

1. Company details

Name of entity:	Trajan Group Holdings Limited
ABN:	38 152 617 706
Reporting period:	For the half-year ended 31 December 2022
Previous period:	For the half-year ended 31 December 2021

2. Results for announcement to the market

	Reporting period \$'000	Previous period \$'000	Variance \$'000	Variance %
Revenues from ordinary activities	80,062	43,712	36,350	83%
Profit from ordinary activities after tax attributable to the owners of Trajan Group Holdings Limited	3,186	153	3,033	1,982%
Comprehensive income/ (loss) for the half-year attributable to the owners of Trajan Group Holdings Limited	6,041	(119)	6,160	NC

NC – Not a comparable number

A negative variance is calculated despite a positive growth when the result from previous period is a negative value. In this instance, the variance (%) is considered not comparable.

Commentary

Please refer to Directors Report – Principal activities and Review of Operations in the attached Interim Financial Report.

3. Dividends

No dividend declared or proposed.

4. Net tangible assets

	Reporting period \$	Previous period \$
Net tangible assets per ordinary security	0.09	0.19

5. Control gained or lost over entities

The Group did not acquire or lose any entities during the half year.

6. Details of associates and joint venture entities

Name of entities	Date control gained	Reporting period Percentage holding	Previous period Percentage holding
Biopsy Solutions Pty Ltd	1 July 2021	75%	100%

7. 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.

8. Attachments

The Interim Report of Trajan Group Holdings Limited for the half-year ended 31 December 2022 is attached.



Date: 27th February 2023

John Eales AM
Chair
Melbourne



Trajan Group Holdings Limited

ABN 38 152 617 706

Interim Financial Report for half-year ended 31 December 2022



Dear Shareholders,

A cultural trait at Trajan is our commitment and accountability to delivering on our strategy; doing what we say we're going to do each year. This commitment is more than words, it's the guiding principle that has enabled our substantial growth, our ability to navigate forces beyond Trajan's control, and remain highly focused on the impact our business has on the health and wellbeing of the world and those that live in it.

Trajan's commercial operations and our purpose are intrinsically linked, and their co-existence is of equal importance.

Our commercial growth continues at above market rates and reflects the success of our acquisition program to augment the strong continued underlying growth of our business. Today we stand at 690 staff with seven manufacturing sites across the US, Australia, Europe, and Malaysia. Our global footprint has been strategically considered to enable growth with our operations proximate to our customers and has allowed us to establish centres of excellence with unrivalled deep expertise. The diversity of our global operations and a well-established leadership team have supported our rapid growth, allowed us to realise operational efficiencies, and influenced a business resilience to mitigate economic conditions and effectively manage any impacts on our business.

Resilience has been a common thread in our history and enabled our business to continue to succeed for over a decade. This half year has been no exception with group revenue of \$80.1M, up 83.2% on the same time last year. We delivered normalised EBITDA of \$10.3M, which is up 115.9% on the same period last year. We are pleased to upgrade our financial guidance for the full year of achieving group revenue between \$155.0M and \$165.0M and normalised EBITDA between \$21.7M and \$25.8M, which makes us more than twice our size since IPO.

This performance must be viewed through two lenses. The demand for our products continues to grow from existing and new customers due to our best in class and superior products, strong customer relationships and innovation-first approach to these partnerships. We continue to benefit from global trends towards automation, personalised care, data-led decision making, and preventative technologies.

The other lens is one that can't be ignored. We are not immune to the impacts of economic uncertainty, conflict, and pandemics with each of these touching our supply chain, costs, and our people. We have however demonstrated a forward-thinking approach to risk mitigation that has allowed us to navigate these issues, that are outside of our control, effectively. This resilience is grounded in our diverse operations, products, and channels and a highly experienced leadership team.

We are delivering on our purpose of science benefiting people and our vision of enriching personal health through scientific tools and solutions. There are many examples, but we'd like to highlight just a couple that support our commitment to shared solutions with our industry.

