities of the group and for comparability reasons have been separately identified. Underlying profit is a non-IFRS measure used by management of the Company to assess the operating performance of the business. The non-IFRS measures have not been subject to audit.

At a Group level year-on-year revenue grew 21%. This result reflects strong organic growth, further supplemented by the businesses acquired throughout the year.

Expenses increased during the year, primarily due to acquisitions, higher variable remuneration linked to improved financial performance and integration costs. Additionally, ongoing investment was directed towards strengthening Codan's people, processes and systems that are required to deliver the Group's future strategic growth initiatives. During the year, the group's integration and acquisition related expenses were approximately $2 million.

All profitability metrics increased versus FY23, with EBIT and NPAT up 29% and 24% respectively. Pleasingly, the business delivered organic EBIT growth of $22 million, up 24%.

Net Debt and Balance Sheet

Net debt increased $23.7 million during the year to $75.4 million as at 30 June 2024. This is after paying $37.2 million cash consideration for acquisitions, investing $40.0 million into product development as well as funding $36.3 million of dividends paid during the year.

During FY24, the Group increased its existing bank facility to $170 million (from $140 million), with additional capacity available of $150 million subject to bank approval. These facilities provide the Company with the financial flexibility to support future inorganic growth opportunities. Specifically, Codan continues to seek acquisition opportunities which enhance the quality of the Group's revenues. The primary focus remains on key Communications growth markets that will provide Codan with increased future earnings visibility.

DIRECTORS' REPORT (continued)

OPERATING AND FINANCIAL REVIEW (continued)

Financial performance and other matters (continued)

Performance by business unit

Communications (Tactical & Zetron)

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

Codan Communications revenues increased 19% to $326.9 million versus FY23, primarily attributed to Zetron's strong organic performance, bolstered by the acquisition of two high-quality businesses during the period (Zetron UK and Wave Central). Collectively, these acquisitions contributed revenues of $31 million and the businesses remain on track to achieving their year two investment objectives.

Pleasingly, organic revenue growth from the Communications segment exceeded the target 10 to 15% range, after normalising for revenues from the large Communications project delivered in FY23 (approximately $20 million).

Communications segment profit grew 19% and totalled $80.5 million, which reflects a 25% segment profit margin.

During the year, Communications continued to invest in strengthening business development and engineering teams to deliver on strategic growth initiatives. While this has temporarily impacted Communications' operating leverage momentum, it positively positions the business to deliver future growth. The Company remains committed to achieving additional operating leverage, targeting a 30% segment profit margin in the Communications segment over the next two to three years.

Tactical Communications delivered a solid result with strong growth in the unmanned systems and broadcast markets, which more than offset the softness in HF due to geopolitical factors in Africa. Some notable wins include a $8.5 million European-funded unmanned military program, a $7.1 million South Korean military MESH communications contract and several contract awards in Broadcast for live event news coverage, college and professional sports. 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 solutions, optimizing size, weight and power for a diverse set of customers. Following Codan's acquisition of Wave Central in December 2023, the business integrated well and delivered results in line with expectations during the first 7 months of ownership. Near-term, the focus for Tactical Communications is to successfully complete the development of our radio waveform and to be accepted into longer-term defence-related communications programs in North America.

Zetron outperformed expectations during the year as the business continues to deliver revenue growth from its expanded footprint. Zetron's growth continues to be driven by customers seeking to benefit from the integrated and complete command and control solution which is offered across the public safety, utilities and transport markets. Some notable wins include a $10.0 million contract with one of the largest utilities providers in the Midwest region of the US, a $3.5 million upgrade with Kitsap County, a $2.0 million Queensland Rail project upgrade, the renewal of a London Underground recurring services contract as well as multiple awards in Iowa, North Carolina, Arizona, Missouri, West Virginia and New Jersey. Zetron continues to invest in the next generation of products and solutions, which will also be able to serve the growing NG911 public safety market.

During the year, Zetron successfully completed the integration of Zetron UK, with the business exceeding our year one acquisition expectations. With the business now successfully integrated, Zetron has shifted its focus towards executing its FY25 growth plans, consistent with the previously announced investment objective.

Communications' orderbook grew to $197 million as at 30 June 2024 (+21% versus 30 June 2023). Pleasingly, this increase has been achieved in both the newly acquired and existing businesses.

In summary, Communications remains well-positioned for growth, having successfully integrated newly acquired businesses in conjunction with investment in strengthening business development and engineering teams. This continues to enhance Codan's Communications market position and will deliver future growth opportunities. With approximately $120 million of FY25 revenues secured in orderbook and a strong pipeline of opportunities, Communications continues to target organic revenue growth in the 10 to 15% range.

Metal Detection (Minelab)

Minelab is the world leader in the handheld metal detection industry for the recreational, gold prospecting, demining and military markets. Over the past 30 years Minelab has led the category in innovation and has driven metal detection performance to new levels of technological excellence.

Minelab's revenue of $220 million for FY24 reflects a 25% increase versus FY23, all achieved organically. As a result of enhanced operating leverage, Minelab's segment profit margin increased to 35% during the year, versus 32% in the prior year.

During FY24, rest of world performance benefited from full year revenues driven by the release of the Manticore, Equinox 700|900 and X-Terra Pro products, alongside an expansion of retail channel points of distribution across North America and Europe. While sales softened in specific regions, such as Australia, the business remains focused on sales growth via expansion of storefronts with leading retailers, along with enhancing market position using platforms such as Amazon and Minelab eCommerce channels. These efforts are expected to support further growth into FY25 and beyond. Therefore, Minelab maintains its target of achieving high single-digit revenue growth for our rest of world revenues.

Minelab Africa delivered an improved FY24 result, with revenues of approximately $70 million, increasing half on half as well as versus FY23. Despite the Sudan region of Northeast Africa still being largely disrupted, it was pleasing to observe an improvement in revenues in West Africa which have generally returned to pre-covid levels. Additionally, as supply chains have normalized, Minelab has successfully reduced inventory holdings by approximately $15 million over the course of FY24.

Countermine continues to generate strong performance, following the delivery of several Government contracts to support humanitarian demining efforts in Ukraine. Countermine's established relationships with global NGOs supporting this effort is underpinned by its proven track record of detector performance.

As the market leader in hand-held metal detectors, Minelab continues to invest in new product technologies along with maintaining a significant focus on distribution channel expansion. Collectively, these efforts position Minelab well for future growth.

Outlook

When considering the outlook for FY25:

- Communications continues to target organic revenue growth in a 10 to 15% range;
- Minelab continues to target rest of world revenue growth at high-single digits; and
- Codan is seeking acquisition opportunities which enhance the quality of the Group's revenues, focussing on its Communications segment.

Codan will continue to deliver on its strategic growth plan, with investment into developing next generation products and solutions, expanding into new geographic markets, strengthening global distribution channels and enhancing operational leverage as revenues grow. These efforts aim to position Codan strongly for sustained growth in FY25 and beyond, and ensuring Codan is well positioned to capitalise on emerging opportunities.

The Board will provide a further business update at the Annual General Meeting on 23 October 2024.

DIVIDENDS

Dividends paid or declared by the Company to members since the end of the previous financial year were:

	Cents per share	Total amount $000	Franked	Date of payment
Declared and paid during the year ended 30 June 2024:				
FY23 final	9.5	17,225	100%	8 Sept 2023
FY24 interim	10.5	19,038	100%	12 March 2024
Declared after the end of the year:				
FY24 final	12.0	21,758	100%	18 Sept 2024

All dividends paid or declared by the Company since the end of the previous financial year were fully franked.

EVENTS SUBSEQUENT TO REPORTING DATE

Except for the declaration of the FY24 final dividend detailed in note 5, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the group, the results of those operations, or the state of affairs of the group, in future financial years.

LIKELY DEVELOPMENTS

The group will continue with its strategy of continuing to invest in new product development and to seek opportunities to further strengthen profitability by expanding into related businesses offering complementary products and technologies.

Further information about likely developments in the operations of the group and the expected results of those operations in future financial years has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the group.

DIRECTORS' INTERESTS

The relevant interest of each director in the shares and performance rights over ordinary shares issued by the Company as notified by the directors to the Australian Securities Exchange in accordance with S205G(1) of the *Corporations Act 2001*, at the date of this report is as follows:

	Ordinary Shares	Performance Rights
Mr A Ianniello	41,120	156,828
Mr G R C Barclay	123,752	–
Mr H Mackay-Cruise	19,500	–
Ms K J Gramp	28,000	–
Ms S Adam-Gedge	13,000	–

DIRECTORS' REPORT (continued)

INDEMNIFICATION AND INSURANCE OF OFFICERS

Indemnification

The Company has agreed to indemnify the current and former directors and officers of the Company and certain controlled entities against all liabilities to another person (other than the Company or a related body corporate) that may arise from their position as directors and secretaries of the Company and its controlled entities, except where the liability arises out of conduct involving a lack of good faith. The Deed of Access, Indemnity and Insurance stipulates that the Company and certain controlled entities will meet the full amount of any such liabilities, including costs and expenses.

Insurance premiums

The directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of the directors' and officers' liability and legal expenses insurance contracts, as such disclosure is prohibited under the terms of the contract.

PRINCIPAL ACTIVITIES

The principal activities of the consolidated entity during the course of the financial year were the design, development, manufacture and sale of communications equipment and solutions and metal detection equipment.

ENVIRONMENTAL REGULATIONS

Codan's operations are subject to environmental regulations under the Commonwealth of Australia and State/Territory legislation. The Board believes that Codan has adequate systems in place to manage its environmental obligations and is not aware of any breach of those environmental requirements as they apply to Codan.

NON-AUDIT SERVICES

During the year, KPMG, the Company's auditor, has performed certain other services in addition to their statutory duties.

The Board has considered the non-audit services provided during the year by the auditor and is satisfied that the provision of those non-audit services during the year by the auditor is compatible with, and did not compromise, the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services were subject to the corporate governance procedures adopted by the Company and have been reviewed by the Audit and Risk Committee to ensure that they do not have an impact on the integrity and objectivity of the auditor; and
- the non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

Refer page 81 for a copy of the auditor's independence declaration as required under Section 307C of the *Corporations Act 2001*.

Details of the amounts paid or payable to the auditor of the Company, KPMG, and its related practices for audit and non-audit services provided during the year are below.

	Consolidated	
	2024 $	2023 $
STATUTORY AUDIT		
Audit and review of financial reports	**351,556**	309,983
	351,556	309,983
SERVICES OTHER THAN STATUTORY AUDIT		
Taxation advice and compliance services	**22,639**	19,506
	22,639	19,506

ROUNDING OFF

The Company is of a kind referred to in *ASIC Legislative Instrument 2016/191* dated 1 April 2016 and, in accordance with that Legislative Instrument, amounts in the financial report and directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

This report is made with a resolution of the directors:

G R C Barclay
Director

A Ianniello
Director

Dated at Mawson Lakes
this 21st day of August 2024.

LEAD AUDITOR'S INDEPENDENCE DECLARATION

under Section 307c of the Corporations Act 2001

KPMG

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Codan Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of Codan Limited for the financial year ended 30 June 2024 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

Julie Cleary
Partner

Sydney

21 August 2024

CODAN LIMITED AND ITS CONTROLLED ENTITIES

CONSOLIDATED INCOME STATEMENT

as at 30 June 2024

	Note	Consolidated 2024 $000	2023 $000
CONTINUING OPERATIONS			
Revenue	2	**550,459**	456,468
Cost of sales		**(245,234)**	(207,026)
Gross profit		**305,225**	249,442
Other income	4	**1,180**	1,225
Administrative expenses		**(48,122)**	(37,128)
Sales and marketing expenses		**(106,680)**	(89,691)
Engineering expenses		**(35,982)**	(30,855)
Net financing costs	3	**(10,898)**	(10,343)
Other expenses	4	**(234)**	(13)
Profit before tax		**104,489**	82,637
Income tax expense	7	**(23,191)**	(14,908)
Profit for the period		**81,298**	67,729
Attributable to:			
Equity holders of the company		**81,387**	67,774
Non-controlling interests		**(89)**	(45)
		81,298	67,729
EARNINGS PER SHARE FOR PROFIT ATTRIBUTABLE TO THE ORDINARY EQUITY HOLDERS OF THE COMPANY:			
Basic earnings per share	6	**45.0 cents**	37.5 cents
Diluted earnings per share	6	**44.8 cents**	37.4 cents

The consolidated income statement is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 88 to 120.

CODAN LIMITED AND ITS CONTROLLED ENTITIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2024

	Note	Consolidated 2024 $000	2023 $000
Profit for the period		**81,298**	67,729
Items that may be reclassified subsequently to profit or loss			
Changes in fair value of cash flow hedges		**1,723**	2,026
less tax effect		**(517)**	(608)
Changes in fair value of cash flow hedges, net of income tax	20	**1,206**	1,418
Exchange differences on translation of foreign operations	20	**(6,446)**	11,972
Other comprehensive income/(loss) for the period, net of income tax		**(5,240)**	13,390
Total comprehensive income for the period		**76,058**	81,119
Attributable to:			
Equity holders of the company		**76,147**	81,164
Non-controlling interests		**(89)**	(45)
		76,058	81,119

The consolidated statement of comprehensive income is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 88 to 120.

