

Trajan Group Holdings Limited

31 December 2021

1. Company details

Name of entity:	Trajan Group Holdings Limited
ABN:	38 152 617 706
Reporting period:	For the half-year ended 31 December 2021
Previous period:	For the half-year ended 31 December 2020

2. Results for announcement to the market

Revenues from ordinary activities	Up	17 % to	\$'000 43,712
Profit from ordinary activities after tax attributable to the owners of Trajan Group Holdings Limited	Down	95 % to	153
Comprehensive income for the half-year attributable to the owners of Trajan Group Holdings Limited	Down	105 % to	(119)

Commentary

Trajan Group Holdings Limited listed on 7 June 2021. It should be noted that the results of the previous period for the year ended 31 December 2020 are financial results of the Group prelisting.

The Group reported revenues of \$43.7M representing an increase of 16.8% on the previous period. Trajan's two business segments Analytical Products and Life Science Solutions reported improved revenue on the previous period. Analytical Products reported revenue up 12.6% to \$28.9M. Life Science Solutions reported segment revenue of \$14.8M, up 26.2% on the previous period.

The profit from ordinary activities after tax attributable to the owners of Trajan Group Holdings Limited amounted to \$0.2M (31 December 2021: \$3.2M). The movement includes business acquisition expenses of \$1.8M, commercialisation costs of \$0.7M, restructuring and "Project Neptune", a margin enhancement initiative related expenses of \$0.2M. Adding back these expenses, the profit from ordinary activities after tax is in line with previous period.

3. Dividends

No dividend declared or proposed.

4. Net tangible assets

	Reporting period	Previous period
	\$	\$
Net tangible assets per ordinary security	0.19	1,452,500

5. Control gained over entities

Name of entities	Date control gained	Percentage holding
Axel Semrau GmbH & Co. KG	18 November 2021	100%
Semrau Immobilien GmbH & Co. KG	18 November 2021	100%
Neoteryx LLC	29 December 2021	100%
Biopsy Solutions Pty Ltd	1 July 2021	100%

6. Loss of control over entities

During the period, control was not lost over any entity.

7. Details of associates and joint venture entities

There were no associates or joint ventures during the period.

8. Audit review

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report.

9. Attachments

The Interim Report of Trajan Group Holdings Limited for the half-year ended 31 December 2021 is attached.



Date: 24th February 2022

John Eales AM
Chair
Melbourne



Trajan Group Holdings Limited

ABN 38 152 617 706

Interim Financial Report for half-year ended 31 December 2021



Dear Shareholders,

At Trajan our success is measured by impact. The impact of our products and services on achieving our goal to enrich well-being through scientific measurement and advance towards personalised, preventative, data-based healthcare. Impact is a patient receiving an earlier diagnostic. Impact is data that is more selective, sensitive, and specific. Impact is the confidence of a clinician making decisions based on data that is consistent, reliable, and predictable. Impact is improving the workflow of laboratories. Impact is putting science in the hands of consumers to monitor and prevent illness and support well-being. Impact is measuring the safety of what we consume and where we live. We know if we focus on the impact, commercial success closely aligns.

Our focus on our purpose and our discipline in implementing our strategic direction to deliver meaningful impact has informed our success in the short and longer term. We have delivered ten consecutive years of profitable growth through strong organic growth and by acquiring specialist businesses that either add critical mass to existing products or extend our capabilities through entering new adjacent areas where we see a natural extension to our current products and a strong demand from our customers. With each acquisition we strive for best practice.

Our track record has informed and accelerated our acquisition strategy that was the basis of our successful IPO in June last year, and our transition to a public company is going well. We have successfully executed three new acquisitions and a strategic investment since listing. We added new capability, platforms, and customers to our laboratory automation business with the acquisition of Axel Semrau (November 2021), created a leadership position in blood microsampling with the acquisition of Neoteryx (December 2021), and expanded our laboratory automation consumables capabilities with the acquisition of Leap PAL Parts (December 2021). Added to this we entered consumer portals with a strategic investment into Forth (November 2021) where we have a board position and are exploring partnership opportunities.

These recent acquisitions, and those we continue to target with an active pipeline of complementary companies, aim to utilise and expand the capacity and skillsets of our existing physical global footprint and leadership capability. Acquisition has been, and will continue to be, an important component of our growth. It aims to augment our current business while also adding missing pieces of the puzzle.

Our acquisition program is additive to a strong underlying business, and we continue to see high demand for Trajan's products and services across a diversity of product lines, customers, applications, and geographies.

Trajan remains dynamic as we continue to build global scale, but more importantly we have absolute focus on the future of health and wellness through precise measurement and interpretation of biological, environmental and food samples. We continue to listen carefully to our customer needs and remain deeply embedded in our industry, to both anticipate and predict future trends that present opportunities for Trajan to remain at the fore of enabling best practice. These opportunities will continue to be addressed through our acquisitions and our own technology innovation and development into the future.

Our business is purpose-led through our maxim, 'science that benefits people'. This is an enduring advantage in attracting and retaining talented executives who seek to build a career in a purpose-led, growing, and successful organisation. We thank our teams across the world for the passion and work ethic they bring to their jobs each day, our customers who remain important partners with a shared vision, and our shareholders who continue to support us on our journey.

Yours sincerely



John Eales (Chair)



Stephen Tomisich (Managing Director & CEO)

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DIRECTORS' REPORT

The Directors present their report, together with the financial statements, on the Group (referred to hereafter as the 'Group' or 'Trajan') consisting of Trajan Group Holdings Limited (referred to hereafter as the 'Company') and the entities it controlled at the end of, or during, the half-year ended 31 December 2021.

Directors

The names and details of the Company's Directors in office during the financial period and until the date of this report are as follows.

John Eales (Chair)
Dr Rohit Khanna
Robert Lyon
Sara Watts
Stephen Tomisich
Tiffany Lewin

PRINCIPAL ACTIVITIES AND REVIEW OF OPERATIONS

Trajan is a global developer and manufacturer of analytical and life sciences products and devices, seeking to enrich human well-being through scientific measurement. Trajan's current portfolio of products comprises products, devices and solutions that are used in the analysis of biological, food, and environmental samples.

Trajan's strategic direction is driven by a view that the quality of analytical data will become increasingly important in understanding factors that impact human health. That view drives a focus on technologies that enhance the sensitivity, selectivity, reliability and integrity of the sample, the laboratory workflow and ultimately the data and information derived from the analysis.

The breadth and quality of Trajan's products, combined with global operations across the USA, Europe and Asia Pacific, has allowed Trajan to establish trusted relationships with key participants in analytical science, pathology and research and development in the pharmaceutical industry.

These relationships are poised to develop further through Trajan's emerging technology pipeline which includes microsampling devices, novel sample preparation chemistries and devices and miniaturised, modular instrument systems.

The development of Trajan's existing and emerging product portfolio has been informed by Trajan's industry expertise, customer insights across the sector and partnerships with academic institutions. Trajan believes its next generation product portfolio, which thus far has been funded internally by Trajan's existing cash flows, has significant commercialisation potential.