Collaboration: We are partnering with Monash University's Proteomics and Metabolomics Facility to enable HDX training to the proteomics community in the region. Hydrogen Deuterium Exchange Mass Spectrometry (HDX-MS) is a powerful technique of ever-increasing importance that provides insight into protein dynamics and has the potential to produce better medicines and faster.

Innovation: One of Australia's leading research facilities, The Baker Heart and Diabetes Institute, and Trajan have come together with a shared vision to develop a simple test that can be used at home by patients or those in remote areas for a range of cardiovascular conditions. This was a natural fit.

The Baker had the technology to potentially revolutionise testing for heart disease and diabetes, using just a single drop of blood. All it lacked for this global breakthrough was commercial nous, developmental infrastructure, and marketing know-how. On the other hand, Trajan had the technology and expertise to take products to market.

The Monash and Baker collaborations are just two of many that Trajan is involved with around the world and have contributed to Trajan being named second only to CSL as Australia's top collaborating company, data which was published in the Australian Newspaper in November 2022.

We have also made progress on our formal Environment Social Governance (ESG) program which is being facilitated by a cross functional team representing customers, supply chain, regulatory, people and culture, and investor relations. We look forward to sharing these efforts with our investors later this year.

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 2022.

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 has significant commercialisation potential.

Trajan is a global organisation of 690 people with seven manufacturing sites across the USA, Australia, Europe and Malaysia, and operations in Australia, the USA, Asia, and Europe. Trajan's global footprint is scaled and strategically organised to provide capacity for growth, capacity to ensure reliable and flexible responsiveness, and to deliver proximity to key customers. The Ringwood, Australia site remains Trajan's global headquarters. Trajan has invested significantly into the Penang, Malaysia 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 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 focused on biological, food and environmental testing applications.
- Life Science Solutions – includes Trajan's Automation solutions along with a range of products and services directly targeting human health and thus enabling the potential of personalised care.

REVIEW OF FINANCIAL PERFORMANCE

Profit/Loss

The Group's revenue for the half-year ended 31 December 2022 was \$80.1M (2021: \$43.7M), up by 83.2% on the previous corresponding period ("pcp"), delivering a normalised EBITDA for the period of \$10.3M (31 Dec 2021: \$4.8M).

This is predominantly due to:

- During the period, revenue in the Analytical Product segment was \$43.2M, up 49.2% on pcp. Recent acquisitions contributed to a significant growth with new clients, new markets and new channels. The record revenue performance was also driven by organic growth among existing clients and products. As a result, the gross profit grew by \$5.5M in the half year, up 49.3% on pcp.
- In the Life Science Solutions segment, which includes a range of automated workflow solutions along with products focused on areas directly related to human health, revenue was up 149.8% on pcp to \$36.9M. The growth was mainly driven by the impact of acquisitions and strong organic revenue growth. The acquisitions continue to be integrated enabling the delivery of continued returns in future financial performance. The gross profit improved from \$5.8M (39.1%) to \$14.6M (39.6%), reflecting the continued leverage from increased scale.
- The Group invested \$3.0M in research and development (R&D) this half year, an increase on pcp by \$0.8M (33.9%). With this investment, the Group continues to deliver new technologies within its product portfolio to deliver impact, expands its global footprint and secures strategic assets in new geographies and adjacent technologies which together will accelerate the Group's future growth.
- Normalised EBITDA for the half year ended 31 December 2022 was \$10.3M (half year ended 31 December 2021: \$4.8M), up by 115.9%.

Impact of supply chain cost pressures

The costs to manufacture and distribute products are influenced by the costs of raw materials, finished goods, labour, and freight movements. The Group experienced a significant increase of these costs during the period. The impact was offset through product price increases passed onto customers. The Group will continue to manage and monitor the supply chain cost pressures through FY23.

PRINCIPAL ACTIVITIES AND REVIEW OF OPERATIONS (CONTINUED)

REVIEW OF FINANCIAL PERFORMANCE (CONTINUED)

The normalised EBITDA for the half-year ended 31 December 2022 was \$10.3M (2021: \$4.8M).