CODAN LIMITED AND ITS CONTROLLED ENTITIES

CONSOLIDATED BALANCE SHEET

for the year ended 30 June 2024

	Note	Consolidated 2024 $000	2023 $000
CURRENT ASSETS			
Cash and cash equivalents	8	**19,703**	23,661
Trade and other receivables	11	**93,883**	71,019
Inventory	12	**110,069**	121,401
Current tax assets	7	**1,465**	359
Other assets	13	**33,786**	17,851
Total current assets		**258,906**	234,291
NON-CURRENT ASSETS			
Property, plant and equipment	14	**40,219**	37,707
Right-of-use assets	31	**34,369**	38,555
Product development	15	**129,425**	108,174
Intangible assets	16	**304,592**	273,974
Other assets		**1,200**	600
Total non-current assets		**509,805**	459,010
Total assets		**768,711**	693,301
CURRENT LIABILITIES			
Trade and other payables	17	**126,428**	110,827
Lease liabilities	31	**6,689**	5,988
Current tax payable	7	**8,621**	7,439
Provisions	18	**13,663**	14,107
Total current liabilities		**155,401**	138,361
NON-CURRENT LIABILITIES			
Trade and other payables	17	**19,196**	16,977
Lease liabilities	31	**39,232**	44,023
Loans and borrowings	9	**95,125**	75,380
Deferred tax liabilities	7	**8,250**	7,317
Provisions	18	**4,575**	4,908
Total non-current liabilities		**166,378**	148,605
Total liabilities		**321,779**	286,966
Net assets		**446,932**	406,335
EQUITY			
Share capital	19	**50,319**	49,196
Reserves	20	**92,863**	98,424
Retained earnings		**303,750**	258,715
Total equity		**446,932**	406,335
Total equity attributable to the equity holders of the company		**447,386**	406,700
Non-controlling interests		**(454)**	(365)
		446,932	406,335

The consolidated balance sheet is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 88 to 120.

CODAN LIMITED AND ITS CONTROLLED ENTITIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2024

2024	Share capital $000	Foreign currency translation reserve $000	Hedging reserve $000	Equity based payment reserve $000	Profit reserve $000	Retained earnings* $000	Total $000
Balance as at 1 July 2023	**49,196**	**38,458**	**(874)**	**1,859**	**58,981**	**258,715**	**406,335**
Profit for the period	–	–	–	–	–	**81,298**	**81,298**
Performance rights expensed	–	–	–	**802**	–	–	**802**
Change in fair value of cash flow hedges	–	–	**1,206**	–	–	–	**1,206**
Exchange differences on translation of foreign operations	–	**(6,446)**	–	–	–	–	**(6,446)**
	49,196	**32,012**	**332**	**2,661**	**58,981**	**340,013**	**483,195**
Transactions with owners of the company							
Dividends recognised during the period	–	–	–	–	–	**(36,263)**	**(36,263)**
Allocation of Treasury Shares	**1,123**	–	–	**(1,123)**	–	–	–
	1,123	–	–	**(1,123)**	–	**(36,263)**	**(36,263)**
Balance at 30 June 2024	**50,319**	**32,012**	**332**	**1,538**	**58,981**	**303,750**	**446,932**

*The amounts in retained earnings includes the portion for non-controlling interests with an opening retained loss as at 1 July 2023 of $0.365 million, FY24 loss after tax of $0.089 million (FY23: $0.045 million loss) which results in a closing retained loss of $0.454 million as at 30 June 2024.

2023	Share capital $000	Foreign currency translation reserve $000	Hedging reserve $000	Equity based payment reserve $000	Profit reserve $000	Retained earnings $000	Total $000
Balance as at 1 July 2022	47,059	26,486	(2,292)	3,256	58,981	234,466	367,956
Profit for the period	–	–	–	–	–	67,729	67,729
Performance rights expensed	–	–	–	740	–	–	740
Change in fair value of cash flow hedges	–	–	1,418	–	–	–	1,418
Exchange differences on translation of foreign operations	–	11,972	–	–	–	–	11,972
	47,059	38,458	(874)	3,996	58,981	302,195	449,815
Transactions with owners of the company							
Dividends recognised during the period	–	–	–	–	–	(43,480)	(43,480)
Allocation of Treasury Shares	2,137	–	–	(2,137)	–	–	–
	2,137	–	–	(2,137)	–	(43,480)	(43,480)
Balance at 30 June 2023	49,196	38,458	(874)	1,859	58,981	258,715	406,335

The consolidated statement of changes in equity is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 88 to 120.

CODAN LIMITED AND ITS CONTROLLED ENTITIES

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 30 June 2024

	Note	Consolidated 2024 $000	2023 $000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers		**534,752**	455,328
Cash paid to suppliers and employees		**(398,009)**	(359,236)
Interest received		**87**	50
Interest paid		**(7,532)**	(4,103)
Finance charge on lease liabilities	31	**(1,992)**	(1,273)
Income taxes paid (net)		**(20,856)**	(10,889)
Net cash from operating activities	10	**106,450**	79,877
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of subsidiaries (net of cash acquired)	32	**(37,236)**	(6,494)
Proceeds from disposal of property, plant and equipment		**58**	11
Proceeds from sale of Tracking Solutions business		**–**	1,921
Payments for capitalised product development	15	**(39,796)**	(29,993)
Acquisition of property, plant and equipment		**(10,122)**	(18,038)
Acquisition of intangibles (computer software and licences)		**(866)**	(1,333)
Net cash used in investing activities		**(87,962)**	(53,926)
CASH FLOWS FROM FINANCING ACTIVITIES			
Drawdowns of borrowings	9	**71,000**	57,880
Repayments of borrowings	9	**(51,255)**	(34,500)
Payment of lease liabilities (principal)	31	**(5,913)**	(5,355)
Dividends paid	5	**(36,263)**	(43,480)
Net cash provided by/(used in) financing activities		**(22,431)**	(25,455)
Net increase/(decrease) in cash held		**(3,943)**	496
Cash and cash equivalents at the beginning of the financial year		**23,661**	22,613
Effects of exchange rate fluctuations on cash held		**(15)**	552
Cash and cash equivalents at the end of the financial year	8	**19,703**	23,661

The consolidated statement of cash flows is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 88 to 120.

CODAN LIMITED AND ITS CONTROLLED ENTITIES

CONSOLIDATED ENTITY DISCLOSURE STATEMENT

for the year ended 30 June 2024

Entity Name	Body corporate, partnership or trust	Place incorporated / formed	Percentage of share capital held directly or indirectly by the company in the body corporate	Australian or Foreign resident	Jurisdiction of Foreign Resident
Broadcast Wireless Systems Limited	Body Corporate	UK	100	Australian	n/a*
Codan (US) Inc	Body Corporate	USA	100	Australian	n/a*
Codan Defence Electronics Pty Ltd	Body Corporate	Australia	100	Australian	n/a
Codan Executive Share Plan Pty Ltd	Body Corporate	Australia	100	Australian	n/a
Codan Limited	Body Corporate	Australia	Parent	Australian	n/a
Codan Radio Communications ME DMCC	Body Corporate	UAE	100	Australian	n/a*
Codan Radio Communications Pty Ltd	Body Corporate	Australia	100	Australian	n/a
Codan UK Ltd	Body Corporate	UK	100	Australian	n/a*
Corp Ten International Inc	Body Corporate	USA	100	Foreign	USA
Daniels Electronics Ltd	Body Corporate	Canada	100	Australian	n/a*
Domo Broadcast Holdings LLC	Body Corporate	USA	100	Australian	n/a*
Domo Tactical Communications (DTC) Limited	Body Corporate	UK	100	Australian	n/a*
Domo Tactical Communications (DTC) Pte Limited	Body Corporate	Singapore	100	Australian	n/a*
DTC Communications Inc	Body Corporate	USA	100	Australian	n/a*
DTC Group Holdings LLC	Body Corporate	USA	100	Australian	n/a*
DTC International Holdings Ltd	Body Corporate	UK	100	Australian	n/a*
DTC North America Holdings LLC	Body Corporate	USA	100	Australian	n/a*
GeoConex LLC	Body Corporate	USA	100	Australian	n/a*
MEP Surveillance Midco Inc	Body Corporate	USA	100	Australian	n/a*
Minelab Americas Inc	Body Corporate	USA	100	Australian	n/a*
Minelab de Mexico SA de CV	Body Corporate	Mexico	100	Australian	n/a*
Minelab do Brasil Equipamentos Para Minercao Ltda	Body Corporate	Brazil	100	Australian	n/a*
Minelab Electronics Pty Ltd	Body Corporate	Australia	100	Australian	n/a
Minelab India Private Limited	Body Corporate	India	100	Australian	n/a*
Minelab International Ltd	Body Corporate	Ireland	100	Australian	n/a*
Minelab MEA FZE	Body Corporate	UAE	100	Australian	n/a*
Minelab MEA General Trading LLC	Body Corporate	UAE	49	Australian	n/a*
Spectronic Denmark A/S	Body Corporate	Denmark	100	Australian	n/a*
Wave Central LLC	Body Corporate	USA	100	Australian	n/a*
Zetron Air Systems Pty Limited	Body Corporate	Australia	100	Australian	n/a
Zetron Australasia Pty Limited	Body Corporate	Australia	100	Australian	n/a
Zetron Eagle Limited	Body Corporate	UK	100	Australian	n/a*
Zetron Inc	Body Corporate	USA	100	Australian	n/a*
Zetron Limited	Body Corporate	UK	100	Australian	n/a*

Key Assumptions and Judgments

Determination of Tax Residency:
Section 295 (3A) of the Corporation Act 2001 requires that the tax residency of each entity which is included in the Consolidated Entity Disclosure Statement (CEDS) be disclosed. In the context of an entity which was an Australian resident, "Australian resident" has the meaning provided in the Income Tax Assessment Act 1997. The determination of tax residency involves judgment as the determination of tax residency is highly fact dependent and there are currently several different interpretations that could be adopted, and which could give rise to a different conclusion on residency. In determining tax residency, the consolidated entity has applied the following interpretations:

- Australian tax residency
  The consolidated entity has applied current legislation and judicial precedent, including having regard to the Commissioner of Taxation's public guidance in Tax Ruling TR 2018/5.
- Foreign tax residency
  The consolidated entity has applied current legislation and where available judicial precedent in the determination of foreign tax residency. Where necessary, the consolidated entity has used independent tax advisers in foreign jurisdictions to assist in its determination of tax residency to ensure applicable foreign tax legislation has been complied with.

* These entities are also a tax resident in their respective countries of incorporation. However, they are assessed as an Australian resident under the Income Tax Assessment Act 1997 and therefore not classified as a foreign resident under that Act.

Branches (permanent establishments):
- Branches are not separate legal entities and therefore do not have separate tax residency.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2024

1. MATERIAL ACCOUNTING POLICIES

Codan Limited (the "Company") is a company domiciled in Australia and is a for-profit entity. The consolidated financial report of the Company as at and for the year ended 30 June 2024 comprises the Company and its subsidiaries (together referred to as the "group" and individually as "group entities"). The financial report was authorised for issue by the directors on 21 August 2024.

(a) Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board ("AASB") and the *Corporations Act 2001*.

The consolidated financial report of the group complies with International Financial Reporting Standards (IFRSs) adopted by the International Accounting Standards Board ("IASB").

(b) Basis of preparation

The consolidated financial report is prepared in Australian dollars (the Company's functional currency and the functional currency of the majority of the group) on the historical costs basis except that derivative financial instruments are stated at their fair value.

The group is of a kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* and, in accordance with that Legislative Instrument, amounts in the financial report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Use of estimates and judgments

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. The estimates and judgments that have a significant risk of causing a material adjustment to the carrying amounts of assets within the next financial year relate to:

- impairment assessments of non-current assets, including product development and goodwill (refer note 16).
- measurement of inventory net realisable value (refer note 1 (l))
- recognition of deferred tax assets: availability of future taxable profit against which deductible temporary difference and tax losses carried forward can be utilised (refer note 7)
- acquisition of subsidiary: fair value of the consideration transferred (including contingent consideration) and fair value of the assets acquired and liabilities assumed, measured on a provisional basis (refer note 32).

Changes in material accounting policies

The accounting policies applied in these financial statements are the same as those applied in the group's consolidated financial statements as at and for the year ended 30 June 2023.

The group also adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) from 1 July 2023. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the financial statements.

The amendments require the disclosure of 'material', rather than 'significant', accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

Management reviewed the accounting policies and made updates to the information disclosed in Note 1 Material accounting policies (2023: Significant accounting policies) in certain instances in line with the amendments.

The group has adopted Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS12) from 1 July 2023. The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences - e.g. leases and decommissioning liabilities. For leases and decommissioning liabilities, an entity is required to recognise the associated deferred tax assets and liabilities from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. For all other transactions, an entity applies the amendments to transactions that occur on or after the beginning of the earliest period presented.

Prior to the group adopting this amendment to IAS 12, the group recognised a separate deferred tax asset in relation to its lease liabilities and a deferred tax liability in relation to its right-of-use assets (see Note 7) and these were offset in the statement of financial position in accordance with paragraph 74 of IAS 12 resulting in a similar outcome as under the amendments. There was no impact on the opening retained earnings as at 1 July 2023 as a result of the change.

(c) Basis of consolidation

Subsidiaries are entities controlled by the group. Control exists when the group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that currently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date control commences until the date control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the group.

Unrealised gains and losses and inter-entity balances resulting from transactions with or between subsidiaries are eliminated in full on consolidation.

CODAN LIMITED AND ITS CONTROLLED ENTITIES

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the group. Transaction costs, other than those associated with the issue of debt or equity securities that the group incurs in connection with a business combination, are expensed as incurred.

Upon the loss of control, the group derecognises the assets and liabilities of the subsidiary, and non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in the income statement.

Non-controlling interests are measured at their proportionate share of the subsidiaries' net assets.

Transaction costs that the group incurs in connection with a business combination, such as mergers and acquisitions advisory fees, legal fees, due diligence fees, and other professional and consulting fees, are expensed as incurred.

(d) Revenue recognition

Revenues are recognised at the fair value of the consideration received or receivable, net of the amount of value added tax (VAT) payable to taxation authorities.

