

**ASX RELEASE****Operational Update****Key points**

- Strong order demand and growth continues across the Trajan business.
- Order book for capital equipment is at a record high.
- Confirming full year FY22 revenue guidance of \$104.0 million to \$110.0 million, translating to circa 40% growth over the prior year.
- Cost headwinds offset partially in FY22 by price uplift executed in June 2022.
- Full year FY22 revenue guidance includes an assumption that global supply chain disruption will cause circa \$1.7 million of capital equipment revenue to be re-timed and recognised in FY23, translating to an FY23 revenue outlook uplift.
- Based on current AUD/USD exchange rates, the AUD depreciation in the second half of FY22 will cause revaluation of Trajan's AUD/USD hedging contracts creating additional non-cash (\$0.8 million) impact on EBITDA.
- Combined EBITDA estimated impact of retimed capital equipment sales and hedging contract revaluations of approximately (\$1.6 million).
- Despite these challenging conditions, revised full year FY22 normalised EBITDA guidance remains strong at \$11.2 million to \$12.0 million.
- These two factors triggering variation to normalised EBITDA guidance are non-cash or timing related and not indicative of any weakness in operating performance, demonstrating the continued strength and resilience of the Trajan business.

**14 June 2022** – Global analytical science and device company Trajan Group Holdings Limited (ASX: TRJ) (**Trajan or the Company**) provides shareholders and investors with an operational update from its CEO and Managing Director, Stephen Tomisich.

“In this volatile macro-economic environment, we expect shareholders and investors are interested to understand how our business is being impacted. Over the 11 years of Trajan’s history, we have consistently demonstrated a remarkable resilience in such circumstances, and that position is unchanged today. Global demand for Trajan’s products and services remains strong and our growth continues.

However, we are not immune to the increased pressures that are impacting many businesses; increases in materials costs, delayed supply chains, increased freight costs, the Ukraine conflict, and COVID related absenteeism are all factors influencing our business today.

On June 1<sup>st</sup> 2022, Trajan introduced price increases to offset these cost headwinds and our customers have worked constructively with us.

On February 24<sup>th</sup> 2022, Trajan provided full year FY22 revenue guidance of \$104.0 million to \$110.0 million, and we can reconfirm that guidance, representing growth of circa 40% over the prior year. In any environment, this is a strong result and indicative of the continued demand for our products and our global opportunities.



Our current order book for Trajan's capital equipment business is at a record high. We had anticipated this strength would further assist in offsetting the current headwinds. However, global supply chain delays may impact our ability to fully recognise this additional revenue prior to June 30<sup>th</sup> 2022. On best available information today, we expect in-bound delays of parts and components from our suppliers will cause circa \$1.7 million of revenue, that in normal circumstances would be recognised in FY22, to be re-timed and recognised in FY23.

Whilst this potentially has an impact on the current reporting period, this revenue is contracted, and we expect it will be recognised in FY23. As such, this is a timing issue only and in no way reflects any weakness or lost business to Trajan. Further, we expect the timing impact will have a positive influence on FY23 projections.

We also note that, assuming current depreciated AUD/USD exchange rates, our current EBITDA projections are inclusive of an estimated \$0.8 million second half mark to market, non-cash, devaluation of our future AUD/USD hedging contracts that stretch out to end FY23, which our previous full year guidance did not contemplate. The hedge contracts are revalued at month end using the corresponding spot rate at that point in time. Importantly such revaluations in no way reflect any weakness in the Trajan business. Indeed, the contracts provide future conversion-rate certainty. We were able to take advantage of the recent AUD weakness and lock in rates below AUD/USD \$0.70 through to the end of FY23.

Considering these two factors, that have a combined \$1.6 million impact on EBITDA, we are adjusting our \$12.5 million to \$13.5 million full year FY22 normalised EBITDA guidance provided on 24<sup>th</sup> February 2022 to \$11.2 million to \$12.0 million, noting that the uncertainty of supply chain reliability and currency movements make more specific guidance difficult even at this late stage of the financial year.

It should also be observed that without these two "non-operational" factors Trajan's full year FY22 revenue and normalised EBITDA guidance would have been in line with the published ranges, despite the current headwinds being experienced by the business. In our view this is a further strong validation of the strength of Trajan's operations.

We remain confident in our continued revenue and margin growth in FY23 through both organic and acquisitive opportunities."

**Authorised for ASX release by the Board of Trajan Group Holdings Limited.**

**END**

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**About Trajan**

Trajan is a global developer and manufacturer of analytical and life sciences products and devices founded to have a positive impact on human wellbeing through scientific measurement. These products and solutions are used in the analysis of biological, food, and environmental samples. Trajan has a portfolio and pipeline of new technologies which support the move towards decentralised, personalised data-based healthcare.

Trajan is a global organisation of 600 people, with seven manufacturing sites across the US, Australia, Europe, and Malaysia, and operations in Australia, the US, Asia, and Europe.



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