Trajan has grown to encompass 566 (FTE:546) staff across manufacturing sites located in Melbourne (Australia), Penang (Malaysia), Bethel (USA), Raleigh (USA) and Austin (USA), complimented by operational sites located in Yokohama (Japan), Milton Keynes (UK), Los Angeles (USA), and Sprockhövel (Germany). Trajan's global footprint is scaled and strategically organised to provide capacity for growth, redundancy to ensure reliable and flexible responsiveness, and to deliver proximity to key customers. The Melbourne site remains Trajan's global headquarters. Management has recently invested significantly into the Penang manufacturing site which both compliments and extends upon the Company's existing operations in Australia and USA. The Malaysia manufacturing site provides Trajan with a lower cost footprint and the capacity to meet the forecast growth.

PRINCIPAL ACTIVITIES AND REVIEW OF OPERATIONS (CONTINUED)

Trajan separates its business into the following two segments covering Trajan's range of product and solution categories:

- Analytical Products – includes a diverse range of analytical products that are focussed on biological, food and environmental testing applications.
- Life Science Solutions – includes a range of solutions focussed on areas directly related to human health.

Highlights

- The Group recorded overall revenues for the half-year ended 31 December 2021 of \$43.71m (2020: \$37.41m), up by 16.8%.
- Since listing in June 2021, the Group has executed a growth strategy by targeting strategic acquisitions and investing in a proprietary technology and device portfolio. The Group achieved half-year ended 31 December 2021 normalised EBITDA of \$4.76m (2020: \$5.07m).
- Gross margin for the half-year ended 31 December 2021 was 38.7% (2020: 36.4%). The growth was up 2.3% points mainly driven by efficiency and scale benefits.
- In November 2021, the Group made a strategic investment, purchasing 9.55% of issued shares for \$1.31m (£0.71m) in HumanKind Ventures, which provides at-home testing services for people to track and optimise their health.
- From the assets of MyHealth Test, the Group has launched Trajan Analytical Services (TAS) to drive commercialisation of new technologies.
- During the period, Trajan completed three business acquisitions for a total consideration of \$67.02m, demonstrating Trajan's commitment to grow a portfolio of complementary businesses and technologies.

REVIEW OF FINANCIAL PERFORMANCE

Profit/Loss

The Group reports revenue for the half-year ended 31 December 2021 was \$43.71m (2020: \$37.41m), up by 16.8% on the previous corresponding period ("pcp"), delivering a normalised EBITDA for the period of \$4.76m (31 Dec 2021: \$5.07m).

This is predominantly due to:

- The Group continuing to deliver strong sales growth in the Analytical Product segment. During the year, revenue grew 12.6% on pcp and the gross profit grew by \$1.51m in the half year, up 14.0% on pcp.
- The Group successfully expanded its capabilities in the automation, chromatography and software businesses through the latest acquisitions, which contributed to an increase of 26.2% overall to revenue reported in the Life Science Solutions segment. Gross Profit in the Life Science Solutions segment grew by \$1.96m in the half year, up 51.3% on pcp.
- In line with the IPO plans to drive growth through acquisitions and margin improvement, the Group incurred business acquisition expenses of \$1.79m, commercialisation costs of \$0.67m, restructuring costs of \$0.15m and Project Neptune related expenses of \$0.04m.

PRINCIPAL ACTIVITIES AND REVIEW OF OPERATIONS (CONTINUED)

REVIEW OF FINANCIAL PERFORMANCE (CONTINUED)

The normalised EBITDA for the half-year ended 31 December 2021 was \$4.76m (2020: \$5.07m).

Trajan Group Holdings Limited listed on 7 June 2021. It should be noted that the results of the previous corresponding period for the half-year ended 31 December 2020 are financial results of the Group prelisting.

Reconciliation of Normalised EBITDA to Statutory EBITDA	Consolidated	
	Half year ended 31 Dec 2021 \$'000	Half year ended 31 Dec 2020 \$'000
Statutory EBITDA	2,115	5,651
<i>Items not included in normalised PBT</i>		
Restructuring costs	150	90
Ongoing listed costs	-	(667)
Strategic Investment and acquisition costs (non-recurring) ¹	1,789	-
Accelerate investment in manufacturing infrastructure (Project Neptune)	38	-
Accelerate commercialisation of new products	668	-
Total items not included in normalised EBITDA	2,645	(577)
Normalised EBITDA	4,760	5,074

<u>¹Strategic Investment and Acquisition costs</u>	2021 \$'000	2020 \$'000
Travel and entertainment expenses	8	-
Professional fees	1,781	-
Total	1,789	-

Strategic Investment – HumanKind Ventures Ltd

On 4 November 2021, the Group purchased newly issued shares in Humankind Ventures Ltd, a UK private company limited by shares, trading under the name Forth®, for a cash consideration of \$1.31m (£0.71m), representing 235,298 preferred ordinary shares or 9.55% of issued shares (8.41 % fully diluted), and 9.85% voting rights. This investment supports Trajan's strategy towards health technology that interfaces directly with the consumer.

Strategic Business Acquisition – Axel Semrau GmbH & Co. KG and Semrau Immobilien GmbH & Co.KG.

Effective 30 September 2021, Trajan Scientific Germany Holdings GmbH and Trajan Scientific Germany Property GmbH entered into a share purchase and transfer agreement relating to all partnership shares in Axel Semrau GmbH & Co.KG and Semrau Immobilien GmbH & Co.KG for a total cash consideration of \$31.48m (EURO20.22m), funded through a mix of cash and debt. The closing of the agreement occurred on 18 November 2021 ("closing date"). The business acquisitions have been consolidated in the financial statements from the closing date. The acquisition expands and enhances Trajan's global automation solutions offering to environmental, pharmaceutical, food, proteomics, clinical and academic laboratories.

PRINCIPAL ACTIVITIES AND REVIEW OF OPERATIONS (CONTINUED)

REVIEW OF FINANCIAL PERFORMANCE (CONTINUED)

Profit/Loss (continued)

Strategic Business Acquisition – Neoteryx, LLC

On 29 December 2021, Trajan Scientific Americas Inc acquired 100% of the shares in Neoteryx, LLC through a share swap and cash payment arrangement. Neoteryx, Farrona LLC was issued 4,659,843 ordinary fully paid shares in Trajan and an initial debt funded cash payment of \$3.93m (US\$2.84m). The shares issued to Farrona LLC are held in voluntary escrow for 180 days. An additional \$2.48m (US\$1.80m) will be held in escrow for a period of 12 months in accordance with the Purchase Agreement.

This acquisition enables Trajan to accelerate the global commercialisation and adoption of microsampling at scale. Remote sampling in Trajan's view is an essential element in progressing personalised, preventative and data-based healthcare.

Strategic Asset Acquisition – LEAP PAL Parts

On 30 December 2021, Trajan Scientific Americas Inc completed the asset acquisition of LEAP Pal Parts and Consumables, LCC (LPP) for a cash consideration of \$10.63m (USD7.70m), partially debt funded. LPP joins Trajan with a team specialised in laboratory instrumentation and liquid handling consumables, supporting customers operating automated laboratory workflows. The acquisition of LPP allows Trajan to provide integrated and streamlined customer support throughout the entire life of an installed automated workflow solution.