Sale of goods

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable (net of rebates, expected returns, discounts and other allowances). Revenue is recognised when performance obligations are satisfied and the significant risks and expected returns of ownership pass to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods and the amount of revenue can be measured reliably. For most goods sold, there is one performance obligation, which is the delivery of the goods to the customer. Control usually passes when the goods are shipped to the customer with revenue recognised at this point in time.

Communications solutions

Contract revenue from projects to install communications solutions for our customers includes the initial amount agreed in the contract, plus any variations in contract work, claims and incentive payments, to the extent that it is probable that they will result in revenue and can be measured reliably. As soon as the outcome of a communications solution contract can be estimated reliably, contract revenue is recognised over time in proportion to the stage of completion of the contract as performance obligations are satisfied. Contract expenses are recognised as incurred unless they create an asset related to future contract activity.

The stage of completion of a communications solutions contract is assessed by reference to costs incurred comparing with total estimated costs. When the outcome of a contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognised immediately in the income statement.

In the event a communications solution contract and maintenance service contract are provided under a single arrangement, then the consideration is allocated based on their relative stand-alone selling prices. The standalone selling price is determined based on the list prices at which the group sells the solution and services in separate transactions.

Maintenance and support services

Services provided to customers predominantly relate to maintenance and support services which can include technical support, preventative hardware maintenance and software upgrades. Revenue from these services is recognised over time throughout the life of the service contract which can have a multi-year term.

Installation and training services can be provided to customers in conjunction with the sale of goods and in these circumstances, then the consideration is allocated based on their relative stand-alone selling prices. The standalone selling price is determined based on the list prices at which the group sells the goods and services in separate transactions. The services revenue is recognised at a point in time as performance obligations are delivered.

(e) Net financing costs

Net financing costs include interest paid relating to borrowings, interest received on funds invested, unwinding of discounts and foreign exchange gains and losses. Qualifying assets are assets that take more than 12 months to get ready for their intended use or sale. In these circumstances, borrowing costs are capitalised to the cost of the qualifying assets. Interest income and borrowing costs are recognised in the income statement on an accruals basis, using the effective-interest method. Foreign currency gains and losses are reported on a net basis.

(f) Foreign currency

Foreign currency transactions are translated to Australian dollars at the rates of exchange ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Australian dollars at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement, except for differences arising on the retranslation of a financial liability designated as a hedge of a net investment in a foreign operation, or qualifying cash flow hedges, which are recognised in other comprehensive income and presented within equity, to the extent that the hedge is effective.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair-value adjustments arising on acquisition, are translated to Australian dollars at the foreign exchange rates ruling at the reporting date. Equity items are translated at historical rates. The income and expenses of foreign operations are translated to Australian dollars at the foreign exchange rates ruling at the dates of the transactions. Foreign exchange differences arising on translation are taken directly to the foreign currency translation reserve until the disposal, or partial disposal, of the foreign operations.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2024

1. MATERIAL ACCOUNTING POLICIES (continued)

Foreign exchange gains and losses arising from a monetary item receivable or payable to a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future, are considered to form part of a net investment in a foreign operation and on consolidation they are recognised in other comprehensive income, and are presented within equity in the foreign currency translation reserve.

Foreign currency differences arising on the retranslation of a financial liability designated as a hedge of a net investment in a foreign operation are recognised directly in other comprehensive income to the extent that the hedge is effective and are presented within equity in the hedging reserve. To the extent that the hedge is ineffective, such differences are recognised in the income statement. When the hedged part of a net investment is disposed of, the associated cumulative amount in equity is transferred to the income statement as an adjustment to the income statement on disposal.

(g) Derivative financial instruments

The group has used derivative financial instruments to hedge its exposure to foreign exchange and interest rate movements. In accordance with its policy, the group does not hold derivative financial instruments for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments. Derivative financial instruments are recognised initially at fair value. Attributable transaction costs are recognised in the income statement when incurred. Subsequent to initial recognition, derivative financial instruments are stated at fair value. The gain or loss on re-measurement to fair value is recognised immediately in the income statement unless the derivative qualifies for hedge accounting.

Hedging

On initial designation of the hedge, the group formally documents the relationship between the hedging instrument and hedged item, including the risk management objectives and strategy in undertaking the hedge transaction, together with the methods that will be used to assess the effectiveness of the hedging relationship.

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a highly probable forecast transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in comprehensive income and presented within equity. When the forecast transaction subsequently results in the recognition of a financial asset or liability, then the associated gains and losses that were recognised directly in equity are reclassified into the income statement.

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve remains in equity until, for a hedge of a transaction resulting in the recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss. If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve and the cost of hedging reserve are immediately reclassified to profit or loss.

(h) Taxation

Income tax expense on the income statement comprises a current and deferred tax expense. Income tax expense is recognised in the income statement except to the extent that it relates to items recognised directly in equity, or in other comprehensive income.

Current tax expense is the expected tax payable on the taxable income for the year using tax rates enacted or substantially enacted at the reporting date, adjusted for any prior year under or over provision. The movement in deferred tax assets and liabilities results in a deferred tax expense, unless the movement results from a business combination, in which case the tax entry is recognised in goodwill, or a transaction has impacted equity, in which case the tax entry is also reflected in equity.

Deferred tax assets and liabilities arise from temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle the tax liabilities and assets on a net basis, or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Tax consolidation

The Company is the head entity in the tax-consolidated group comprising all the Australian wholly owned subsidiaries. The Company recognises the current tax liability of the tax-consolidated group. The tax-consolidated group has determined that subsidiaries will account for deferred tax balances and will make contributions to the head entity for the current tax liabilities as if the subsidiary prepared its tax calculation on a stand-alone basis.

The Company recognises deferred tax assets arising from unused tax losses of the tax consolidated group to the extent that it is probable that future taxable profits of the tax consolidated group will be available against which the asset can be utilised.

Any subsequent period adjustments to deferred tax assets arising from unused tax losses, as a result of revised assessments of the probability of recoverability, are recognised by the head entity only.

CODAN LIMITED AND ITS CONTROLLED ENTITIES

(i) Value added tax (VAT)

Revenues, expenses and assets are recognised net of the amount of VAT, except where the amount of VAT incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances, the VAT is recognised as part of the cost of acquisition of the asset or is expensed. Receivables and payables are stated with the amount of VAT included. The net amount of VAT recoverable from, or payable to, the ATO is included as a current asset or liability in the balance sheet.

Cash flows are included in the Consolidated Statement of Cash Flows on a gross basis. The VAT components of cash flows arising from investing and financing activities which are recovered from, or payable to, the ATO are classified as operating cash flows.

(j) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with an original maturity of three months or less.

(k) Trade and other receivables

Trade debtors are to be settled within agreed trading terms, typically less than 60 days, and are initially recognised at fair value and then subsequently at amortised cost, less any expected credit loss allowances. Under the "lifetime expected credit loss" model, the allowance for credit losses is calculated by considering on a discounted basis the cash shortfalls it would incur in various default scenarios for prescribed future periods and multiplying the shortfalls by the probability weighted outcomes. Significant receivables are individually assessed. Non-significant receivables are not individually assessed; instead, credit loss testing is performed by considering the risk profile of that group of receivables. All allowances for credit losses are recognised in the income statement.

(l) Inventories

Raw materials and stores, work in progress and finished goods are measured at the lower of cost (generally determined as the average purchase price over a period of 6 months) and net realisable value. Net realisable value represents the selling price that could be achieved in the ordinary course of business, and is calculated having regard to the quantity of stock on hand in comparison to past usage. In the case of manufactured inventories and work in progress, costs comprise direct materials, direct labour, other direct variable costs and allocated factory overheads necessary to bring the inventories to their present location and condition.

(m) Project work in progress and contract liabilities

Project work in progress represents the gross unbilled amount expected to be collected from customers for project work performed to date. It is measured at cost, plus profit recognised to date, less progress billings and recognised losses. Cost includes all expenditure related directly to specific projects. Project work in progress is presented as part of other assets in the balance sheet for all projects in which costs incurred, plus recognised profits, exceed progress billings. Contract liabilities primarily relate to the advance consideration received from customers for project work to be performed or services to be rendered, for which revenue is recognised over time. Contract liabilities are presented as part of trade and other payables in the balance sheet.

(n) Intangible assets

Product development costs

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in the income statement as an expense when incurred. Expenditure on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products, is capitalised only if development costs can be measured reliably, the product is technically and commercially feasible, future economic benefits are probable and the group intends to, and has sufficient resources to, complete development and to use or sell the asset. The expenditure capitalised has a finite useful life and includes the cost of materials, direct labour and an appropriate proportion of overheads that are directly attributable to preparing the asset for its intended use, less accumulated amortisation and accumulated impairment losses. Other development expenditure is recognised in the income statement when incurred.

Goodwill

All business combinations are accounted for by applying the acquisition method, and goodwill may arise upon the acquisition of subsidiaries. Goodwill is stated at cost, less any accumulated impairment losses, and has an indefinite useful life. It is allocated to cash-generating units or groups of cash-generating units and is not amortised but is tested annually for impairment.

Measuring goodwill

The group measures goodwill as the fair value of the consideration transferred including the recognised amount of any non-controlling interest in the acquiree, as well as the fair value of any pre-existing non-controlling interest, less the net recognised amount (generally fair value) of the identifiable assets acquired (including intangible assets) and liabilities assumed, all measured as of the acquisition date.

Consideration transferred includes the fair values of the assets transferred, liabilities incurred by the group to the previous owners of the acquiree, and equity interests issued by the group. Consideration transferred also includes the fair value of any contingent consideration and share-based payment awards of the Company.

CODAN LIMITED AND ITS CONTROLLED ENTITIES

1. MATERIAL ACCOUNTING POLICIES (continued)

Licences and other intangible assets

Licences and other intangible assets that are acquired by the group which have finite useful lives, are stated at cost, less accumulated amortisation and accumulated impairment losses. Expenditure on internally generated goodwill and brands is recognised in the income statement as incurred.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in the income statement as incurred.

Amortisation

Amortisation is calculated on the cost of the asset, less its residual value.

Amortisation is charged to the income statement on either a straight-line or units of production basis. Intangible assets are amortised over their estimated useful lives from the date that they are available for use, but goodwill is only written down if there is an impairment.

The estimated useful lives in the current and comparative periods are as follows:

	Straight-line	Units of production
Product development, licences and intellectual property	**2 - 15 years**	5 - 10 years
Computer software	**3 - 7 years**	
Brand names	**20 years**	
Customer relationships	**5 years**	

Amortisation methods, useful lives and residual values are reviewed at each reporting date.

(o) Assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use. Such assets are generally measured at the lower of their carrying amount and fair value less costs to sell. Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortised or depreciated.

(p) Property, plant and equipment

Owned assets

Items of property, plant and equipment are measured at cost, less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials, direct labour and any other costs directly attributable to bringing the asset to a working condition for its intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within "other income" or "other expenses" in the income statement.

Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in the income statement as incurred.

Depreciation

Depreciation is calculated on the depreciable amount, which is the cost of an asset, less its residual value.

Depreciation is charged to the income statement on property, plant and equipment on a straight-line basis over the estimated useful life of the assets. Capitalised leased assets are amortised on a straight-line basis over the term of the relevant lease, or where it is likely the group will obtain ownership of the asset, the life of the asset. The main depreciation rates used for each class of asset for current and comparative periods are as follows:

Right-of-use assets	7% to 25%
Leasehold property	6% to 10%
Plant and equipment	7% to 40%

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

(q) Impairment

The carrying amounts of the group's assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. If any such impairment exists, the asset's recoverable amount is estimated. For goodwill and intangible assets that have an indefinite useful life or are not yet available for use, the recoverable amount is estimated annually.

The recoverable amount of non-financial assets is the greater of their fair value, less costs of disposal and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

The group's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the cash-generating units to which the corporate asset belongs.

An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash inflows that are largely independent from other assets or groups of assets. Impairment losses are recognised in the income statement. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill and then to reduce the carrying amount of the other non-financial assets in the cash-generating unit on a pro-rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimate used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(r) Payables

Liabilities are recognised for amounts to be paid in the future for goods or services received. Trade accounts payable are normally settled within 60 days.

(s) Interest bearing borrowings

Interest bearing borrowings are recognised initially at their fair value, less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost, with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective-interest basis.

(t) Employee benefits

Wages, salaries and annual leave

Liabilities for employee benefits for wages, salaries, incentives and annual leave represent current obligations resulting from employees' services provided to the reporting date, calculated at undiscounted amounts based on remuneration rates that the group expects to pay as at the reporting date, including related on-costs such as superannuation, workers' compensation insurance and payroll tax.

Long service leave

The provision for employee benefits for long service leave represents the present value of the estimated future cash outflows resulting from the employees' services provided to the reporting date. The provision is calculated using expected future increases in wage and salary rates, including related on-costs, and expected settlement dates based on turnover history, and is discounted using high-quality corporate bond rates at the reporting date which most closely match the terms of maturity of the related liabilities.

Defined contribution superannuation plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The group contributes to defined contribution superannuation plans and these contributions are expensed in the income statement as incurred.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2024

1. MATERIAL ACCOUNTING POLICIES (continued)

(u) Provisions

A provision is recognised when there is a present legal or constructive obligation as a result of a past event, it can be estimated reliably and it is probable that a future sacrifice of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows required to settle the obligation at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

Restructuring and employee termination benefits

A provision for restructuring is recognised when the group has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating costs are not provided for.

Warranty

A provision is made for the group's estimated liability on all products sold and still under warranty, and includes claims already received. The estimate is based on the group's warranty cost experience over previous years.