Underlying operations defined in this report are the Group's reported financial results as set out in the financial statements, adjusted for significant items that are non-recurring or items incurred outside the ordinary operations of the Group. Significant items include expenses incurred in relation to restructuring costs, costs associated with strategic organisation realignment and costs to accelerate the commercialisation of new products.

The below table provides a reconciliation of the Group's results as contained in the financial statements and non-IFRS (International Financial reporting Standards) underlying operations. The Directors believe the additional information included in the report is useful for measuring the financial performance of the Group. The following non-IFRS reconciliation has not been subject to the Group's audit but is extracted from the audited financial statements.

Reconciliation of Statutory EBITDA to Normalised EBITDA	Consolidated	
	Half year ended 31 Dec 2022 \$'000	Half year ended 31 Dec 2021 \$'000
Statutory EBITDA	8,780	2,115
<i>Normalised items added back to statutory EBITDA</i>		
Restructuring costs	102	150
Strategic investment and acquisition costs (non-recurring) ¹	329	1,789
Accelerate investment in manufacturing infrastructure (Project Neptune)	59	38
Accelerate commercialisation of new products	1,007	668
Total normalised items added back to statutory EBITDA	1,497	2,645
Normalised EBITDA	10,277	4,760
<i>¹Strategic Investment and Acquisition costs</i>	2022	2021
	\$'000	\$'000
Travel and entertainment expenses	-	8
Professional fees	329	1,781
Total	329	1,789

PRINCIPAL ACTIVITIES AND REVIEW OF OPERATIONS (CONTINUED)

REVIEW OF FINANCIAL PERFORMANCE (CONTINUED)

Key operating and financial metrics (consolidated)

\$'000	FY2022	FY2021	HY2023	HY2022
Sales – Analytical Products	60,288	52,422	43,183	28,948
Sales – Life Science Solutions	47,286	24,146	36,879	14,764
Sales – Total	107,574	76,568	80,062	43,712
Sales Growth % – Analytical Products	15.0%	0.5%	49.2%	12.6%
Sales Growth % – Life Science Solutions	95.8%	22.5%	149.8%	26.2%
Sales Growth % – Total	40.5%	6.6%	83.2%	16.8%
Gross Profit – Analytical Products	23,281	19,978	16,635	11,142
Gross Profit – Life Science Solutions	19,350	8,506	14,589	5,778
Gross Profit – Total	42,631	28,484	31,197	16,920
GP margin % – Analytical Products	38.6%	38.1%	38.5%	38.5%
GP margin % – Life Science Solutions	40.9%	35.2%	39.6%	39.1%
GP margin % – Total	39.6%	37.2%	39.0%	38.7%
EBITDA	7,212	5,473	8,780	2,115
Normalised EBITDA	12,543	9,953	10,277	4,760
EBITDA margin %	6.7%	7.1%	11.0%	4.8%
Normalised EBITDA margin %	11.7%	12.4%	12.8%	10.9%
EBITDAR&DC margin %	11.3%	13.0%	16.0%	10.0%
Normalised EBITDAR&DC margin %	16.2%	18.3%	17.8%	16.1%
R&DC expenses (% revenue)	4.6%	5.9%	5.0%	5.2%
Total operating expenses (% revenue) ¹	35.5%	36.1%	31.2%	35.9%

¹The total operating expenses (% revenue) for half year ended 31 December 2022, when excluding commercialisation costs, strategic investment and acquisition costs, would be 29.4% (HY2022: 30.9%).

Financial Position

The Group's net assets as at 31 December 2022 was \$126.8M (30 June 2022: \$115.9M), an increase of \$11.0M.

In September 2022, the Group acquired a new warehouse for a consideration of €1.1M (\$1.6M), resulting in an increase in the Group's property, plant and equipment.