Key operating and financial metrics (consolidated)

\$'000	FY2021	FY2020	HY2022	HY2021
Sales – Analytical Products	52,422	52,146	28,948	25,715
Sales – Life Science Solutions	24,146	19,706	14,764	11,696
Sales – Total	76,568	71,852	43,712	37,411
Sales Growth % – Analytical Products	0.5%	4.3%	12.6%	0.0%
Sales Growth % – Life Science Solutions	22.5%	10.5%	26.2%	12.1%
Sales Growth % – Total	6.6%	6.0%	16.8%	3.5%
Gross Profit (GP) – Analytical Products	19,978	18,262	11,142	9,811
Gross Profit – Life Science Solutions	8,536	6,090	5,778	3,818
Gross Profit – Total	28,484	24,352	16,920	13,629
GP margin % – Analytical Products	38.1%	35.0%	38.5%	38.2%
GP margin % – Life Science Solutions	35.4%	30.9%	39.1%	32.6%
GP margin % – Total	37.2%	33.9%	38.7%	36.4%
EBITDA	5,473	6,614	2,115	5,651
Normalised EBITDA	9,457	5,271	4,760	5,074
EBITDA margin %	7.1%	9.2%	4.8%	15.1%
Normalised EBITDA margin %	12.4%	7.3%	10.9%	13.6%
EBITDAR&DC margin %	13.0%	16.2%	10.0%	20.8%
Normalised EBITDAR&DC margin %	18.3%	14.2%	16.1%	19.3%
R&DC expenses (% revenue)	5.9%	6.9%	5.2%	5.7%
Total operating expenses (% revenue) ¹	36.1%	30.2%	35.9%	28.3%

¹ The total operating expenses (% revenue) for HY2022 would be 30.9% when excluding commercialisation costs, Strategic Investment and acquisition costs

PRINCIPAL ACTIVITIES AND REVIEW OF OPERATIONS (CONTINUED)

REVIEW OF FINANCIAL PERFORMANCE

Financial Position

The Group's net assets for the half year ended 31 December 2021 was \$84.95m (30 June 2021: \$66.08m), an increase of \$18.87m (inclusive of \$18.50m from issuing new shares relating to Neoteryx acquisition).

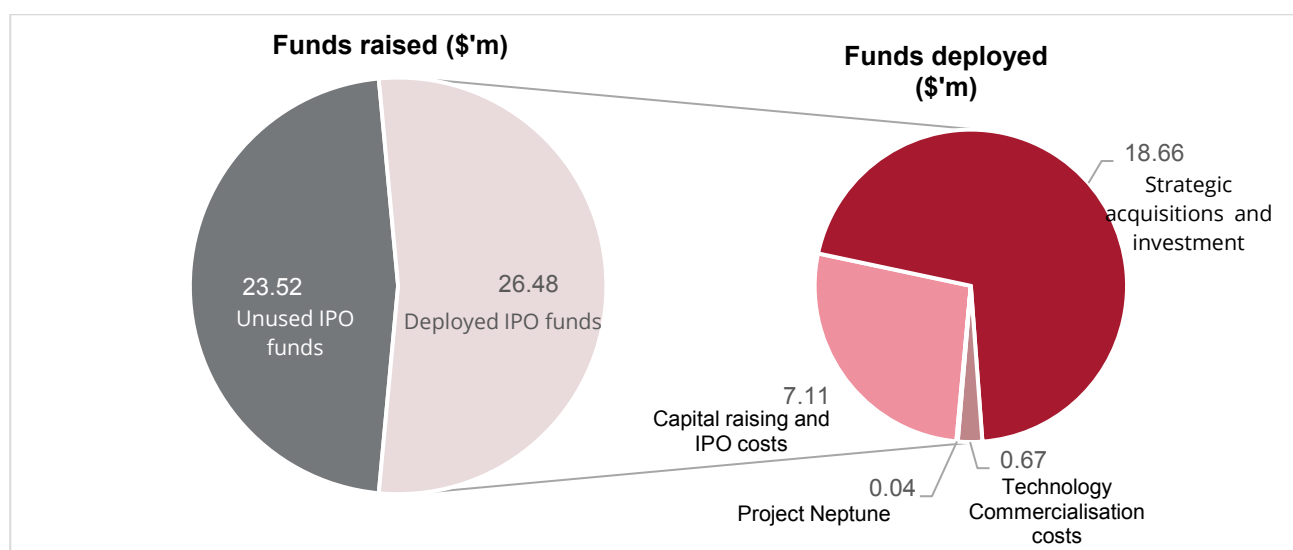
The Group invested a total of \$68.33m (\$18.50m of equity and \$49.83m of cash consideration) on the investment in Humankind Venture Ltd and business acquisitions of Axel Semrau GmbH & Co. KG and Semrau Immobilien GmbH & Co. KG, LEAP PAL Parts and Neoteryx LLC. As a result of these acquisitions, the Group's intangibles increased by \$54.16m and investments increased by \$1.31m.

During the period, the Group increased debt capacity by \$27.85m, extending its facilities to \$36.47m (30 June 2021: \$8.75m). The extension of debt facilities was secured at acceptable terms. The debt facilities are used to finance the business acquisitions completed during the year, and as such this is deemed as an investing activity for the purpose of the cashflow statement.

As of 31 December 2021, the Group gearing ratio (debt to equity ratio) increased from 11.0% to 44.7%. The Group has a total of \$0.95m of unutilised debt facility and \$33.08m of cash reserves available to support the Group's execution of strategies and projects and to extend production and manufacturing capability.

SOURCES AND USES OF IPO FUNDS

The proceeds of the IPO received by the Group are applied in the manner described in the table below:



The Board retains the right to vary these uses of funds, acting in the best interests of Shareholders and as circumstances require.

COVID-19 Impact

Throughout the year, Trajan carefully monitored and acted on the changing impact of the COVID-19 pandemic on its business operations. Through its membership of industry associations based in the USA and Europe, and through close connections with its major customers and industry peer companies, Trajan established multiple information sources to regularly ascertain the threat to its business. As at to-date, while no material impacts on Trajan of COVID-19 have been identified, the Group has experienced additional challenges in supply chain management and the cost of some raw materials and supply items. At times changing travel and site access restrictions have impacted revenue recognition of systems requiring on site installation and support.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Business Acquisition

During the year, the Group completed a number of business acquisitions and strategic investments for a total consideration of \$68.33m.

- Axel Semrau GmbH & Co. KG and Semrau Immobilien GmbH & Co.KG for a consideration of \$31.48m (EURO20.22m)
- LEAP PAL Parts for a consideration of \$10.63m (US\$7.70m)
- Neoteryx, LLC for a consideration of \$24.91m (US\$18.02m), part of which was in the form of shares issued to the seller at fair value of \$18.50m as at acquisition date
- Investment in Humankind Venture Ltd for a consideration of \$1.31m (£0.71m)

No other matter or circumstance has arisen since 31 December 2021 that has significantly affected or is expected to significantly affect the operations, the results of operations or state of affairs of the Group in future years.

DIVIDENDS

The Directors do not propose to make any recommendation for dividends for the half year-ended 31 December 2021 (for the half year-ended 31 December 2020: nil).

EVENTS AFTER THE REPORTING DATE

The impact of the Coronavirus (COVID-19) pandemic is ongoing, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation continues to develop and is dependent on measures imposed by various governments where Trajan and/or its customers operate. Thus far our experience has seen the business remaining resilient to the changing conditions with demand for its essential product range remaining largely intact and challenges in operations and supply chains being manageable. While thus far not material management has noted that delayed supply of electronic components has grown in importance recently with an increased reliance on such parts in the expanded product portfolio and to support Project Neptune.

No other matter or circumstance has arisen since the end of financial year that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

ROUNDING OF AMOUNTS

The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this Directors' report.