(v) Leases

A lease arrangement is one that conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The group does not recognise lease arrangements in respect of intangible assets. The payments associated with short-term lease arrangements and leases of low-value assets are recognised on a straight-line basis in the Income Statement. Short-term leases are leases with a lease term of 12 months or less. The group applies the requirements of the leasing standard on a lease-by-lease basis. The main type of leases of the group are leases for offices, warehouses and manufacturing facilities. Some property leases contain extension options exercisable by the group. Where practicable, the group seeks to include extension options in new leases to provide operational flexibility.
The extension options held are exercisable only by the group and not by the lessors. The group assesses at the lease commencement date whether it is reasonably certain to exercise the options. The group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

Right-of-use assets

The group recognises a right-of-use asset and a lease liability at the commencement date of the lease arrangement.
The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and estimates of costs to dismantle or remediate the underlying asset, less any lease incentives received. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to that asset. In addition, the right-of-use asset may be adjusted periodically due to remeasurements of the lease liability.

Lease liabilities

The lease liability is initially measured at the present value of the outstanding lease payments at the commencement date of the arrangement, discounted using the borrowing rate implicit in the lease or, if that rate cannot be readily determined, the group's incremental borrowing rate. Generally, the group uses its incremental borrowing rate as the discount rate.

Some property leases contain extension options exercisable by the group. The group assesses at lease commencement whether it is reasonably certain to exercise the extension options.
The group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control.

The lease liability is subsequently measured through increasing the carrying amount to reflect interest on the lease liability, less lease payments made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate or if the group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in the profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

(w) Share capital - ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

CODAN LIMITED AND ITS CONTROLLED ENTITIES

(x) Share-based payment transactions

Share-based payments in which the group receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions, regardless of how the equity instruments are obtained from the group.

The grant-date fair value of share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards which vest.

(y) Future Australian Accounting Standards requirements

A number of new standards are effective after 2024 and earlier application is permitted; however, the group has not early adopted the new or amended standards in preparing these consolidated financial statements. The group does not expect that these new accounting standards will have a material impact on the consolidated financial statements.

AASB 18 Presentation and Disclosure in Financial Statements

AASB 18 was issued in June 2024 and replaces AASB 101 Presentation of Financial Statements. The new standard introduces new requirements for the Income Statement, including:

- new categories for the classification of income and expenses into operating, investing and financing categories, and
- presentation of subtotals for "operating profit" and "profit before financing and income taxes".

Additional disclosure requirements are introduced for management-defined performance measures and new principles for aggregation and disaggregation of information in the notes and the primary financial statements and the presentation of interest and dividends in the statement of cash flows. The new standard is effective for annual periods beginning on or after 1 January 2027 and will first apply to the Group for the financial year ending 30 June 2028.

This new standard is not expected to have an impact on the recognition and measurement of assets, liabilities, income and expenses, however there will likely be changes in how the Income Statement and Balance Sheet line items are presented as well as some additional disclosures in the notes to the financial statements. The Company is in the process of assessing the impact of the new standard.

GROUP PERFORMANCE

2. SEGMENT ACTIVITIES

The group determines and presents operating segments based on the information that is internally provided to the CEO, who is the group's chief operating decision-maker.

An operating segment is a component of the group that engages in business activities from which it may earn revenues and incur expenses. All operating segments' results are regularly reviewed by the group's CEO, to make decisions about resources to be allocated to the segments and assess their performance.

Segment results relate to the underlying operations of a segment and are as reported to the CEO, and include the expense from functions that are directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily cash balances), corporate expenses, other income and expense, and income tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, and intangible assets other than goodwill.

The group's primary format for segment reporting is based on business segments.

Business segments

The group comprises three business segments.
The communications segment includes the design, development, manufacture and marketing of communications equipment.
The metal detection segment includes the design, development, manufacture and marketing of metal detection equipment.
The "Other" business segment relates to the Tracking Solutions business that was sold on 1 July 2021 and the ongoing manufacturing and sale of tracking products to Caterpillar Inc.

Two or more operating segments may be aggregated into a single operating segment if they are similar in nature. The Communications segment comprises of the following operating segments: Tactical Communications and Zetron, which are aggregated because they have similar economic characteristics such as long-term average contribution margins, nature of products, production process and regulatory environment, type of customers and distribution methods.

Geographical areas

In presenting information on the basis of geographical areas, segment revenue has been based on the geographic location of the invoiced customer. Segment assets are based on the geographic location of the assets. The group has manufacturing and offices in Australia, Canada, Denmark, United Kingdom and United States, with overseas representative offices in Brazil, India, Ireland, Mexico, Singapore, and the United Arab Emirates.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2024

GROUP PERFORMANCE (continued)

2. SEGMENT ACTIVITIES (continued)

Information about reportable segments	Communications		Metal detection		Other		Consolidated	
	2024 $000	2023 $000	**2024 $000**	2023 $000	**2024 $000**	2023 $000	**2024 $000**	2023 $000
Revenue								
Revenue recognised at a point in time	**256,226**	233,489	**219,853**	176,098	**3,697**	5,917	**479,776**	415,504
Revenue recognised over time	**70,683**	40,964	**–**	–	**–**	–	**70,683**	40,964
Total external segment revenue	**326,909**	274,453	**219,853**	176,098	**3,697**	5,917	**550,459**	456,468
Result								
Segment result	**80,506**	67,701	**77,920**	56,798	**336**	538	**158,762**	125,037
Unallocated net financing costs							**(8,905)**	(9,069)
Unallocated income and expenses							**(45,368)**	(33,331)
Profit from operating activities							**104,489**	82,637
Income tax expense							**(23,191)**	(17,098)
Underlying net profit							**81,298**	65,539
Recognition/derecognition of tax losses previously not booked							**–**	2,190
Statutory net profit							**81,298**	67,729
Non-cash items included above								
Depreciation and amortisation	**20,619**	17,590	**11,517**	10,327	**–**	–	**32,136**	27,917
Unallocated depreciation and amortisation							**950**	950
Total depreciation and amortisation							**33,086**	28,867
Assets								
Capital expenditure	**33,887**	40,284	**14,350**	12,653	**–**	–	**48,237**	52,937
Unallocated capital expenditure							**2,492**	1,912
Total capital expenditure							**50,729**	54,849
Segment assets	**535,974**	454,557	**190,186**	193,261	**620**	665	**726,780**	648,483
Unallocated corporate assets							**41,931**	44,818
Consolidated total assets							**768,711**	693,301

Revenue recognised at a point in time mainly relates to the sale of goods for Metal detection and Communications products. Revenue recognised over time relates to contract revenue from projects to install communications solutions as well as maintenance and support service (the accounting policy is outlined in Note 1(d)).

The group derived its revenues from a number of countries. The significant country where revenue was 10% or more of total revenue was the United States of America totalling $219.912 million (2023: $220.408 million).

The group's non-current assets, excluding financial instruments and deferred tax assets, were located in various countries and countries where the value is 10% or more of the group's total non-current assets are deemed as significant. These countries are as follows: the United States of America $249.608 million (2023: $232.662 million), Australia $129.940 million (2023: $130.526 million), Canada $67.747 million (2023: $70.577 million), and United Kingdom $58.120 million (2023: $21.715 million).

	Consolidated	
	2024 $000	2023 $000
3. EXPENSES		
Net financing costs:		
Interest income	**(87)**	(50)
Net foreign exchange (gain)/loss	**(187)**	150
Interest expense	**7,532**	4,103
Finance charge on lease liabilities	**1,992**	1,273
Foreign currency hedge loss	**1,648**	4,867
	10,898	10,343
Depreciation of:		
Right-of-use assets	**6,210**	5,641
Leasehold property	**1,708**	970
Plant and equipment	**5,320**	4,903
	13,238	11,514
Amortisation of:		
Product development - straight-line	**14,792**	11,896
Product development - units of production	**3,748**	3,796
Intellectual property	**30**	285
Computer software	**268**	605
Licences	**199**	149
Customer Relationships	**408**	241
Brand names	**403**	381
	19,848	17,353
Personnel expenses:		
Wages and salaries	**116,578**	81,672
Other associated personnel expenses	**14,517**	14,845
Contributions to defined contribution superannuation plans	**9,962**	8,190
Long service leave expense	**580**	889
Annual leave expense	**8,847**	8,133
Performance rights plan	**802**	740
	151,286	114,469
4. OTHER EXPENSES / INCOME		
Other income:		
Gain on sale of Tracking Solutions business	**–**	895
Other income	**1,180**	330
	1,180	1,225
Other expenses:		
Loss on sale of property, plant and equipment	**234**	13
	234	13

GROUP PERFORMANCE (continued)

	Consolidated 2024 $000	2023 $000
5. DIVIDENDS		
Codan Limited has provided or paid for dividends as follows:		
• ordinary final fully-franked dividend of 9.5 cents per ordinary share paid on 20 September 2023	**17,225**	
• ordinary interim fully-franked dividend of 10.5 cents per ordinary share paid on 12 March 2024	**19,038**	
• ordinary final fully-franked dividend of 15.0 cents per ordinary share paid on 7 September 2022		27,175
• ordinary interim fully-franked dividend of 9.0 cents per ordinary share paid on 10 March 2023		16,305
	36,263	43,480

Since the end of the financial year, the directors declared a final ordinary fully franked dividend of 12.0 cents per share, payable on 18 September 2024. The financial impact of this final dividend of $21.758 million has not been brought to account in the group financial statements for the year ended 30 June 2024 and will be recognised in subsequent financial reports.

Dividend franking account		
Franking credits available to shareholders for subsequent financial years (30%)	**49,403**	56,198

The franking credits available are based on the balance of the dividend franking account at year-end, adjusted for the franking credits that will arise from the payment of the current tax liability. The ability to utilise the franking account credits is dependent upon there being sufficient available profits to declare dividends. Based upon the above declared dividend, the impact on the dividend franking account of dividends proposed after the balance sheet date but not recognised as a liability is to reduce it by $9.325 million (2023: $7.376 million).

6. EARNINGS PER SHARE

The group presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise performance rights granted to employees.

Net profit used for the purpose of calculating basic and diluted earnings per share	**81,387**	67,774

The weighted average number of shares used as the denominator number for basic earnings per share was 181,044,967 (2023: 180,918,865). The movement in the year is as a consequence of the shares issued under the performance rights plan and employee share plan.

The calculation of diluted earnings per share at 30 June 2024 was based on a weighted average number of ordinary shares outstanding, after adjustment for the effects of all dilutive potential ordinary shares of 181,816,939 (2023: 181,396,268). The movement in the year relates to the shares issued under the performance rights plan.

TAXATION

	Consolidated 2024 $000	2023 $000
7. INCOME TAX		
A. Income tax expense		
Current tax expense:		
Current tax paid or payable for the financial year	**26,499**	14,007
Adjustments for prior years	**(5,580)**	(1,953)
	20,919	12,054
Deferred tax expense:		
Origination and reversal of temporary differences	**1,876**	5,044
(Recognition)/derecognition of tax losses previously not booked	**396**	(2,190)
Total income tax expense in income statement	**23,191**	14,908
Reconciliation between tax expense and pre-tax net profit:		
The prima facie income tax expense calculated at 30% on the profit from ordinary activities	**31,347**	24,791
Decrease in income tax expense due to:		
Additional deduction for research and development expenditure	**(3,727)**	(2,801)
Effect of tax rates in foreign jurisdictions	**(2,792)**	(2,125)
(Over)/under provision for taxation in previous years	**(2,258)**	(1,952)
Non-assessable amounts	**–**	(326)
Other deductible expenses	**–**	(937)
(Recognition)/derecognition of tax losses previously not booked	**396**	(2,190)
	22,966	14,460
Increase in income tax expense due to:		
Capital expenses relating to acquisitions and disposals	**147**	265
Non-deductible expenses	**78**	183
Income tax expense	**23,191**	14,908
B. Current tax liabilities / assets		
Balance at the beginning of the year	**(7,080)**	(6,039)
Net foreign currency differences on translation of foreign entities	**(13)**	(125)
Income tax paid (net)	**20,856**	10,889
Adjustments from prior year	**5,580**	2,202
Current year's income tax paid or payable on operating profit	**(26,499)**	(14,007)
	(7,156)	(7,080)
Disclosed in balance sheet as:		
Current tax asset	**1,465**	359
Current tax payable	**(8,621)**	(7,439)
	(7,156)	(7,080)

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2024

TAXATION (continued)

7. INCOME TAX (continued)

	Consolidated 2024 $000	2023 $000
C. Deferred tax liabilities		
Provision for deferred income tax comprises the estimated expense at the applicable tax rate of the following items:		
Expenditure currently tax deductible but deferred and amortised for accounting (intangible assets)	**31,006**	26,468
Liabilities recognised from the identifiable intangible assets acquired from business combination	**(1,852)**	(2,700)
Set-off of tax in relation to deferred tax assets:		
Difference in depreciation of property, plant and equipment*	**2,127**	475
Payments for intellectual property not currently deductible	**(2,025)**	374
Provisions for employee benefits not currently deductible	**(2,953)**	(3,129)
Provisions and accruals not currently deductible	**(5,255)**	(5,705)
Deferred income	**(6,357)**	(1,342)
Sundry items	**(147)**	(971)
Carry forward overseas tax losses	**(3,008)**	(3,032)
Carry forward overseas R&D tax credits	**(3,286)**	(3,121)
	8,250	7,317

*As at 30 June 2024, deferred tax asset for lease liability was $9.349 million (30 June 2023: $10.263 million), while the deferred tax liability at 30 June 2024 for Right-of-Use asset was $7.969 million (30 June 2023: $8.893 million).

As at 30 June 2024 income tax losses of $10 million (2023: $13 million) and capital tax losses of $24 million (2023: $28 million) have not been recognised as a deferred tax asset.