Current liabilities decreased by \$36.7M when compared to June 2022. This were mainly due to reclassification of bank loans which was classified as current liabilities as at 30 June 2022. The Group has met all loan covenant requirements as at 31 December 2022. As a result, \$38.3M of bank loans are reclassified as non-current liabilities in accordance with the loan repayment schedule.

As of 31 December 2022, the Group continues to pay down its debt in line with banking arrangements leading to a positive impact on net debt position from \$41.7M to \$30.1M, and a decrease in gearing ratio (debt to equity ratio) from 47.3% to 40.4%. The Group has a total of \$2.0M of unutilised debt facility and \$21.1M of cash reserves available to support the Group's execution of strategies and projects and to extend production and manufacturing capability.

PRINCIPAL ACTIVITIES AND REVIEW OF OPERATIONS (CONTINUED)

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Acquisition of Warehouse

In September 2022, Axel Semrau GmbH & Co. KG acquired a new warehouse for a consideration of €1.1M (\$1.6M). This warehouse will be used as the location for system preparation of capital equipment instruments before delivery. The warehouse is located very close to the facility of Axel Semrau GmbH & Co. KG and will be the base for future growth of Trajan inside the European Union, especially regarding automation systems.

Share Purchase Plan

On 23 June 2022, Trajan Group Holdings Limited launched its Share Purchase Plan (SPP). The participation was optional, and all eligible shareholders could apply up to \$30,000 worth of new shares, which will rank equally with existing fully paid ordinary shares. On 12 July 2022, upon the closing of the SPP, Trajan raised \$4.7M. A total of 2,351,250 shares were issued.

No other matter or circumstance has arisen since 31 December 2022 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 2022 (for the half year-ended 31 December 2021: nil).

EVENTS AFTER THE REPORTING DATE

Acquisition of HDExaminer Software

On 13 February 2023, the Group, through its US-based subsidiary, has entered into an Agreement to acquire from Sierra Analytics Inc all aspects of Sierra's HDExaminer software business for US\$0.4M. The acquisition will allow the Group to invest in the future development and enhancement of its analytical platform.

Other than that, there has not been any matter or circumstance, since the end of financial period 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 dark ink, appearing to read 'J Eales', with a long horizontal flourish extending to the right.

John Eales

Chair

27th February 2023

AUDITOR'S INDEPENDENCE DECLARATIONS



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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 2022, 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.

A blue ink signature, likely of a partner at RSM Australia Partners, written in a cursive style.

RSM AUSTRALIA PARTNERS

A blue ink signature, likely of B Y Chan, written in a cursive style.

B Y CHAN
Partner

Dated: 27 February 2023
Melbourne, Victoria

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

		Consolidated	
		31 Dec 2022	31 Dec 2021
	Notes	\$'000	\$'000
Revenue			
Sale of goods	3a	80,062	43,712
Cost of sales		(48,865)	(26,792)
Gross profit		31,197	16,920
Other income	3b	1,415	(203)
Employee and Directors' benefits expenses	3c	(18,941)	(10,875)
Occupancy expenses		(758)	(398)
General admin and marketing expenses	3d	(4,960)	(2,639)
Acquisition-related costs		(329)	(1,789)
Finance expenses	3e	(1,987)	(308)
Depreciation and amortisation	3f	(1,606)	(587)
Profit before income tax		4,031	121
Income tax benefit/ (expense)		(845)	32
Profit for the half-year after income tax		3,186	153
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		2,855	(272)
Total other comprehensive income for the half-year, net of tax		2,855	(272)
Total comprehensive (loss)/ income for the half-year		6,041	(119)
Profit for the half-year after income tax is attributable to:			
Equity holders of the parent		2,855	153
Minority interests		-	-
		2,855	153
Comprehensive (loss)/ income for the half-year is attributable to:			
Equity holders of the parent		6,041	(119)
Minority interests		-	-
		6,041	(119)
		\$	\$
Basic earnings per share		0.021	0.001
Diluted earnings per share		0.021	0.001