This report is made in accordance with a resolution of Directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the Directors

A handwritten signature in black ink, appearing to read 'J Eales', with a long horizontal flourish extending to the right.

John Eales

Chair

24th February 2022

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Trajan Group Holdings Limited for the half year ended 31 December 2021, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.



RSM AUSTRALIA PARTNERS



B Y CHAN
Partner

Dated: 24 February 2022
Melbourne, Victoria

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

		Consolidated	
	Notes	31 Dec 2021 \$'000	31 Dec 2020 \$'000
Revenue			
Sale of goods	3a	43,712	37,411
Cost of sales		(26,792)	(23,782)
Gross profit		16,920	13,629
Other income	3b	(203)	1,673
Employee and Directors' benefits expenses	3c	(10,875)	(9,289)
Occupancy expenses		(398)	(295)
General admin and marketing expenses	3d	(2,639)	(997)
Acquisition-related costs		(1,789)	-
Finance expenses	3e	(308)	(236)
Depreciation and amortisation	3f	(587)	(531)
Profit before income tax		121	3,954
Income tax benefit/ (expense)		32	(717)
Profit for the half-year after income tax		153	3,237
Other comprehensive income for the year			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		(272)	(805)
Total other comprehensive income for the half-year, net of tax		(272)	(805)
Total comprehensive (loss)/ income for the half-year		(119)	2,432
Profit for the half-year after income tax is attributable to:			
Equity holders of the parent		153	3,237
Minority interests		-	-
		153	3,237
Comprehensive (loss)/ income for the half-year is attributable to:			
Equity holders of the parent		(119)	2,432
Minority interests		-	-
		(119)	2,432
		\$	\$
Basic earnings per share		0.001	269,750.00
Diluted earnings per share		0.001	269,750.00

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

		Consolidated	
		31 Dec 2021	30 Jun 2021
	Notes	\$'000	\$'000
ASSETS			
Current assets			
Cash and cash equivalents	4	33,082	51,717
Trade and other receivables	5	15,770	10,331
Inventories	6	22,372	13,569
Financial assets	8	1,327	750
Other assets	7	2,203	2,175
Total current assets		74,754	78,542
Non-current assets			
Financial assets	8	1,519	1,109
Property, plant and equipment	10	11,595	5,320
Right-of-use assets	11	10,922	9,330
Goodwill and intangibles	9	55,250	1,095
Deferred tax assets		4,270	3,984
Total non-current assets		83,556	20,838
TOTAL ASSETS		158,310	99,380
LIABILITIES			
Current liabilities			
Trade and other payables	12	14,335	8,896
Lease liabilities		1,314	1,135
Provisions		7,732	5,901
Income tax payable		1,263	884
Loans and borrowings	13	13,770	7,293
Total current liabilities		38,414	24,109
Non-current liabilities			
Lease liabilities		10,135	8,592
Provisions		584	597
Loans and borrowings	13	24,228	-
Total non-current Liabilities		34,947	9,189
TOTAL LIABILITIES		73,361	33,298
NET ASSETS		84,949	66,082
EQUITY			
Issued capital	14	67,355	48,171
Retained earnings		15,776	15,623
Foreign currency translation reserve		142	414
Share-based payment reserve		1,676	1,874
TOTAL EQUITY		84,949	66,082

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

2021	Note	Contributed Equity \$'000	Foreign Currency Translation Reserve \$'000	Share- based Payment Reserve \$'000	Retained Earnings \$'000	Total \$'000
Balance at 1 July 2021		48,171	414	1,874	15,623	66,082
Profit after income tax expense for the half-year		-	-	-	153	153
Other comprehensive income for the half-year, net of tax		-	(272)	-	-	(272)
Total comprehensive income for the half-year		-	(272)	-	153	(119)
Transactions with owners in their capacity as owners						
Issue of share capital (net of transaction costs)	14	18,500	-	-	-	18,500
Share option exercised		684	-	(435)	-	249
Share based payment costs		-	-	237	-	237
Balance at 31 December 2021		67,355	142	1,676	15,776	84,949

2020	Note	Contributed Equity \$'000	Foreign Currency Translation Reserve \$'000	Share- based Payment Reserve \$'000	Retained Earnings \$'000	Total \$'000
Balance at 1 July 2020		3	644	-	17,093	17,740
Profit after income tax expense for the half-year		-	-	-	3,237	3,237
Other comprehensive income for the half-year, net of tax		-	(805)	-	-	(805)
Total comprehensive income for the half-year		-	(805)	-	3,237	2,432
Transactions with owners in their capacity as owners						
Issue of share capital (net of transaction costs)		-	-	-	-	-
Balance at 31 December 2020		3	(161)	-	20,330	20,172

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

	Consolidated	
	31 Dec 2021	31 Dec 2020
Notes	\$'000	\$'000
Cash flows from operating activities		
Receipts from customers (inclusive of GST)	44,341	36,384
Payments to suppliers and employees (inclusive of GST)	(44,159)	(31,222)
Income tax (paid)/received	51	93
Interest income	2	60
Finance expenses	(26)	(91)
Interest on lease liabilities	(280)	(126)
Net cash flows from / (used in) operating activities	(71)	5,098
Cash flows from investing activities		
Proceed from disposal of property plant and equipment	-	13
Proceed from Bass Park Investments Pty Ltd	-	2,610
Purchase of property, plant and equipment	(1,625)	
Payment for Investment in Humankind Venture Ltd	(1,313)	
Payment for purchase of business	(45,525)	-
Net cash flows from / (used in) investing activities	(48,463)	2,623
Cash flows from financing activities		
Proceeds from borrowings	31,119	-
Repayment of borrowings	(445)	(960)
Repayment of lease liabilities	(609)	(801)
Proceed from issue of shares	249	-
Net cash flows from / (used in) financing activities	30,314	(1,761)
Net increase/(decrease) in cash and cash equivalents	(18,220)	5,960
Net foreign exchange difference	(415)	352
Cash and cash equivalents at beginning of the half-year	51,717	4,786
Cash and cash equivalents at end of the half-year	33,082	11,098

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICY

These general purpose financial statements for the interim half-year reporting period ended 31 December 2021 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2021 and any public announcements made by the Group during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

Estimates

The preparation of the half-year financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these half-year financial statements, the significant judgements made by management in applying the Group's accounting policies and key sources of uncertainty in estimation were the same as those applied to the Annual Reports for the financial year ended 30 June 2021. The key source of uncertainty for the half-year reporting period ended 31 December 2021 related to the business acquisitions, refer to note 19 Business Combinations.

New or amended Accounting Standards and Interpretations adopted

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

2. OPERATING SEGMENTS

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relates to the transactions with any of the Group's other components.

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Financial Officer ('CFO'). All operating segments' results are reviewed regularly by the Group's CFO and Managing Director to make decisions about resources to be allocated to the segment and to assess its performance.

The Group reports in two operating segments based on differences in products and services provided: Analytical Products and Life Science Solutions.

The 'Corporate Service' category includes activities that do not qualify as an operating segment, as well as the activities which do not meet the disclosure requirements of a reportable segment, including shared support and administrative services across the Group and non-core activities of the Group.

2. OPERATING SEGMENTS (CONTINUED)

Types of products and services

The principal products and services of each of these operating segments are as follows:

Analytical Products	the design, manufacture, distribution and sale of Analytical components and consumables
Life Science Solutions	the design, manufacture, distribution and sale of pathology, automation workflow solutions, microsampling devices, testing and data analysis

Intersegment receivables, payables and loans

There are no intersegment receivables, payables and loans.