D. Effective tax rates

	2024	2023
Global operations - total consolidated tax expense	**22%**	18%
Australian operations - Australian company income tax expense	**22%**	20%

CODAN LIMITED AND ITS CONTROLLED ENTITIES

CASH MANAGEMENT

	Consolidated 2024 $000	2023 $000
8. CASH AND CASH EQUIVALENTS		
Cash on hand	**266**	96
Cash at bank	**19,437**	23,565
	19,703	23,661
9. LOANS AND BORROWINGS		
Non-Current		
Cash advance	**95,125**	75,380
	95,125	75,380
The group has access to the following lines of credit:		
Total facilities available at balance date:		
Multi-option facility	**170,000**	140,952
Commercial credit card	**4,308**	2,115
	174,308	143,067
Facilities utilised at balance date:		
Multi-option facility - cash advance	**95,125**	75,380
Multi-option facility - guarantees	**2,539**	2,271
Commercial credit card	**880**	570
	98,544	78,221
Facilities not utilised at balance date:		
Multi-option facility	**72,336**	63,301
Commercial credit card	**3,428**	1,545
	75,764	64,846

In addition to these facilities, the group has cash at bank and short-term deposits of $19.703 million as set out in Note 8.

Bank Facilities

The multi-option facility has a number of components that are supported by interlocking guarantees between Codan Limited and its subsidiaries and are subject to compliance with certain financial covenants.

The first multi-option facility is for $120 million and has a term of three years expiring in July 2026. The second facility is for $50 million also expiring in July 2026. A third multi-option facility for $150 million may be available subject to financial institutions approval.
The total facility drawn down as at 30 June 2024 was $95.125 million.

	2024	2023
Weighted average interest rates:		
Cash at bank	**1.43%**	0.26%
Cash advance	**6.06%**	4.54%

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2024

CASH MANAGEMENT (continued)

	Consolidated 2024 $000	2023 $000
10. NOTES TO THE STATEMENT OF CASH FLOWS		
Reconciliation of profit after income tax to net cash provided by operating activities		
Profit after income tax	**81,298**	67,729
Add/(less) items classified as investing or financing activities:		
Gain on sale of Tracking Solutions business	**–**	(895)
(Gain)/loss on sale of non-current assets	**234**	13
Add/(less) non-cash items:		
Depreciation	**13,238**	11,514
Amortisation	**19,848**	17,353
Performance rights and employee share plan expensed	**802**	740
Increase/(decrease) in income taxes	**2,335**	4,019
Increase/(decrease) in net assets affected by foreign currency translation	**(984)**	73
Net cash from operating activities before changes in assets and liabilities	**116,771**	100,546
Change in assets and liabilities during the financial year:		
Reduction/(increase) in receivables	**(17,195)**	(10,303)
Reduction/(increase) in inventories	**15,971**	(18,913)
Reduction/(increase) in other assets	**(8,193)**	1
Increase/(reduction) in trade and other payables	**(127)**	12,488
Increase/(reduction) in provisions	**(777)**	(3,942)
Net cash from operating activities	**106,450**	79,877

OPERATING ASSETS AND LIABILITIES

	Consolidated 2024 $000	2023 $000
11. TRADE AND OTHER RECEIVABLES		
Current		
Trade receivables	**91,620**	71,978
Less: expected credit loss provision	**(2,528)**	(2,792)
Other debtors	**4,791**	1,833
	93,883	71,019
12. INVENTORY		
Raw materials	**30,292**	27,005
Work in progress	**25,777**	23,069
Finished goods	**54,000**	71,327
	110,069	121,401
In FY24, inventories of $174.965 million (2023: $156.584 million) were recognised as an expense and included in cost of sales.		

OPERATING ASSETS AND LIABILITIES (continued)

	Consolidated 2024 $000	2023 $000
13. OTHER ASSETS		
Prepayments	**10,931**	10,153
Net foreign currency hedge receivable	**472**	–
Project work in progress	**20,960**	5,002
Other	**1,423**	2,696
	33,786	17,851
14. PROPERTY, PLANT AND EQUIPMENT		
Leasehold property at cost	**23,926**	21,068
Accumulated depreciation	**(8,158)**	(5,943)
	15,768	15,125
Plant and equipment at cost	**70,812**	68,784
Accumulated depreciation	**(50,585)**	(47,932)
	20,227	20,852
Capital work in progress at cost	**4,224**	1,730
Total property, plant and equipment	**40,219**	37,707
Reconciliations		
Reconciliations of the carrying amounts for each class of property, plant and equipment are set out below:		
Leasehold property improvements		
Carrying amount at beginning of year	**15,125**	610
Additions	**2,770**	15,115
Transfers	**–**	111
Disposals	**(21)**	(20)
Depreciation	**(1,708)**	(970)
Net foreign currency differences on translation of foreign entities	**(398)**	279
Carrying amount at end of year	**15,768**	15,125
Plant and equipment		
Carrying amount at beginning of year	**20,852**	15,204
Acquisitions through entities acquired (net value)	**225**	16
Additions	**4,463**	7,832
Transfers	**451**	2,326
Disposals	**(271)**	(4)
Depreciation	**(5,320)**	(4,903)
Net foreign currency differences on translation of foreign entities	**(173)**	381
Carrying amount at end of year	**20,227**	20,852
Capital work in progress at cost		
Carrying amount at beginning of year	**1,730**	3,918
Additions	**2,889**	720
Transfers	**(451)**	(2,802)
Net foreign currency differences on translation	**56**	(106)
Carrying amount at end of year	**4,224**	1,730
Total carrying amount at end of year	**40,219**	37,707

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2024

OPERATING ASSETS AND LIABILITIES (continued)

	Consolidated 2024 $000	2023 $000
15. PRODUCT DEVELOPMENT		
Product development at cost	**273,162**	233,639
Accumulated amortisation and impairment losses	**(143,737)**	(125,465)
	129,425	108,174
Reconciliation		
Carrying amount at beginning of year	**108,174**	92,261
Acquisitions through entities acquired (net value)	**1,029**	231
Capitalised in current period	**39,796**	29,993
Amortisation	**(18,540)**	(15,692)
Net foreign currency differences on translation of foreign entities	**(1,034)**	1,381
	129,425	108,174
16. INTANGIBLE ASSETS		
Intellectual property at cost	**22,019**	22,065
Accumulated amortisation	**(21,611)**	(21,590)
	408	475
Computer software at cost	**16,114**	16,994
Accumulated amortisation	**(14,019)**	(15,442)
	2,095	1,552
Licences at cost	**5,978**	5,906
Accumulated amortisation	**(5,478)**	(5,262)
	500	644
Brand names	**8,232**	7,848
Accumulated amortisation	**(1,219)**	(815)
	7,013	7,033
Customer relationships	**3,641**	1,207
Accumulated amortisation	**(921)**	(513)
	2,720	694
Goodwill	**291,856**	263,576
Total intangible assets	**304,592**	273,974
Reconciliations		
Intellectual property		
Carrying amount at beginning of year	**475**	806
Amortisation	**(30)**	(285)
Net foreign currency differences on translation of foreign entities	**(37)**	(46)
	408	475
Computer software		
Carrying amount at beginning of year	**1,552**	870
Additions	**811**	1,188
Transfers from capital work in progress	**–**	95
Amortisation	**(268)**	(605)
Net foreign currency differences on translation of foreign entities	**–**	4
	2,095	1,552

OPERATING ASSETS AND LIABILITIES (continued)

16. INTANGIBLE ASSETS (continued)

	Consolidated 2024 $000	2023 $000
Licences		
Carrying amount at beginning of year	**644**	461
Additions	**55**	50
Transfers	**–**	270
Amortisation	**(199)**	(149)
Net foreign currency differences on translation of foreign entities	**0**	12
	500	644
Brand names		
Carrying amount at beginning of year	**7,033**	6,917
Acquisitions through entities acquired (net value)	**378**	216
Amortisation	**(403)**	(381)
Net foreign currency differences on translation of foreign entities	**5**	281
	7,013	7,033
Customer Relationships		
Carrying amount at beginning of year	**694**	900
Acquisitions through entities acquired (net value)	**2,690**	–
Amortisation	**(408)**	(241)
Net foreign currency differences on translation of foreign entities	**(256)**	35
	2,720	694
Goodwill		
Carrying amount at beginning of year	**263,576**	240,423
Acquisitions through entities acquired (net value)	**31,810**	15,391
Adjustment on prior year's acquisitions	**(2,860)**	–
Net foreign currency differences on translation of foreign entities	**(670)**	7,762
	291,856	263,576
The following divisions have significant carrying amounts of goodwill:		
Tactical Communications*	**133,716**	123,307
Zetron**	**104,063**	86,192
Minelab	**54,077**	54,077
	291,856	263,576

* Tactical Communications goodwill includes $10.202 million that relates to the Wave Central Acquisition (refer note 32).

** Zetron goodwill includes $21.608 million that relates to the Zetron Limited acquisition, and $12.531 million related to GeoConex (refer note 32).

Goodwill

The recoverable amount of cash generating units or groups of cash generating units has been determined using value-in-use calculations. The approach to the value-in-use calculations for these units or groups of units is similar. The first year of the cash flow forecasts is based on the oncoming year's Board approved budgeted EBITDA, and cash flows are forecast for a five-year period.
The key assumption driving the value-in-use valuation is the level of sales, which is based on management assessment having regard to the demand expected from customers, the global economy and the businesses' competitive position. It was assumed that the revenue would increase at a rate of 5% over the next four years. Other assumptions relate to the level of gross margins achieved on sales and the level of expense required to run the business, these assumptions reflect past experience. A terminal value has been determined at the conclusion of five years assuming a long-term growth rate of 3%. A pre-tax discount rate range of 12% to 15%, dependent on the size of the cash generating unit (FY23: 12%), has been applied to the forecast cash flows. Management's sensitivity analysis indicates that there is not a reasonable possibility that changes in the assumptions used would result in an impairment in the cash-generating units.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2024

OPERATING ASSETS AND LIABILITIES (continued)

	Consolidated 2024 $000	2023 $000
17. TRADE AND OTHER PAYABLES		
Current		
Trade payables	**49,559**	46,913
Other payables and accruals	**47,188**	35,607
Contract liabilities*	**29,681**	26,156
Net foreign currency hedge payable	**–**	2,151
	126,428	110,827
Non-Current		
Contract liabilities*	**6,310**	5,845
Other payables and accruals	**12,886**	11,132
	19,196	16,977

*The revenue recognised in the current financial year that was included in the contract liability balance at the beginning of the financial year is $26.156 million.

Non-current Other payables and accruals as at 30 June 2024 includes contingent consideration, refer note 32 for more details.

	Consolidated 2024 $000	2023 $000
18. PROVISIONS		
Current		
Employee benefits	**10,319**	10,086
Warranty repairs	**3,344**	3,990
Other	**–**	31
	13,663	14,107
Reconciliation of warranty provision		
Carrying amount at beginning of year	**3,990**	3,914
Provisions made	**2,154**	2,878
Payments made	**(2,800)**	(2,802)
	3,344	3,990
Non-Current		
Employee benefits	**1,280**	1,369
Other	**3,295**	3,539
	4,575	4,908

CAPITAL MANAGEMENT

	Consolidated 2024 $000	2023 $000
19. SHARE CAPITAL		
Share capital		
Opening balance (181,168,094 ordinary shares fully paid)	**49,196**	47,059
Issue of share capital through vested performance rights	**1,123**	2,137
Closing balance (181,316,113 ordinary shares fully paid)	**50,319**	49,196
Terms and conditions		
Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings. In the winding up of the company, ordinary shareholders rank after all creditors and are fully entitled to any proceeds on liquidation.		
20. RESERVES		
Foreign currency translation reserve	**32,012**	38,458
Hedging reserve	**332**	(874)
Equity based payment reserve	**1,538**	1,859
Profit reserve	**58,981**	58,981
	92,863	98,424
Foreign currency translation		
The foreign currency translation reserve records the foreign currency differences arising from the translation of foreign operations.		
Balance at beginning of year	**38,458**	26,486
Net translation adjustment	**(6,446)**	11,972
Balance at end of year	**32,012**	38,458
Hedging reserve		
The hedging reserve comprises the effective portion of the cumulative net change in fair value of cash flow hedging instruments (net of tax) related to hedged transactions that have not yet occurred.		
Balance at beginning of year	**(874)**	(2,292)
Movement of hedging reserve	**1,206**	1,418
Balance at end of year	**332**	(874)
Equity based payment reserve		
The equity based payment reserve comprises Codan Limited's accumulated expenses in relation to unvested performance rights.		
Balance at beginning of year	**1,859**	3,256
Performance rights expensed	**802**	740
Performance rights vested	**(1,123)**	(2,137)
Balance at end of year	**1,538**	1,859
Profit reserve		
The profit reserve comprises a portion of Codan Limited's accumulated profits.		
Balance at beginning of year	**58,981**	58,981
Balance at end of year	**58,981**	58,981

21. CAPITAL MANAGEMENT

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of directors monitors the level of dividends paid to ordinary shareholders and the overall return on capital.