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 2022

		Consolidated	
		31 Dec 2022	30 Jun 2022
	Notes	\$'000	\$'000
ASSETS			
Current assets			
Cash and cash equivalents	4	21,121	13,164
Trade and other receivables	5	19,651	20,266
Inventories	6	29,638	28,271
Financial assets	8	293	142
Other assets	7	2,956	3,022
Total current assets		73,659	64,865
Non-current assets			
Financial assets	8	1,802	1,460
Property, plant and equipment	10	19,343	17,204
Right-of-use assets	11	9,854	10,608
Goodwill and intangibles	9	109,815	107,714
Deferred tax assets		3,465	4,339
Total non-current assets		144,279	141,325
TOTAL ASSETS		217,938	206,190
LIABILITIES			
Current liabilities			
Trade and other payables	12	20,705	15,378
Lease liabilities		1,585	1,538
Provisions		8,821	8,179
Income tax (receivables)/ payable		(568)	212
Loans and borrowings	13	12,915	54,842
Total current liabilities		43,458	80,149
Non-current liabilities			
Lease liabilities		9,144	9,800
Provisions		293	324
Loans and borrowings	13	38,293	-
Total non-current liabilities		47,730	10,124
TOTAL LIABILITIES		91,188	90,273
NET ASSETS		126,750	115,917
EQUITY			
Issued capital	14	101,237	96,258
Retained earnings		19,918	16,732
Foreign currency translation reserve		3,883	1,028
Share-based payment reserve		1,712	1,899
TOTAL EQUITY		126,750	115,917

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 2022

2022	Note	Contributed Equity \$'000	Foreign Currency Translation Reserve \$'000	Share- based Payment Reserve \$'000	Retained Earnings \$'000	Total \$'000
Balance at 1 July 2022	19(c)	96,258	1,028	1,899	16,732	115,917
Profit after income tax expense for the half-year		-	-	-	3,186	3,186
Other comprehensive income for the half-year, net of tax		-	2,855	-	-	2,855
Total comprehensive income for the half-year		-	2,855	-	3,186	6,041
Transactions with owners in their capacity as owners						
Issue of share capital (net of transaction costs)	14	4,508	-	-	-	4,508
Share option exercised		471	-	(467)	-	4
Share based payment costs		-	-	280	-	280
Balance at 31 December 2022		101,237	3,883	1,712	19,918	126,750

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)		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

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 2022

		Consolidated	
	Notes	31 Dec 2022 \$'000	31 Dec 2021 \$'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		80,881	44,341
Payments to suppliers and employees (inclusive of GST)		(68,700)	(44,159)
Income tax (paid)/received		(221)	51
Interest income		3	2
Finance expenses		(1,648)	(26)
Interest on lease liabilities		(319)	(280)
Net cash flows from / (used in) operating activities		9,996	(71)
Cash flows from investing activities			
Purchase of property, plant and equipment		(3,424)	(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		(3,424)	(48,463)
Cash flows from financing activities			
Proceeds from borrowings		283	31,119
Repayment of borrowings		(3,917)	(445)
Repayment of lease liabilities		(814)	(609)
Proceed from issue of shares		4,707	249
Payment of share issue costs		(195)	-
Net cash flows from / (used in) financing activities		64	30,314
Net increase/(decrease) in cash and cash equivalents		6,636	(18,220)
Net foreign exchange difference		1,321	(415)
Cash and cash equivalents at beginning of the half-year		13,164	51,717
Cash and cash equivalents at end of the half-year	4	21,121	33,082

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 2022 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 2022 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 2022.

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 relate 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 2022 approximately \$17.3M (half-year ended 31 December 2021: \$10.3M) 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 2022 (half-year ended 31 December 2021: 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)), USA and Europe, Middle East, Africa, and India (EMEA).