Transfer between segments

All transactions and transfers between segments are generally determined on an arm's length basis and are included within the relevant categories of income and expense. These transactions eliminate on consolidation.

Major customers

During the half-year ended 31 December 2021 approximately \$10.33m (US\$7.57m) (half-year ended 31 December 2020: \$8.80m (US\$6.36m)) of the Group's external revenue was derived from the sales to an analytical instrumentation manufacturing Company.

No other single customers contributed 10% or more to the Group's revenue for the half-year ended 31 December 2021 (half-year ended 31 December 2020: none).

Geographical areas

The Group's geographical regions are based on the location of markets. Segment non-current assets are allocated based on where the assets are located.

The Group operates predominantly in Asia (Malaysia, Japan and Australia and New Zealand (ANZ)), the USA and Europe, Middle East, Africa, and India (EMEA).

	Asia ⁽²⁾	USA	EMEA
	\$'000	\$'000	\$'000
Half-year ended 31 December 2021			
Revenue from external customers	10,800	20,299	12,613
Non-current assets ⁽¹⁾	12,511	37,465	27,791
Half-year ended 31 December 2020			
Revenue from external customers	10,654	18,001	8,756
Non-current assets ⁽¹⁾	5,855	2,244	156

⁽¹⁾ Non- current assets other than financial instruments, deferred tax assets, post-employment benefits assets and rights arising under insurance contracts.

⁽²⁾ Includes Malaysia, Japan and ANZ.

2. OPERATING SEGMENTS (CONTINUED)

	Analytical Products \$'000	Life Science Solutions \$'000	Corporate Services \$'000	Total \$'000
Consolidated - 31 December 2021				
Revenue				
Sales to external customers	28,948	14,764	-	43,712
Total sales revenue	28,948	14,764	-	43,712
Other revenue	-	-	-	-
Total segment revenue	28,948	14,764	-	43,712
Intersegment eliminations				-
<i>Unallocated revenue:</i>				
Realised/unrealised foreign currency gains/(losses)				(229)
Insurance claim recovery				21
Sundry income				5
Total other income				(203)
EBITDA	10,360	2,347	(10,592)	2,115
Depreciation and amortisation	(1,183)	(152)	(288)	(1,623)
Interest revenue	-	-	2	2
Interest expense	(296)	(33)	(44)	(373)
Profit before income tax expense				121
Income tax expense				32
Profit after income tax expense				153
Assets				
Segment assets	3,037	9,655	9,680	22,372
Intersegment eliminations				
<i>Unallocated assets:</i>				
Cash and cash equivalents				33,082
Trade and other receivables				15,770
Other assets				2,203
Financial assets				2,846
Property, plant and equipment				11,595
Right-of-use assets				10,922
Goodwill and Intangibles				55,250
Deferred tax assets				4,270
Total assets				158,310
Liabilities				
<i>Unallocated liabilities:</i>				
Trade and other payables				14,335
Lease liabilities				11,449
Provisions				8,316
Tax liabilities/(asset)				1,263
Loans and borrowings				37,998
Total liabilities				73,361

2. OPERATING SEGMENTS (CONTINUED)

Consolidated - 31 December 2020	Analytical Products \$'000	Life Science Solutions \$'000	Corporate Services \$'000	Total \$'000
Revenue				
Sales to external customers	25,715	11,696	-	37,411
Total sales revenue	25,715	11,696	-	37,411
Other revenue	-	-	-	-
Total segment revenue	25,715	11,696	-	37,411
Intersegment eliminations				-
<i>Unallocated revenue:</i>				
Realised/unrealised foreign currency gains/(losses)				1,156
Management fee income				70
Insurance claim recovery				25
Sundry income				40
Adjustment to purchase price of Business Combinations				382
Total other income				1,673
EBITDA	8,432	1,793	(4,574)	5,651
Depreciation and amortisation	(823)	(44)	(673)	(1,540)
Interest revenue	-	-	60	60
Interest expense	(88)	(19)	(110)	(217)
Profit before income tax expense				3,954
Income tax expense				(717)
Profit after income tax expense				3,237

3. REVENUE AND EXPENSES

	Consolidated	
	31 Dec 2021	31 Dec 2020
	\$'000	\$'000
a) Revenue		
Rendering of services (over time)	408	403
Sale of goods (at a point in time)	43,304	37,008
Total	43,712	37,411

The Group disaggregates revenue by operating segment. Refer Note 2: Operating Segments for revenue by operating segment and geographical split.

b) Other income

Realised/unrealised foreign currency (losses)/gains	(229)	1,156
Management fees -Bass Park Investments Pty Ltd	-	70
Insurance claim recovery	21	25
Adjustment to purchase price of business combinations	-	382
Sundry income	5	40
Total	(203)	1,673

c) Employee and Directors' benefits expense

Salaries and wages	(18,180)	(15,793)
Post-employment benefits	(1,517)	(1,311)
Provision for long term incentive plan	(237)	-
Salaries and wages, post-employment benefits and taxes allocated to cost of sales	11,408	9,655
Taxes, insurance and amenities	(2,349)	(1,840)
Total	(10,875)	(9,289)

3. REVENUE AND EXPENSES (CONTINUED)

	Consolidated	
	31 Dec 2021	31 Dec 2020
	\$'000	\$'000
d) General admin and marketing expenses		
Travel and entertainment expenses	(193)	(50)
Professional and license fees	(1,278)	(571)
Advertising expenses	(137)	(57)
Operational expenses	(866)	(189)
Communication expenses	(165)	(130)
Total	(2,639)	(997)
e) Finance expenses		
Interest and finance charges paid/payable on borrowings	(93)	(91)
Interest income	2	60
	(91)	(31)
Interest and finance charges paid/payable on lease liabilities	(280)	(126)
Interest expenses allocated to cost of sales	200	88
Interest expenses	(171)	(69)
Bank and sundry charges	(135)	(93)
Bad debts and impairments	(2)	-
Impairment of GST	-	(74)
Total	(308)	(236)
f) Depreciation and amortisation		
Depreciation	(884)	(854)
Depreciation on right-of-use assets	(739)	(686)
Minor assets expensed	(1)	(1)
	(1,624)	(1,541)
Depreciation on assets allocated to cost of sales	537	514
Depreciation on right-of-use assets allocated to cost of sales	500	496
Total	(587)	(531)

4. CURRENT ASSETS - CASH AND CASH EQUIVALENT

For the purposes of the statement of cash flows, cash and cash equivalents are comprised of the following:

	Consolidated	
	31 Dec 2021	30 Jun 2021
	\$'000	\$'000
Cash at bank and in hand	32,209	50,968
Cash equivalents ⁽¹⁾	873	749
Total	33,082	51,717

⁽¹⁾ Cash equivalents are bank drafts and DENSAI receivable by Trajan Scientific Japan Inc.

5. CURRENT ASSETS - TRADE RECEIVABLES

Trade receivables	15,770	10,331
Total	15,770	10,331

Trade receivables are non-interest bearing and are generally on 30 to 90-day terms. Due to the short-term nature of these receivables, their carrying value is assumed to approximate their fair value.