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings, and the advantages and security afforded by a sound capital position. This approach has not changed from previous years.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2024

GROUP STRUCTURE

22. GROUP ENTITIES

			Interest held	
Name	Country of incorporation	Class of share	2024 %	2023 %
Parent Entity				
Codan Limited	Australia	Ordinary		
Controlled Entities				
Broadcast Wireless Systems Limited	UK	Ordinary	**100**	100
Codan Defence Electronics Pty Ltd	Australia	Ordinary	**100**	100
Codan Executive Share Plan Pty Ltd	Australia	Ordinary	**100**	100
Codan Radio Communications ME DMCC	UAE	Ordinary	**100**	100
Codan Radio Communications Pty Ltd	Australia	Ordinary	**100**	100
Codan (UK) Limited	UK	Ordinary	**100**	100
Codan (US), Inc	USA	Ordinary	**100**	100
Corp Ten International, Inc.	USA	Ordinary	**100**	100
Daniels Electronics Ltd	Canada	Ordinary	**100**	100
Domo Broadcast Holdings LLC[1]	USA	Ordinary	**100**	–
Domo Tactical Communications (DTC) Limited	UK	Ordinary	**100**	100
Domo Tactical Communications (DTC) PTE limited	Singapore	Ordinary	**100**	100
DTC Communications, Inc	USA	Ordinary	**100**	100
DTC Group Holdings, LLC	USA	Ordinary	**100**	100
DTC International Holdings Ltd	UK	Ordinary	**100**	100
DTC North America Holdings, LLC	USA	Ordinary	**100**	100
GeoConex, LLC	USA	Ordinary	**100**	100
Just Detect Limited[2]	UK	Ordinary	**–**	100
MEP Surveillance Midco, Inc	USA	Ordinary	**100**	100
Minelab Americas, Inc	USA	Ordinary	**100**	100
Minelab de Mexico SA de CV	Mexico	Ordinary	**100**	100
Minelab do Brasil Equipamentos Para Mineração Ltda	Brazil	Ordinary	**100**	100
Minelab Electronics Pty Limited	Australia	Ordinary	**100**	100
Minelab India Private Limited	India	Ordinary	**100**	100
Minelab International Limited	Ireland	Ordinary	**100**	100
Minelab MEA FZE[3]	UAE	Ordinary	**100**	–
Minelab MEA General Trading LLC	UAE	Ordinary	**49**	49
Spectronic Denmark A/S	Denmark	Ordinary	**100**	100
Wave Central LLC[4]	USA	Ordinary	**100**	–
Zetron Air Systems Pty Ltd	Australia	Ordinary	**100**	100
Zetron Australasia Pty Ltd	Australia	Ordinary	**100**	100
Zetron Eagle Limited	UK	Ordinary	**100**	100
Zetron, Inc.	USA	Ordinary	**100**	100
Zetron Limited[5]	UK	Ordinary	**100**	–

1 Domo Broadcast Holdings LLC was established on 22 November 2023.
2 Just Detect Limited was deregistered by the group on 14 November 2023.
3 Minelab MEA FZE was established on 22 December 2023.
4 Wave Central LLC was acquired by the group on 1 December 2023. Refer to Note 32 for details.
5 Eagle NewCo Limited was acquired by the group on 2 August 2023. On 15 August 2023, Eagle NewCo Limited was renamed as Zetron Limited. Refer to Note 32 for details.

23. DEED OF CROSS GUARANTEE

Pursuant to ASIC Corporations (Wholly owned Companies) Instrument 2016/785, the wholly-owned subsidiary listed below is relieved from the Corporations Act 2001 requirements for preparation, audit and lodgement of financial and directors' reports.

It is a condition of the Class Order that the company and its subsidiary enter into a Deed of Cross Guarantee. The effect of the Deed is that the company guarantees to each creditor payment in full of any debt in the event of the winding up of the subsidiary under certain provisions of the Corporations Act 2001. If a winding up occurs under the provisions of the Act, the company will only be liable in the event that after six months any creditor has not been paid in full. The subsidiary has also given similar guarantees in the event that the company is wound up.

Minelab Electronics Pty Limited is the only subsidiary subject to the Deed. Minelab Electronics Pty Limited became a party to the Deed on 22 June 2009, by virtue of a Deed of Assumption. A summarised consolidated income statement and a consolidated balance sheet, comprising the company and controlled entity which is a party to the Deed, after eliminating all transactions between the parties to the Deed of Cross Guarantee, is set out as follows:

	Consolidated	
	2024	2023
	$000	$000
Summarised income statement and retained earnings		
Revenue	**116,229**	129,993
Net finance costs	**(7,662)**	(9,830)
Other expenses	**(60,104)**	(81,080)
Profit before tax	**48,463**	39,083
Income tax expense	**(11,921)**	(7,747)
Profit after tax	**36,542**	31,336
Retained earnings at beginning of year	**174,164**	186,308
Retained earnings at end of year	**174,443**	174,164
Balance sheet		
CURRENT ASSETS		
Cash and cash equivalents	**5,060**	5,198
Trade and other receivables	**81,069**	58,858
Inventories	**56,811**	70,557
Other assets	**2,056**	3,160
Total current assets	**144,996**	137,773
NON-CURRENT ASSETS		
Investments	**202,387**	202,387
Right-of-use assets	**14,489**	16,747
Property, plant and equipment	**14,142**	13,503
Product development	**63,008**	57,701
Intangible assets	**54,452**	54,796
Other assets	**1,200**	600
Total non-current assets	**349,678**	345,734
Total assets	**494,674**	483,507
CURRENT LIABILITIES		
Trade and other payables	**67,691**	77,794
Current tax payable	**2,469**	–
Lease Liability	**2,936**	2,936
Provisions	**8,586**	8,804
Total current liabilities	**81,682**	89,534

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2024

GROUP STRUCTURE (continued)

	Consolidated	
	2024	2023
	$000	$000
NON-CURRENT LIABILITIES		
Loans and borrowings	**95,125**	75,380
Lease Liability	**16,291**	18,762
Deferred tax liabilities	**12,599**	8,969
Provisions	**706**	854
Total non-current liabilities	**124,721**	103,965
Total liabilities	**206,403**	193,499
Net assets	**288,271**	290,008
EQUITY		
Share capital	**50,319**	49,196
Reserves	**63,509**	66,648
Retained earnings	**174,443**	174,164
Total equity	**288,271**	290,008

24. PARENT ENTITY DISCLOSURES

As at, and throughout, the financial year ending 30 June 2024, the parent company of the group was Codan Limited.

	Company	
	2024	2023
	$000	$000
Result of parent entity		
Profit after tax for the period	**31,622**	35,160
Other comprehensive income/(loss)	**1,022**	3,434
Total comprehensive income for the period	**32,644**	38,594
Financial position of parent entity at year end		
Current assets	**155,363**	150,144
Total assets	**466,866**	462,379
Current liabilities	**67,806**	78,691
Total liabilities	**186,954**	179,650
Total equity of the parent entity comprising:		
Share capital	**50,319**	49,196
Reserves	**62,761**	62,060
Retained earnings	**166,832**	171,473
Total equity	**279,912**	282,729

As at 30 June 2024, Codan Limited entered into contracts to purchase plant and equipment for $0.385 million (2023: $0.467 million).

CODAN LIMITED AND ITS CONTROLLED ENTITIES

OTHER NOTES

	Consolidated	
	2024	2023
	$	$

25. AUDITOR'S REMUNERATION

Audit services:		
KPMG - audit and review of financial reports - Group	**351,556**	309,983
Other firms - audit and review of financial reports	**402,037**	285,925
Other Services		
KPMG - taxation advice and compliance services	**22,639**	19,506
Other firms - taxation advice and compliance services	**107,886**	107,149
Other firms - other services	**13,439**	26,898
	897,557	749,461

26. ADDITIONAL FINANCIAL INSTRUMENTS DISCLOSURE

Financial risk management

Overview

The group has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk
- operational risk.

This note presents information about the group's exposure to each of the above risks, its objectives, policies and processes for measuring and managing risk, and its management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

The Board of directors has overall responsibility for the establishment and oversight of the risk management framework. The Audit and Risk Committee is responsible for developing and monitoring risk management policies. The committee reports regularly to the Board on its activities.

Risk management policies are established to identify and analyse the risks faced by the group, to set appropriate risk limits and controls, and to monitor risk and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the group's activities. The group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations. The Audit and Risk Committee oversees how management monitors compliance with the group's risk management policies and procedures, and reviews the adequacy of the risk framework in relation to the risks faced by the group.

(a) Credit risk

Credit risk is the risk of financial loss to the group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the group's receivables from customers and bank accounts.

The credit risk on the financial assets of the consolidated entity is the carrying amount of the asset, net of any impairment losses recognised. The group minimises concentration of credit risk by undertaking transactions with a large number of customers in various countries.

As at 30 June 2024, the customer with the group's highest trade and other receivable balance accounted for $4.1 million (2023: $3.8 million).

Trade and other receivables

The group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the group's customer base, including the default risk of the industry and country in which customers operate, have less of an influence on credit risk.

The group has established a credit policy under which new customers are analysed for credit worthiness before the group's payment and delivery terms and conditions are offered.

Goods are sold subject to retention of title clauses, so that in the event of non-payment the group may have a secured claim. The group does not normally require collateral in respect of trade and other receivables.

The group has established an allowance for expected credit losses (ECL) based on the lifetime ECL approach that represents its estimate of losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures and a collective loss component established for groups of similar assets. In determining the lifetime ECL, management uses both historical credit loss experience and forecasts of future economic conditions for trade receivables. The need to consider forward-looking information means that the group exercises judgement as to how changes in macroeconomic factors will affect the ECL on trade receivables.

Guarantees

Group policy is to provide financial guarantees only to wholly owned subsidiaries.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2024

OTHER NOTES (continued)

The carrying amount of the group's financial assets represents the maximum credit exposure. The group's maximum exposure to credit risk at the reporting date was:

		Consolidated	
		2024	2023
	Note	**$000**	$000
Cash and cash equivalents	8	**19,703**	23,661
Trade and other receivables	11	**93,883**	71,019
The group's gross trade receivables at the reporting date by geographic region was:			
Australia/Oceania		**4,877**	4,583
Europe		**22,556**	12,590
Americas		**49,519**	44,653
Asia		**10,193**	4,732
Africa/Middle East		**4,475**	5,420
		91,620	71,978

Impairment losses

The aging of the group's trade receivables at the reporting date was:

	Consolidated			
	Gross	**Impairment**	Gross	Impairment
	2024	**2024**	2023	2023
	$000	**$000**	$000	$000
Not past due	**64,163**	**(870)**	53,783	(1,061)
Past due 0-30 days	**10,244**	**(17)**	6,934	(48)
Past due 31-60 days	**4,339**	**(7)**	4,018	(28)
Past due 61-120 days	**8,620**	**(14)**	3,773	(26)
More than 120 days	**4,254**	**(1,620)**	3,470	(1,629)
	91,620	**(2,528)**	71,978	(2,792)

Trade receivables have been reviewed, taking into consideration letters of credit held and the credit assessment of the individual customers. The impairment recognised is considered appropriate for the credit risk remaining.

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	Consolidated	
	2024	2023
	$000	$000
Balance at 1 July	**2,792**	2,950
Acquisition through entities acquired	**–**	235
Impairment loss/(reversal) recognised	**(264)**	(384)
Trade receivables written off to the allowance for impairment	**–**	(9)
Balance at 30 June	**2,528**	2,792

CODAN LIMITED AND ITS CONTROLLED ENTITIES

(b) Liquidity risk

Liquidity risk is the risk that the group will not be able to meet its financial obligations as they fall due. The group's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions and without incurring unacceptable losses or risking damage to the group's reputation. Refer to note 9 for a summary of banking facilities available.

The following are the contractual maturities of financial liabilities:

	Carrying amount	Contractual cash flows	12 months or less	1-5 years	More than 5 years
	$000	$000	$000	$000	$000
30 June 2024					
Non-derivative financial liabilities					
Trade and other payables	**109,633**	**(109,633)**	**(96,747)**	**(12,886)**	**–**
Lease liabilities	**45,921**	**(52,019)**	**(6,689)**	**(28,666)**	**(16,664)**
Cash advance	**95,125**	**(106,660)**	**(5,767)**	**(100,892)**	**–**
	250,679	**(268,312)**	**(109,203)**	**(142,444)**	**(16,664)**
Derivative financial liabilities					
Net foreign currency hedge payables	**–**	**–**	**–**	**–**	**–**
	–	**–**	**–**	**–**	**–**
30 June 2023					
Non-derivative financial liabilities					
Trade and other payables	93,652	(93,652)	(82,520)	(11,132)	–
Lease liabilities	50,011	(61,902)	(5,988)	(32,813)	(23,101)
Cash advance	75,380	(78,802)	(3,422)	(75,380)	–
	219,043	(234,356)	(91,930)	(119,325)	(23,101)
Derivative financial liabilities					
Net foreign currency hedge payables	2,151	(2,151)	(2,151)	–	–
	2,151	(2,151)	(2,151)	–	–

(c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, will affect the group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The group enters into derivatives, and also incurs financial liabilities, in order to manage market risks. All such transactions are carried out within the policy set by the Board. Generally, the group seeks to apply hedge accounting in order to manage volatility in the income statement.

The net fair values of monetary financial assets and financial liabilities not readily traded in an organised financial market are determined by valuing them at the present value of the contractual future cash flows on amounts due from customers (reduced for expected credit losses), or due to suppliers. The carrying amount of financial assets and financial liabilities approximates their net fair values.

OTHER NOTES (continued)

Interest rate risk

Profile

At the reporting date, the interest rate profile of the group's interest-bearing financial instruments was:

	Consolidated	
	2024	2023
	$000	$000
Fixed rate instruments		
Financial assets	**–**	–
Financial liabilities	**–**	–
	–	–
Variable rate instruments		
Financial assets	**19,703**	23,661
Financial liabilities	**(95,125)**	(75,380)
	(75,422)	(51,719)

Cash flow sensitivity

If interest rates varied by 100 basis points for the full financial year, then based on the balance of variable rate instruments held at the reporting date, profit and equity would have been affected as shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Profit/(loss) before tax		Reserve	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
	$000	$000	$000	$000
30 June 2024				
Variable rate instruments	**(754)**	**754**	**–**	**–**
30 June 2023				
Variable rate instruments	(517)	517	–	–

Currency risk

The group is exposed to currency risk on sales, purchases and balance sheet accounts that are denominated in a currency other than the respective functional currencies of group entities, primarily the Australian dollar (AUD). The currencies in which these transactions are denominated are primarily USD and EUR.