	Asia ⁽²⁾ \$'000	USA \$'000	EMEA \$'000
Half-year ended 31 December 2022			
Revenue from external customers	12,599	42,689	24,774
Non-current assets ⁽¹⁾	13,813	95,788	29,468
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

⁽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 2022				
Revenue				
Sales to external customers	43,183	36,879	-	80,062
Total sales revenue	43,183	36,879	-	80,062
Other revenue	-	-	-	-
Total segment revenue	43,183	36,879	-	80,062
Intersegment eliminations				
<i>Unallocated revenue:</i>				
Realised/unrealised foreign currency gains/(losses)				1,152
Insurance claim recovery				33
Sundry income				230
Total other income				1,415
EBITDA				
	13,408	5,468	(10,096)	8,780
Depreciation and amortisation	(1,524)	(1,070)	(225)	(2,819)
Interest revenue	-	-	3	3
Interest expense	(355)	(134)	(1,444)	(1,933)
Profit before income tax expense				4,031
Income tax expense				(845)
Profit after income tax expense				3,186
Assets				
Segment assets	4,381	10,507	14,750	29,638
Intersegment eliminations				
<i>Unallocated assets:</i>				
Cash and cash equivalents				21,121
Trade and other receivables				19,651
Other assets				2,956
Financial assets				2,095
Property, plant and equipment				19,343
Right-of-use assets				9,854
Goodwill and Intangibles				109,815
Deferred tax assets				3,465
Total assets				217,938
Liabilities				
<i>Unallocated liabilities:</i>				
Trade and other payables				20,705
Lease liabilities				10,729
Provisions				9,114
Tax liabilities/(asset)				(568)
Loans and borrowings				51,208
Total liabilities				91,188

2. OPERATING SEGMENTS (CONTINUED)

Consolidated - 31 December 2021	Analytical Products \$'000	Life Science Solutions \$'000	Corporate Services \$'000	Total \$'000
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

3. REVENUE AND EXPENSES

	Consolidated	
	31 Dec 2022	31 Dec 2021
	\$'000	\$'000
a) Revenue		
Rendering of services (over time)	767	408
Sale of goods (at a point in time)	79,295	43,304
Total	80,062	43,712

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 gains/ (losses)	1,152	(229)
Insurance claim recovery	33	21
Sundry income	230	5
Total	1,415	(203)

c) Employee and Directors' benefits expense

Salaries and wages	(26,448)	(18,180)
Post-employment benefits	(1,951)	(1,517)
Provision for long term incentive plan	(1,122)	(237)
Salaries and wages, post-employment benefits and taxes allocated to cost of sales	14,624	11,408
Taxes, insurance and amenities	(4,044)	(2,349)
Total	(18,941)	(10,875)

d) General admin and marketing expenses

Travel and entertainment expenses	(898)	(193)
Professional and license fees	(1,996)	(1,278)
Advertising expenses	(398)	(137)
Operational expenses	(1,269)	(866)
Communication expenses	(399)	(165)
Total	(4,960)	(2,639)

3. REVENUE AND EXPENSES (CONTINUED)

	Consolidated	
	31 Dec 2022	31 Dec 2021
	\$'000	\$'000
e) Finance expenses		
Interest and finance charges paid/payable on borrowings	(1,614)	(93)
Interest income	3	2
	(1,611)	(91)
Interest and finance charges paid/payable on lease liabilities	(319)	(280)
Interest expenses allocated to cost of sales	183	200
Interest expenses	(1,747)	(171)
Bank and sundry charges	(220)	(135)
Bad debts and impairments	(20)	(2)
Total	(1,987)	(308)
f) Depreciation and amortisation		
Depreciation	(1,288)	(884)
Depreciation on right-of-use assets	(959)	(739)
Amortisation of intangible assets	(572)	-
Minor assets expensed	(2)	(1)
	(2,821)	(1,624)
Depreciation on assets allocated to cost of sales	741	537
Depreciation on right-of-use assets allocated to cost of sales	474	500
Total	(1,606)	(587)

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 2022	30 Jun 2022
	\$'000	\$'000
Cash at bank and in hand	20,204	12,278
Cash equivalents ⁽¹⁾	917	886
Total	21,121	13,164

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

5. CURRENT ASSETS - TRADE RECEIVABLES

	Consolidated	
	31 Dec 2022	30 Jun 2022
	\$'000	\$'000
Trade receivables	19,651	20,266
Total	19,651	20,266

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 2022 (half-year ended 31 December 2021: \$nil).