Allowance for expected credit losses

The Group has not experienced instances of material non-payment from its customers over the past 12 months and has used their repayment pattern as a basis for estimation to estimate its Expected Credit Losses (ECL) for the current year. The Group did not determine the default risk of its financial instruments as most of its trade receivables are historical clients that have no bad debt history. Hence no ECL is recognised for the half-year ended 31 December 2021 (half-year ended 31 December 2020: \$nil).

During the year, the Group has considered the impact of the COVID-19 pandemic on the amount of ECLs and has determined from its assessment that there has been no significant change to the recovery of the customers' debts.

6. CURRENT ASSETS - INVENTORIES

Raw materials	5,774	4,664
Work in progress - Manufacturing	4,875	4,756
Work in progress - Automation	1,529	321
Finished goods	11,436	5,624
Provision for stock obsolescence	(2,600)	(2,237)
Stock for demonstrations	1,358	441
Total	22,372	13,569

The inventories are measured at cost and adjusted for any provision for stock obsolescence. The carrying amount was significantly higher on 31 December 2021 due to business acquisitions, as detailed in Note 19 Business Combinations.

7. CURRENT ASSETS- OTHER ASSETS

	Consolidated	
	31 Dec 2021	30 Jun 2021
	\$'000	\$'000
Prepayments	1,555	1,416
Prepaid insurance on retirement - Japan	535	501
GST receivables	87	242
Deposits on purchases	26	16
Total	2,203	2,175

8. FINANCIAL ASSETS

CURRENT

Foreign exchange contracts	1,327	750
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NON-CURRENT

Financial assets at fair value through profit or loss

Unlisted ordinary shares in LBPR Pty Ltd	137	137
Unlisted ordinary shares in Healthier Delivery Pty Ltd	69	69
Unlisted ordinary shares in Humankind Ventures Ltd	1,313	-
	1,519	206
Foreign exchange contracts	-	903
Total (non-current)	1,519	1,109

Total financial assets	2,846	1,859
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9. NON-CURRENT ASSETS – GOODWILL AND INTANGIBLES

	Consolidated	
	31 Dec 2021	30 Jun 2021
	\$'000	\$'000
Goodwill – MyHealth Test ²	239	330
Goodwill – Grale	765	765
Goodwill – Axel Semrau GmbH & Co. KG ¹	23,423	-
Goodwill – Neoteryx LLC ¹	22,687	-
Goodwill – LEAP PAL Parts ¹	8,136	-
Total	55,250	1,095

¹Acquisitions of these CGUs are completed during the reporting period. Therefore, management believes that the recoverable amount of the goodwill is expected to be materially the same as determined under AASB 3 Business Combination.

² Pursuant to finalisation of acquisition accounting of MyHealth Test in the current period (being the measuring period), the Group has recognised an adjustment to the provisional amount as if the accounting for the business combination had been completed at the acquisition date (31 March 2021). The Group reversed \$0.09m of make good provision of the Canberra office lease as the Group is no longer be required to settle the obligation. The reduction of liabilities was offset by a corresponding adjustment to the goodwill.

The Group performs its impairment testing as at 30 June and 31 December each year using a value-in-use, discounted cash flow methodology. For VIU calculations, cash flow projections are based on Trajan's business forecasts prepared by management and approved by the Board. The business forecasts are developed annually with a five-year outlook and, for these calculations, are adjusted to exclude the costs and benefits of expansion capital and on the understanding that actual outcomes may differ from the assumptions used.

Cash flows beyond the five-year business forecasts are projected using estimated terminal value, which are based on the Group's estimation, taking into consideration historical performance as well as expected long-term operating conditions. Discount rates used in the calculations are based on the weighted average cost of capital determined by prevailing or benchmarked market inputs, risk adjusted where necessary. Increases in discount rates or changes in other key assumptions, such as operating conditions or financial performance may cause the recoverable amounts to fall below carrying values.

The key assumptions used for assessing the recoverable amount of these CGUs are set out below.

MyHealth Test	31 Dec 2021	30 Jun 2021
Pre-tax discount rate	25.6%	25.6%
Terminal value	3.0%	3.0%
Grale		
Pre-tax discount rate	25.6%	25.6%
Terminal value	3.0%	3.0%

Based on current economic conditions and CGU performances, other than as noted above, no reasonably possible change in a key assumption used in the determination of the recoverable value of CGUs would result in a material impairment to the Group.

10. NON-CURRENT ASSETS – PROPERTY, PLANT & EQUIPMENT

2021	Land & Building ¹ \$'000	Plant & Equipment \$'000	Furniture & Fittings \$'000	Computer Software & Equipment \$'000	Motor Vehicles \$'000	Leasehold Improvement \$'000	Capital in Progress \$'000	Total \$'000
Cost at 1 July 2021	-	7,918	615	2,136	-	1,562	626	12,857
Exchange rate impact	7	302	9	8	-	(201)	40	165
Additions	-	847	35	149	-	268	441	1,740
Addition from business combination	3,488	786	195	27	152	834	-	5,482
Disposals	-	(59)	-	(47)	-	-	(64)	(170)
Balance at 31 December 2021	3,495	9,794	854	2,273	152	2,463	1,043	20,074
Depreciation and impairment as at 1 July 2021	-	(4,321)	(383)	(1,744)	-	(1,089)	-	(7,537)
Exchange rate impact	-	(254)	(5)	(8)	-	163	-	(104)
Depreciation charge	(18)	(541)	(31)	(207)	(5)	(82)	-	(884)
Disposals	-	4	-	42	-	-	-	46
Balance at 31 December 2021	(18)	(5,112)	(419)	(1,917)	(5)	(1,008)	-	(8,479)
Cost at 31 December 2021	3,495	9,794	854	2,273	152	2,463	1,043	20,074
Accumulated depreciation and impairment	(18)	(5,112)	(419)	(1,917)	(5)	(1,008)	-	(8,479)
Net carrying value at 31 December 2021	3,477	4,682	435	356	147	1,455	1,043	11,595

¹ As of acquisition date, an independent valuation was performed by CBRE GmbH to determine fair value of the land and building using the market approach. From this analysis, the Discounted Cash Flow (DCF) method has been applied to the subject asset. The effective date of the valuation is 13 September 2021.

11. NON-CURRENT ASSETS – RIGHT-OF-USE ASSETS

	Consolidated	
	31 Dec 2021	30 Jun 2021
	\$'000	\$'000
Land and buildings – right-of-use assets	13,774	11,749
Less: Accumulated depreciation	(2,955)	(2,562)
	10,819	9,187
Plant and equipment - right-of-use assets	237	287
Less: Accumulated depreciation	(134)	(144)
	103	143
Total	10,922	9,330

The Group leases land and buildings for its offices and warehouses under agreements of between five to fifteen years. The Group usually has rights to renew the lease arrangement that are reasonably certain to be exercised and therefore may have long, effective lease terms. The rental payments associated with each lease varies according to the amount of space rented and the location of the lease. However, in most cases the amount of rental payments is indexed annually in line with the relevant national consumer pricing index.

The Group also leases office equipment under agreements of between three to seven years. The Group leases motor vehicle under agreements of two to three years.

Leases that are either short-term or low-value have been expensed as incurred and not capitalised as right-of-use assets.

12. CURRENT LIABILITIES - TRADE AND OTHER PAYABLES

Trade payables	7,422	5,107
Accruals	4,677	2,941
Contract liabilities ¹	2,236	848
Total	14,335	8,896

The carrying amounts of trade and other payables are assumed to approximate their fair values due to their short-term nature.