The group enters into foreign currency hedging instruments or borrowings denominated in a foreign currency to hedge certain anticipated highly probable sales denominated in foreign currency (principally in USD). The terms of these commitments are usually less than 12 months. As at the reporting date, the group has entered into a number of forward exchange contracts which will limit the foreign exchange risk on USD $18 million of FY25 cash flows. The average forward exchange contract rate is 1AUD:0.65USD.

CODAN LIMITED AND ITS CONTROLLED ENTITIES

The group's exposure to foreign currency risk (in AUD equivalent), after taking into account hedge transactions at reporting date, was as follows:

	Consolidated	
	EUR	USD
	$000	$000
30 June 2024		
Cash and cash equivalents	**991**	**4,883**
Trade receivables	**7,284**	**18,496**
Trade payables	**(39)**	**(19,549)**
Gross balance sheet exposure	**8,236**	**3,830**
Hedge transactions relating to balance sheet exposure	**–**	**(3,019)**
Net exposure at the reporting date	**8,236**	**811**
30 June 2023		
Cash and cash equivalents	1,427	7,350
Trade receivables	4,529	20,588
Trade payables	(204)	(21,730)
Gross balance sheet exposure	5,752	6,208
Hedge transactions relating to balance sheet exposure	–	(3,017)
Net exposure at the reporting date	5,752	3,191

Sensitivity analysis

Given the foreign currency balances included in the balance sheet as at reporting date, if the Australian dollar at that date strengthened by 10%, then the impact on profit and equity arising from the balance sheet exposure would be as follows:

	Consolidated	
	Reserve credit/(debit)	Profit/(loss) before tax
	$000	$000
2024		
EUR	**–**	**(749)**
USD	**(43)**	**(74)**
	(43)	**(823)**
2023		
EUR	–	(523)
USD	196	(290)
	196	(813)

A 10% weakening of the Australian dollar against the above currencies at 30 June would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

(d) Fair value hierarchy

The group's financial instruments carried at fair value have been valued by using a "level 2" valuation method. Level 2 valuations are obtained from inputs, other than quoted prices, that are observable for the asset or liability either directly or indirectly. At the end of the current year, financial instruments valued at fair value were limited to net foreign currency hedge receivable of $0.472 million, for which an independent valuation was obtained from the relevant banking institution.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2024

OTHER NOTES (continued)

27. EMPLOYEE BENEFITS

	Consolidated	
	2024	2023
	$000	$000
Aggregate liability for employee benefits, including on-costs:		
Current - short-term incentives and other accruals	**11,979**	7,765
Current - employee entitlements	**10,319**	10,086
Non-current - employee entitlements	**1,280**	1,369
	23,578	19,220
The present values of employee entitlements not expected to be settled within 12 months of the reporting date have been calculated using the following weighted averages:		
Assumed rate of increase in wage and salary rates	**3.00%**	3.00%
Discount rate	**5.47%**	5.56%
Settlement term	**10 years**	10 years

Performance Rights Plan

At the 2004 AGM, shareholders approved the establishment of a Performance Rights Plan (Plan). The Plan is designed to provide employees with an incentive to maximise the return to shareholders over the long term, and to assist in the attraction and retention of key employees.

Performance rights issued in financial year 2022

The company issued 80,011 performance rights in November 2021 to certain employees. The fair value of the rights was on average $8.20 based on the Black-Scholes formula. The model inputs were: the share price of $9.11, no exercise price, expected volatility 45%, dividend yield 3.0%, a term of three years and a risk-free rate of 1.6%. Due to the departure of employees, 10,447 performance rights have been cancelled. The total expense recognised as employee costs in FY24 in relation to performance rights issued was 0.135 million.

The performance rights become exercisable if certain performance thresholds such as growth of the group's earnings per share over a three-year period are achieved. The actual performance to 30 June have exceeded the performance target. Therefore, it is expected that 69,564 shares will be issued to the relevant employees in FY25.

Performance rights issued in financial year 2023

The company issued 40,714 performance rights in relation to the FY23 long term incentive plan and 16,305 performance rights in relation to the FY22 plan in November 2022 to the Chief Executive Officer. The FY22 issue was a pro rata issue given the Chief Executive Officer commenced employment part way through that year. The fair value of the rights was on average $3.24, based on the Black-Scholes formula. The model inputs were the share price of $3.98, no exercise price, expected volatility 53%, dividend yield 7.04%, a term of three years for the FY23 issue and a term of two years for the FY22 issue and a risk-free rate of 3.6%. The performance rights become exercisable if certain performance thresholds such as growth of the group's earnings per share over a three-year period are achieved. The actual performance to 30 June have exceeded the performance target for the FY22 issue. Therefore, it is expected that 16,305 shares will be issued to the Chief Executive Officer in FY25.

The company issued 463,746 performance rights in February 2023 to certain employees. The fair value of the rights was on average $4.57, based on the Black-Scholes Formula. The model inputs were: the share price of $5.48, no exercise price, expected volatility 53%, dividend yield 5.11%, a term of two years and a risk-free rate of 3.6%. Due to the departure of employees, 14,564 performance rights have been cancelled. The total expense recognised as employee costs in FY24 in relation to performance rights issued was $0.245 million.

The performance rights become exercisable if certain performance thresholds such as growth of the group's earnings per share over a three-year period are achieved.

Performance rights issued in financial year 2024

The company issued 99,809 performance rights in November 2023 to the Chief Executive Officer. For the EPS growth performance hurdle, the fair value of the rights was on average $6.74, based on the Black-Scholes formula. The model inputs were the share price of $8.13, no exercise price, expected volatility 49.5%, dividend yield 2.28%, a term of three years and a risk-free rate of 4.63%.
For the RTSR performance hurdle, the fair value of the rights was on average $4.88, based on the Monte Carlo simulation method. The model inputs were the share price of $8.13, expected volatility 49.5%, dividend yield 2.28%, a risk-free rate of 4.63%, performance period of 3 years ending 30 June 2026, volatility for each peer, historical returns for each peer and vesting schedule applicable to the Chief Executive Officer.

The company issued 270,876 performance rights in February 2024 to certain employees. For the EPS Growth Performance Hurdle, the fair value of the rights was on average $7.07, based on the Black-Scholes Formula. The model inputs were the share price of $7.95, no exercise price, expected volatility 48.1%, dividend yield 2.33%, a term of three years and a risk-free rate of 4.15%. For the RTSR performance hurdle, the fair value of the rights was on average $4.43, based on the Monte Carlo simulation method. The model inputs were the share price of $7.95, expected volatility 48.1%, dividend yield 2.33%, a risk-free rate of 4.15%, performance period of 3 years ending 30 June 2026, volatility for each peer, historical returns for each peer and vesting schedule applicable to other employees.

The performance rights become exercisable if certain performance thresholds such as growth of the group's earnings per share over a three-year period are achieved.

No performance rights have been issued since the end of the financial year.

28. KEY MANAGEMENT PERSONNEL DISCLOSURES

Transactions with key management personnel

(a) Loans to directors

There have been no loans to directors during the financial year.

(b) Key management personnel compensation

The key management personnel compensation included in "personnel expenses" (refer to note 3) is as follows:

	Consolidated	
	2024	2023
	$	$
Short-term employee benefits	**5,478,558**	3,204,970
Post-employment benefits	**166,566**	164,475
Share-based payments	**800,895**	678,048
Other long term benefits	**51,852**	80,723
	6,497,871	4,128,216

(c) Key management personnel transactions

From time to time, directors and specified executives, or their related parties, purchase goods from the group. These purchases occur within a normal employee relationship and are considered to be trivial in nature.

29. OTHER RELATED PARTIES

All transactions with non-key management personnel related parties are on normal terms and conditions.

Companies within the group purchase materials from other group companies. These transactions are on normal commercial terms.

Loans between entities in the wholly owned group are repayable at call and no interest is charged.

30. NET TANGIBLE ASSET PER SHARE

	2024	2023
Net tangible asset per share	**11.7 cents**	17.4 cents
Net tangible asset per share (excluding right of use assets)	**(7.3) cents**	(3.9) cents

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2024

OTHER NOTES (continued)

31. LEASES AND COMMITMENTS

	Consolidated 2024 $000	2023 $000
Reconciliations		
Right-of-use assets at cost	**54,418**	52,503
Accumulated depreciation	**(20,049)**	(13,948)
	34,369	38,555
Right-of-use assets		
Carrying amount at beginning of year	**38,555**	25,067
Additions	**2,344**	18,595
Depreciation	**(6,210)**	(5,641)
Net foreign currency differences on translation of foreign entities	**(320)**	534
Carrying amount at end of year	**34,369**	38,555
Lease Liabilities		
Carrying amount at beginning of year	**50,011**	30,243
Additions	**2,189**	24,687
Finance charge on lease liabilities	**1,992**	1,273
Lease payments	**(7,905)**	(6,628)
Net foreign currency differences on translation	**(366)**	436
	45,921	50,011
of which are:		
Current lease liabilities	**6,689**	5,988
Non-current lease liabilities	**39,232**	44,023
Capital expenditure commitments		
Aggregate amount of contracts for capital expenditure		
Within one year	**1,184**	542
One year or later and no later than five years	**–**	–
	1,184	542

32. ACQUISITIONS OF SUBSIDIARIES

On 2 August 2023, Codan acquired all of the shares in Zetron Limited (also referred to as Zetron UK), a UK command and control solutions business for an upfront cost of $22.359 million inclusive of $2.451 million in cash that was held by the business. This acquisition is consistent with Codan's growth strategy to acquire technology and capability that accelerate growth, with this acquisition focused on the public safety market segment. Zetron Limited will be integrated into Codan's Zetron business and will significantly strengthen Zetron's presence in the UK public safety market and provides a platform to further expand business across Europe and the Middle East.

From the acquisition date, Zetron Limited has been consolidated within the group's results and has been reported in the Communications segment in Note 2. The following summary provides current estimates of the major classes of consideration transferred, the estimated fair value of assets acquired and liabilities assumed and the estimated goodwill at the acquisition date.

	$000
Estimated fair value of consideration transferred	
Cash paid	**22,359**
Acquiree's cash balance at acquisition date	**(2,451)**
	19,908
Estimated fair value of identifiable assets acquired and liabilities assumed, on a provisional basis	
Total assets	**13,623**
Total liabilities	**(15,323)**
	(1,700)
Estimated goodwill as a result of the acquisition	
Estimated fair value of consideration transferred	**19,908**
Estimated fair value of identifiable assets acquired and liabilities assumed, on a provisional basis	**1,700**
	21,608

The identification and fair value measurement of the assets and liabilities acquired are provisional and amendments may be made to these figures up to 12 months following the date of acquisition if new information is obtained about facts and circumstances that existed at the acquisition date and, if known, would have affected the measurement of the amounts recognised as of that date. The goodwill is mainly attributable to the synergies that will be realised by incorporating Zetron Limited into Codan's Communications business, its strong position in the UK public safety market and customer loyalty. The goodwill is not expected to be deductible for tax purposes.

On 1 December 2023, Codan acquired all of the shares Wave Central LLC (Wave Central), a leading North American systems integrator of wireless broadcast solutions for an upfront cost of $11.717 million inclusive of $0.870 million in cash that was held by the business. If certain gross margin targets are achieved over the three-year period after completion, additional earn-out payments of up to $12.101 million will be required. An estimated portion of this potential earn-out (contingent consideration) of $8.784 million has been recognised as Trade and other payables in the group's Consolidated Balance Sheet as at 30 June 2024. The acquisition of Wave Central is consistent with Codan's growth strategy to acquire complementary businesses and to leverage our radio and wireless technology to build scale in the markets we target. Tactical Communications has a dominant presence in wireless camera links in the European broadcast market and this acquisition will allow the business to leverage Wave Central's strong reputation and market leading system integration capability, to drive growth in North America. The combined strengths of Domo Broadcast and Wave Central will increase opportunities in news coverage for live events, college and professional sports, film production and unmanned applications in the growing global remote broadcast market.

From the acquisition date, Wave Central has been consolidated within the group's results and has been reported in the Communications segment in Note 2. The following summary provides current estimates of the major classes of consideration transferred, the estimated fair value of assets acquired and liabilities assumed and the estimated goodwill at the acquisition date.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2024

OTHER NOTES (continued)

32. ACQUISITIONS OF SUBSIDIARIES (continued)

	$000
Estimated fair value of consideration transferred	
Cash paid	**11,717**
Contingent consideration	**8,784**
Acquiree's cash balance at acquisition date	**(870)**
	19,631
Estimated fair value of identifiable assets acquired and liabilities assumed, on a provisional basis	
Total assets	**12,265**
Total liabilities	**(2,836)**
	9,429
Estimated goodwill as a result of the acquisition	
Estimated fair value of consideration transferred	**19,631**
Estimated fair value of identifiable assets acquired and liabilities assumed, on a provisional basis	**(9,429)**
	10,202

The identification and fair value measurement of the assets and liabilities acquired are provisional and amendments may be made to these figures up to 12 months following the date of acquisition if new information is obtained about facts and circumstances that existed at the acquisition date and, if known, would have affected the measurement of the amounts recognised as of that date. The goodwill is mainly attributable to the contingent consideration that will be paid as synergies are realised by incorporating Wave Central into Tactical Communication's business. The goodwill is expected to be deductible for tax purposes.