¹ The carrying amount is due to performance obligations that are unsatisfied at the end of the reporting period. The balance was significant higher on 31 December 2021 due to a growth in Automation business during the year. \$0.80m of the contract liabilities are contributed by one of the acquired entity, Axel Semrau GmbH & Co. KG. The amount is expected to be recognised as revenue in the next 12 months.

13. LOANS AND BORROWINGS

Current liability	Note	Consolidated	
		31 Dec 2021 \$'000	30 Jun 2021 \$'000
Loan HSBC – secured and interest bearing ⁽¹⁾		11,288	7,293
Escrow on acquisition ⁽²⁾	19(b)	2,482	-
		13,770	7,293
Non-current liability			
Loan HSBC – secured and interest bearing ⁽¹⁾		24,228	-
		24,228	-
Total		37,998	7,293

⁽¹⁾ HSBC loan is made up of a combination of rolling bills within longer term funding facility that can be called for repayment by HSBC on demand and term loans with 3 years fixed term. Loans are secured by a charge over business assets. At balance date all repayments are made in accordance with the loan amortisation schedule.

⁽²⁾ In accordance with the Neoteryx Acquisition: Purchase Agreement dated 29 December 2021, US\$1.80m will be placed in Escrow by Trajan to secure the seller's indemnification obligations under the Purchase Agreement. Citibank N.A. is appointed as the Escrow Agent in accordance with the Escrow Agreement dated 25 January 2022.

The escrow will be paid to the seller, Neoteryx, Farrona LLC if all amounts owing from the seller to Trajan Group and any third-party claims relating to pre-acquisition date are satisfied. Any claims for losses that have yet to be paid or otherwise satisfied on the Escrow Termination Date (29 December 2022) would be deducted from the escrow amount.

Loan facilities

Amount utilised	35,516	7,293
Unused loan facility	951	1,461
Loan facilities	36,467	8,754

On 22 December 2021, Trajan has restructured the agreement with HSBC Bank Australian Limited which provides the Group with access to the following facilities:

- Working Capital facility of \$5.80m. Interest is calculated as BBSY for AUD denominated loans or LIBOR for foreign currency loans plus a margin,
- Single Fully Drawn Advances, on Demand, of \$2.13m. Interest is calculated as BBSY or LIBOR plus a margin,
- Term Loan Facility, 3 years term of \$28.68m. Interest is calculated as BBSY or LIBOR plus a margin,
- Foreign Exchange Facility, uncommitted and unadvised,
- Bank Guarantee facility of \$0.30m, and
- HSBC Corporate Credit Cards facility of \$0.20m.

The above facilities are provided subject to the provision of customary financial covenants from Trajan and are otherwise provided on terms and conditions that the Group considers to be customary for financing arrangements of a similar nature. The facilities are secured by unlimited guarantees and general security agreements from Trajan Group entities.

14. EQUITY – ISSUED CAPITAL

	31 Dec 2021 Shares	30 Jun 2021 Shares	31 Dec 2021 \$'000	30 Jun 2021 \$'000
Ordinary shares – fully paid	134,576,825	129,522,885	67,355	48,171

Details	Date	Shares	Issue price	\$'000
Balance	1 July 2021	129,522,885		48,171
Exercise of share options	13 October 2021	111,765	1.70	190
Exercise of share options	13 October 2021	181,412	2.02	367
Exercise of share options	20 October 2021	58,824	1.70	100
Exercise of share options	2 November 202	6,048	2.22	13
Exercise of share options	7 December 2021	6,048	2.27	14
Issue of shares	31 December 2021	4,659,843	3.97	18,500
Balance	31 December 2021	134,576,825		67,355

15. EARNINGS PER SHARE

	Consolidated	
	31 Dec 2021 \$'000	31 Dec 2020 \$'000
Earnings per share for profit		
Profit after income tax attributable to Trajan Group Holdings Limited	153	3,237
	\$	\$
Basic earnings per share	0.001	269,750.00
Diluted earnings per share	0.001	269,750.00
<i>Weighted average number of ordinary shares</i>	Number	Number
Weighted average number of ordinary shares used in calculating earnings per share	130,486,912	12
Adjustment for calculation of diluted earnings per share:		
Options over ordinary shares	1,308,110	-
Weighted average number of ordinary shares used in calculating diluted earnings per share	131,795,022	12

16. INTERESTS IN SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries:

Name	Principal place of business / Country of incorporation	Ownership interest	
		31 Dec 2021 %	30 Jun 2021 %
Grale Scientific Pty Ltd	Australia	100%	100%
Scientific Glass Manufacturing (UK) Ltd	United Kingdom	100%	100%
Trajan Accelerator Pty Ltd	Australia	100%	100%
Trajan Group Holdings Limited	Australia	100%	100%
Trajan Nutrition Pty Ltd	Australia	100%	100%
Trajan Scientific Americas Inc	United States	100%	100%
Neoteryx LLC	United States	100%	-
Trajan Scientific and Medical Pty Ltd	Australia	100%	100%
Trajan Scientific Australia Pty Ltd	Australia	100%	100%
Trajan Scientific Europe Ltd ¹	United Kingdom	100%	100%
Trajan Scientific Germany GmbH	Germany	100%	100%
Trajan Scientific Germany Holdings GmbH	Germany	100%	-
Trajan Scientific Germany Property GmbH	Germany	100%	-
Axel Semrau GmbH & Co. KG	Germany	100%	-
Semrau Immobilien GmbH & Co. KG	Germany	100%	-
Trajan Scientific Japan Inc	Japan	100%	100%
Trajan Scientific Malaysia Sdn Bhd	Malaysia	100%	100%
Trajan Scientific Switzerland Sarl	Switzerland	100%	100%
Biopsy Solutions Pty Ltd	Australia	100%	-

¹ Trajan Scientific Europe Ltd includes a branch in France, Trajan Scientific France.

17. FAIR VALUE MEASUREMENT

Fair value hierarchy

The following tables detail the Group's assets and liabilities, measured or disclosed at fair value, using a three-level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Unobservable inputs for the asset or liability

Consolidated – 31 Dec 2021	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Assets				
Forward foreign exchange contract	-	1,327	-	1,327
Unlisted ordinary shares in LBPR Pty Ltd	-	-	137	137
Unlisted ordinary shares in Healthier Delivery Pty Ltd	-	-	69	69
Unlisted ordinary shares in Humankind Ventures	-	-	1,313	1,313
	-	1,327	1,519	2,846

Consolidated – 30 Jun 2021	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Assets				
Forward foreign exchange contract	-	1,653	-	1,653
Unlisted ordinary shares in LBPR Pty Ltd	-	-	137	137
Unlisted ordinary shares in Healthier Delivery Pty Ltd	-	-	69	69
	-	1,653	206	1,859

Valuation techniques for fair value measurements categorised within level 2 and level 3.

Derivative financial instruments have been valued using quoted market rates. This valuation technique maximises the use of observable market data where it is available and relies as little as possible on Group's specific estimates.

Due to their short-term nature, the fair value of trade and other receivables and trade and other payables are assumed to approximate their carrying amounts as disclosed in the consolidated statement of financial position and notes to the consolidated financial statements.

The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities.