The company acquired all of the shares in US-based company, GeoConex, LLC (GeoConex) on 16 February 2023 and initially recognised the acquired assets and liabilities of GeoConex at their provisional fair values as disclosed in the FY23 annual report. Subsequently the company conducted detailed valuations of the assets and liabilities acquired as at the acquisition date which resulted in the following adjustments:

	Provisional fair value recognised $000	Fair value adjustment $000	**Final fair value $000**
Estimated fair value of consideration transferred			
Cash paid	6,588	77	**6,665**
Holdback amount and future instalments	2,407	–	**2,407**
Contingent consideration	9,979	(3,838)	**6,141**
Acquiree's cash balance at acquisition date	(94)	–	**(94)**
	18,880	(3,761)	**15,119**
Estimated fair value of identifiable assets acquired and liabilities assumed, on a provisional basis			
Total assets	7,042	(901)	**6,141**
Total liabilities	(3,553)	–	**(3,553)**
	3,489	(901)	**2,588**
Estimated goodwill as a result of the acquisition			
Estimated fair value of consideration transferred	18,880	(3,761)	**15,119**
Estimated fair value of identifiable assets acquired and liabilities assumed, on a provisional basis	(3,489)	901	**(2,588)**
	15,391	(2,860)	**12,531**

33. SUBSEQUENT EVENTS

A final dividend was declared after the end of the financial year as disclosed in note 5.

DIRECTORS' DECLARATION

1. In the opinion of the directors of Codan Limited ("the Company"):
   a) the consolidated financial statements and notes that are set out on pages 82–120 and the remuneration report on pages 63–76 in the directors' report, are in accordance with the *Corporations Act 2001*, including:
      (i) giving a true and fair view of the group's financial position as at 30 June 2024 and of its performance for the financial year ended on that date; and
      (ii) complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*; and
   b) the consolidated entity disclosure statement as at 30 June 2024 set out on page 87 is true and correct; and
   c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. There are reasonable grounds to believe that the Company and the group entities identified in note 22 will be able to meet any obligations or liabilities to which they are or may become subject to by virtue of the Deed of Cross Guarantee between the Company and those group entities pursuant to *ASIC Corporations (Wholly owned Companies) Instrument 2016/785.*
3. The directors have been given the declarations required by Section 295A of the *Corporations Act 2001* from the Chief Executive Officer and Chief Financial Officer for the financial year ended 30 June 2024.
4. The directors draw attention to note 1 of the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the directors:

Dated at Mawson Lakes this 21st day of August 2024.

G R C Barclay
Director

A Ianniello
Director

This is the original version pf the Directors Declaration signed by the Directors on 21 August 2024. Page references should be read as follows to correct references now that the financial statements have been presented in the context of the Annual Report in its entirety: 1a) the consolidated financial statements and notes are set out on pages 82 to 120 as opposed to 32 to 70 outlined above and the Remuneration Report is set out on pages 63 to 76 as opposed to 5 to 23 outlined above.
1b) the consolidated entity disclosure statement as at 30 June 2024 is set out on page 87 as opposed to 37 outlined above.

INDEPENDENT AUDITOR'S REPORT

Independent Auditor's Report

To the shareholders of Codan Limited

Report on the audit of the Financial Report

Opinion

We have audited the ***Financial Report*** of Codan Limited (the Company).

In our opinion, the accompanying Financial Report of the Company gives a true and fair view, including of the ***Group***'s financial position as at 30 June 2024 and of its financial performance for the year then ended, in accordance with the *Corporations Act 2001*, in compliance with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The ***Financial Report*** comprises:

- Consolidated balance sheet as at 30 June 2024;
- Consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows for the year then ended;
- Consolidated entity disclosure statement and accompanying basis of preparation as at 30 June 2024;
- Notes, including material accounting policies; and
- Directors' Declaration.

The ***Group*** consists of the Company and the entities it controlled at the year-end or from time to time during the financial year.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Key Audit Matters

The ***Key Audit Matters*** we identified are:

- Goodwill – Impairment Assessment
- Revenue recognised over time – Communications

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of the current period.

These matters were addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

CODAN LIMITED AND ITS CONTROLLED ENTITIES

Goodwill – Impairment Assessment ($291.9 million)

Refer to Note 16 to the Financial Report

The key audit matter	How the matter was addressed in our audit
A key audit matter for us was the Group's annual testing of goodwill for impairment, given the size of the balance (being 38% of total assets). We focussed on the significant forward-looking assumptions the Group applied in the value in use models, including: • Forecast operating cashflows, growth rates and terminal growth rates – the Group's models are sensitive to changes in these assumptions, reducing available headroom. This drives additional audit effort specific to their feasibility and consistency of application to the strategy of the business. • Discount rate – these are complicated in nature and vary according to the conditions and environment the specific Cash Generating Unit (CGU) is subject to from time to time. The Group's modelling is sensitive to changes in the discount rate. The Group uses complex models to perform their annual testing of goodwill for impairment. The models are largely manually developed, use adjusted historical performance, and a range of internal and external sources as inputs to the assumptions. Complex modelling, using forward-looking assumptions tend to be prone to greater risk for potential bias, error and inconsistent application. These conditions necessitate additional scrutiny by us, in particular to address the objectivity of sources used for assumptions, and their consistent application. We involved valuation specialists to supplement our senior audit team members in assessing this key audit matter	Our procedures included: • We considered the Group's determination of their CGUs based on our understanding of the operations of the Group's business, the impact of acquisitions during the year, and, how independent cash inflows were generated, against the requirements of the accounting standards. • We considered the appropriateness of the value in use method applied by the Group to perform the annual test of goodwill for impairment against the requirements of the accounting standards. • We assessed the integrity of the value in use models used, including the accuracy of the underlying calculation formulas. • We compared the forecast cash flows contained in the value in use models to Board approved forecasts. • We assessed the accuracy of previous Group performance forecasts to inform our evaluation of forecasts incorporated in the models. • We assessed the Group's underlying methodology and documentation for the allocation of corporate costs to the forecast cash flows contained in the value in use model, for consistency with our understanding of the business and the criteria in the accounting standards. • We assessed the Group's allocation of corporate assets to CGUs for reasonableness and consistency based on the requirements of the accounting standards. • We checked the consistency of the growth rates to the Group's stated plan and strategy, past performance of the Group, and our experience regarding the feasibility of these in the industry and economic environment in which they operate. • Working with our valuation specialists we independently developed a discount rate range considered comparable using publicly available market data for comparable entities, adjusted by risk factors. • We assessed the Group's composition of the assets and liabilities in the CGUs' carrying value for consistency with the assumptions used in the forecast cash flows and the requirements of the accounting standards. • We considered the sensitivity of the models by varying key assumptions, such as forecast growth rates and discount rates, within a reasonably possible range. We did this to assess the models did not have a higher risk of impairment, to identify those assumptions at higher risk of bias or inconsistency in application and to focus our further procedures. • We assessed the disclosures in the financial report using our understanding obtained from our testing and against the requirements of the accounting standards.

INDEPENDENT AUDITOR'S REPORT (continued)

Revenue recognised over time – Communications ($70.7 million)	
Refer to Note 2 to the Financial Report	
The key audit matter	**How the matter was addressed in our audit**
Communications revenue recognised over time has two significant revenue streams: • Solutions (projects); and • Maintenance and support services. Communications revenue recognised over time was a key audit matter due to the significant judgment we have applied in assessing the recognition and measurement of revenue. This was a result of: • Complexity and judgements involved in applying the requirements of AASB 15 *Revenue from Contracts with Customers*. • It is the Group's policy to recognise revenue from the sale of Solutions (projects) on a percentage of completion basis. This requires them to estimate the project cost to complete, as a component of the measurement of the percentage of completion. The estimation of cost to complete is prone to greater risk of bias, error and inconsistent application given the scale, complexity of projects and longer timeframes over which the projects lapse. Additional audit effort was required to evaluate the Group's estimations of project cost to complete, percentage of project completion and therefore revenue recognised. We involved our senior audit team members in assessing this key audit matter.	Our procedures included: • We considered the appropriateness of the revenue recognition method applied by the Group against the requirements of the accounting standards and our understanding of the business and industry practice. • We inspected a sample of executed customer contracts to understand the key terms of the arrangements and the performance obligations. • We tested the accuracy of the underlying revenue data by tracing a sample of the contractual revenue to signed customer contracts. • We obtained an understanding of the Group processes and controls over the preparation and oversight of estimated cost to complete and the allocation of expenses to projects. • We tested the accuracy of project related expenses by tracing a sample of expenses to underlying documentation such as invoices and payroll records. • We compared historical estimates of costs to complete to actuals experienced to assess the Group's historical ability to forecast cost to complete, and therefore inform our assessment of estimations in the current year. • We compared estimated costs to complete at 30 June 2024 for a sample of projects to the budget and challenged management's assumptions around project status and estimation uncertainties. • We assessed the disclosures in the financial report using our understanding obtained from our testing and against the requirements of the accounting standards.

CODAN LIMITED AND ITS CONTROLLED ENTITIES

Other Information

Other Information is financial and non-financial information in Codan Limited's annual report which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

The Other Information we obtained prior to the date of this Auditor's Report was the Directors' report and Remuneration Report. The Chairman's Letter to Shareholders, CEO's report, Environment, Social and Governance report and ASX Additional information are expected to be made available to us after the date of the Auditor's Report.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not and will not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report in accordance with the *Corporations Act 2001*, including giving a true and fair view of the financial position and performance of the Group, and in compliance with *Australian Accounting Standards* and the *Corporations Regulations 2001*
- implementing necessary internal control to enable the preparation of a Financial Report in accordance with the *Corporations Act 2001*, including giving a true and fair view of the financial position and performance of the Group, and that is free from material misstatement, whether due to fraud or error
- assessing the Group and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf. This description forms part of our Auditor's Report.

INDEPENDENT AUDITOR'S REPORT (continued)

KPMG

Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of Codan Limited for the year ended 30 June 2024, complies with *Section 300A* of the *Corporations Act 2001*.

Directors' responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with *Section 300A* of the *Corporations Act 2001*.

Our responsibilities

We have audited the Remuneration Report included in pages 5 to 23 of the Directors' report for the year ended 30 June 2024.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with *Australian Auditing Standards*.

KPMG

Julie Cleary
Partner

Sydney

21 August 2024

This is the original version of the audit report over the financial statements signed by the Directors on 21 August 2024. Page references should be read as follows to reflect the correct references now that the financial statements have been presented in the context of the Annual Report in its entirely.
The Remuneration Report is set out on pages 63 to 76 as opposed to pages 5 to 23 outlined above.

ASX ADDITIONAL INFORMATION

Additional information required by the Australian Stock Exchange Limited Listing Rules not disclosed elsewhere in this report is set out below.

Shareholdings as at 22 August 2024

Substantial shareholders

The numbers of shares held by substantial shareholders and their associates are set out below:

Shareholder	Number of ordinary shares
P M Wall	34,808,151
Interests associated with Starform Pty Ltd, Dareel Pty Ltd and Pinara Group Pty Ltd	28,118,288

Distribution of equity security holders

Number of shares held	Number of equity security holders Ordinary shares	Issued Capital %
1 - 1,000	5,251	1.1%
1,001 - 5,000	3,264	4.6%
5,001 - 10,000	878	3.7%
10,001 - 100,000	795	10.4%
100,001 and Over	70	80.2%
Total	**10,258**	**100%**

The number of shareholders holding less than a marketable parcel of ordinary shares is 314.

Securities exchange

The company is listed on the Australian Securities Exchange. The home exchange is Sydney.

Other securities on issue

The company has performance rights on issue in addition to ordinary shares.
The details of the securities held as at 22 August 2024 are as follows:

Class of security	Number of holders	Number of securities
Performance Rights	28	973,011

No voting rights attach to the above securities, however, any ordinary shares that are alloted to the holders of the securities upon vesting or conversion of the above mentioned securities will have the same voting rights as all other ordinary Codan shares.

Other information

Codan Limited, incorporated and domiciled in Australia, is a publicly listed company limited by shares.

On-market buy-back

There is no current on-market buy-back.

ASX ADDITIONAL INFORMATION (continued)

Twenty largest shareholders

Name	Number of ordinary shares held	Issued Capital %
P M Wall	34,808,151	19.2%
HSBC Custody Nominees (Australia) Limited	18,403,357	10.1%
Dareel Pty Ltd	18,013,512	9.9%
Citicorp Nominees Pty Limited	17,589,032	9.7%
J P Morgan Nominees Australia Limited	14,173,043	7.8%
Kynola Pty Ltd	6,627,548	3.7%
Starform Pty Ltd	6,404,224	3.5%
A Bettison	3,562,124	2.0%
National Nominees Limited	2,809,535	1.5%
M K and M C Heard	2,400,000	1.3%
J A Uhrig	1,400,048	0.8%
UBS Nominees Pty Ltd	1,178,445	0.6%
Rosevine Pty Ltd	1,107,254	0.6%
Cedara Pty Ltd	1,107,254	0.6%
G Bettison	1,024,000	0.6%
BNP Paribas Nominees Pty Ltd	883,161	0.5%
Buttonwood Nominees Pty Ltd	832,942	0.5%
Warren Glen Pty Ltd	800,000	0.4%
BNP Paribas Noms Pty Limited	769,716	0.4%
Pinara Group Pty Ltd	749,564	0.4%
Total	**134,642,910**	**74.3%**

Offices and officers

Company Secretary

Mr Michael Barton BA (ACC), CA

Mr Daniel Widera LLB/LP, Harvard PLD

Principal registered office

Technology Park
2 Second Avenue
Mawson Lakes, South Australia 5095

Telephone: (08) 8305 0311

Facsimile: (08) 8305 0411

Internet address: www.codan.com.au

Location of share registry

Computershare Investor Services Pty Limited
GPO Box 1903
Adelaide, South Australia 5001

CORPORATE DIRECTORY

Directors

Graeme Barclay
(Chair)

Alf Ianniello
(Managing Director and Chief Executive Officer)

Kathy Gramp

Sarah Adam-Gedge

Heith Mackay-Cruise

Company Secretary

Michael Barton / Daniel Widera

Principal registered office

Technology Park
2 Second Avenue
Mawson Lakes, South Australia 5095

Auditor

KPMG
151 Pirie Street
Adelaide, South Australia 5000

Location of share registry

Computershare Investor Services Pty Limited
GPO Box 1903
Adelaide, South Australia 5001

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