18. RELATED PARTY TRANSACTIONS

Transactions with related parties

The following transactions occurred with related parties:

	Consolidated	
	31 Dec 2021	31 Dec 2020
	\$'000	\$'000
<i><u>Transactions with related parties</u></i>		
Interest income - Bass Park Investments	-	(59)
Management fees - Bass Park Investments	-	(70)
Depreciation expense – Ringwood Facility Property Lease - Bass Park Investments	274	271
Interest expense – Ringwood Facility Property Lease - Bass Park Investments	187	58
Professional costs – Hive Legal Pty Ltd	41	-
	502	200

Receivable from and payable to related parties

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	Consolidated	
	31 Dec 2021	30 Jun 2021
	\$'000	\$'000
<i><u>Assets</u></i>		
Right-of-use assets - Ringwood Facility Property Lease - Bass Park Investments	6,037	6,311
	6,037	6,311
<i><u>Liabilities</u></i>		
Trade payables – Hive Legal Pty Ltd	-	7
Lease liabilities - Ringwood Facility Property Lease - Bass Park Investments	6,303	6,446
	6,303	6,453

Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates.

19. BUSINESS COMBINATIONS

a) Acquisition of Axel Semrau GmbH & Co. KG and Semrau Immobilien GmbH & Co.KG.

On 30 September 2021 ("Locked box date"), Trajan Scientific Germany Holdings GmbH and Trajan Scientific Germany Property GmbH entered into a share purchase and transfer agreement relating to all partnership shares in Axel Semrau GmbH & Co.KG and Semrau Immobilien GmbH & Co.KG (acquired entities) for a total cash consideration of \$31.48m (EURO20.22m). The closing of the agreement occurred on 18 November 2021 ("Closing date").

Management acknowledges whilst there are significant indicators of control such as economic and protective measures including the benefit of cash generated by the acquired entities from locked box date, that, in its current form, the share purchase agreement does not contain sufficient substantive rights to conclude the ability to control the acquired entities pass at Locked box date. The business acquisitions have been consolidated from the Closing date.

The acquisition expands and enhances Trajan's global automation solutions offering to environmental, pharmaceutical, food, proteomics, clinical and academic laboratories.

The allocation of the fair value to goodwill has been made on a provisional basis. Under AASB 3 – Business Combinations management has up to 12 months to finalise the carrying value of assets and liabilities acquired on completion of an acquisition. Details of the acquisition are as follows:

Axel Semrau GmbH & Co. KG

18 Nov 2021

\$'000

Cash and cash equivalents	(54)
Trade and other receivables	2,677
Inventories	4,058
Other assets	75
Property, plant and equipment	682
Trade and other payables	(1,313)
Contract liabilities	(733)
Provisions	(576)
Income tax payable	(258)
Interest bearing loans and borrowings	(31)
Net assets acquired	4,527
Goodwill arising on acquisition	23,423
Total cash consideration paid	27,950

Semrau Immobilien GmbH & Co.KG

18 Nov 2021

\$'000

Cash and cash equivalents	125
Trade and other receivables	6
Property, plant and equipment	3,477
Trade and other payables	(82)
Net assets acquired	3,526
Total cash consideration paid	3,526

19. BUSINESS COMBINATIONS (CONTINUED)

b) Acquisition of Neoteryx LLC

On 29 December 2021, Trajan Scientific Americas Inc acquired 100% of the shares in Neoteryx, LLC through a share swap and cash payment arrangement. Former shareholder of Neoteryx, Farrona LLC was issued 4,659,843 ordinary fully paid shares in Trajan Group Holdings and an initial cash payment of \$3.93m (US\$2.84m). An additional \$2.48m (US\$1.8m) will be deposited into an escrow account, which is payable to the seller or to Trajan Scientific Americas Inc, as the case may be, in accordance with the Purchase Agreement.

This acquisition enables Trajan to accelerate the global commercialisation and adoption of microsampling at scale. Remote sampling in Trajan's view is an essential element in progressing personalised, preventative and data-based healthcare.

The allocation of the fair value to goodwill has been made on a provisional basis. Under AASB 3 – Business Combinations management has up to 12 months to finalise the carrying value of assets and liabilities acquired on completion of an acquisition.

Details of the acquisition are as follows:

	29 Dec 2021
	\$'000
Cash and cash equivalent	455
Trade and other receivables	761
Inventories	658
Prepayment	217
Property, plant and equipment	1,307
Trade and other payables	(1,174)
Net assets acquired	2,224
Goodwill arising on acquisition	22,687
Fair value of the consideration transferred	24,911
(less) Fair value of shares issued to Neoteryx, Farrona LLC	18,500
(less) Cash to be deposited in Escrow accounts ¹	2,482
Cash consideration paid	3,929

¹ Based on the terms of the Purchase Agreement, the escrow to be paid to the Neoteryx, Farrona LLC if all amounts owing from Seller to Trajan Group relating to pre-acquisition date are satisfied. Any claims for losses that have yet to be paid or otherwise satisfied on the Escrow Termination Date would be deducted from the escrow amount.

19. BUSINESS COMBINATIONS (CONTINUED)

c) Acquisition of LEAP PAL Parts

Trajan Scientific America entered into an Asset Purchase Agreement on 7 December 2021, for the acquisition of the assets used in or related to the operation of the Business. The total consideration for the acquisition is \$10.63m (US\$7.70m). The effective date of the acquisition is 30 December 2021.

LPP joins Trajan with a team specialised in laboratory instrumentation and liquid handling consumables, supporting customers operating automated laboratory workflows. The acquisition of LPP allows Trajan to provide integrated and streamlined customer support throughout the entire life of an installed automated workflow solution.

The allocation of the fair value to goodwill has been made on a provisional basis. Under AASB 3 – Business Combinations management has up to 12 months to finalise the carrying value of assets and liabilities acquired on completion of an acquisition.

Details of the acquisition are as follows:

	31 Dec 2021
	\$'000
Trade and other receivables	1,576
Inventories	1,521
Property, plant and equipment	83
Trade and other payables	(690)
Net assets acquired	2,490
Goodwill arising on acquisition	8,136
Total cash consideration paid	10,626

20. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

The Directors of the Group are not aware of contingent liabilities which require disclosure in the financial half-year ended 31 December 2021 (30 June 2021: nil).

21. EVENTS AFTER THE REPORTING DATE

The impact of the Coronavirus (COVID-19) pandemic is ongoing, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation continues to develop and is dependent on measures imposed by various governments where Trajan and/or its customers operate. Thus far our experience has seen the business remaining resilient to the changing conditions with demand for its essential product range remaining largely intact and challenges in operations and supply chains being manageable. While thus far not material management has noted that delayed supply of electronic components has grown in importance recently with an increased reliance on such parts in the expanded product portfolio and to support Project Neptune.

No other matter or circumstance has arisen since the end of financial year that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

DIRECTORS' DECLARATION

In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2021 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of Directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the Directors



John Eales

Chair

Melbourne

This 24th day of February 2022

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INDEPENDENT AUDITOR'S REVIEW REPORT To the Members of Trajan Group Holdings Limited

Conclusion

We have reviewed the accompanying half-year financial report of Trajan Group Holdings Limited which comprises the statement of financial position as at 31 December 2021, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Trajan Group Holdings Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of 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 annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Trajan Group Holdings Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Responsibility of the Directors' for the Financial Report

The directors of the Trajan Group Holdings Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2021 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



RSM AUSTRALIA PARTNERS



B Y CHAN
Partner

Dated: 24 February 2022
Melbourne, Victoria