6. CURRENT ASSETS - INVENTORIES

Raw materials	9,174	8,573
Work in progress - Manufacturing	7,065	6,877
Work in progress - Automation	198	531
Finished goods	15,984	14,550
Provision for stock obsolescence	(3,367)	(2,834)
Stock for demonstrations	584	574
Total	29,638	28,271

7. CURRENT ASSETS- OTHER ASSETS

Prepayments	2,638	2,216
Prepaid insurance on retirement - Japan	343	301
GST (payable)/receivables	(51)	479
Deposits on purchases	26	26
Total	2,956	3,022

8. FINANCIAL ASSETS

	Consolidated	
	31 Dec 2022	30 Jun 2022
	\$'000	\$'000
CURRENT		
Foreign exchange contracts	293	142
NON-CURRENT		
<i>Financial assets at fair value through profit or loss</i>		
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	1,265	1,254
	1,471	1,460
Foreign exchange contracts	331	-
Total non-current	1,802	1,460
Total financial assets	2,095	1,602

9. NON-CURRENT ASSETS – GOODWILL AND INTANGIBLES

		Consolidated	
	Note	31 Dec 2022	30 Jun 2022
		\$'000	\$'000
Goodwill – MyHealthTest		239	239
Goodwill – Grale		765	765
Goodwill – Axel Semrau GmbH & Co. KG and Semrau Immobilien GmbH & Co.KG		20,026	19,351
Goodwill – Neoteryx LLC		22,824	22,423
Goodwill – LEAP PAL Parts (LPP)		5,215	5,124
Goodwill – Chromatography Research Supplies (CRS)	(i)	52,116	50,900
Total goodwill		101,185	98,802
Patent		236	174
Customer relationships		4,530	4,669
Trademark		160	175
Marketing relationships		549	647
Technology		3,155	3,247
Total goodwill and intangibles		109,815	107,714

- (i) The acquisition of Chromatography Research Supplies is settled on 24 June 2022. Goodwill – CRS has been accounted for on a provisional basis. Under AASB 3 – Business Combinations the Group has up to 12 months to finalise the carrying value of assets and liabilities acquired on completion of an acquisition.

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

2022	Land & Building \$'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 2022	7,827	10,705	950	3,149	147	1,614	1,429	25,821
Exchange rate impact	133	548	(397)	25	29	(611)	21	(252)
Additions	1,653	489	566	156	65	77	920	3,926
Disposals	(134)	(174)	(3)	(78)	-	(16)	(23)	(428)
Balance at 31 December 2022	9,479	11,568	1,116	3,252	241	1,064	2,347	29,067
Depreciation and impairment as at 1 July 2022	(47)	(5,779)	(496)	(2,059)	(4)	(232)	-	(8,617)
Exchange rate impact	(12)	(111)	(8)	(19)	(19)	(17)	-	(186)
Depreciation charge	(54)	(614)	(306)	(139)	(26)	(149)	-	(1,288)
Disposals	-	157	2	75	-	133	-	367
Balance at 31 December 2022	(113)	(6,347)	(808)	(2,142)	(49)	(265)	-	(9,724)
Cost at 31 December 2022	9,479	11,568	1,116	3,252	241	1,064	2,347	29,067
Accumulated depreciation and impairment	(113)	(6,347)	(808)	(2,142)	(49)	(265)	-	(9,724)
Net carrying value at 31 December 2022	9,366	5,221	308	1,110	192	799	2,347	19,343

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

	Consolidated	
	31 Dec 2022	30 Jun 2022
	\$'000	\$'000
Land and buildings – right-of-use assets	14,500	14,231
Less: Accumulated depreciation	(4,809)	(3,837)
	<u>9,691</u>	<u>10,394</u>
Plant and equipment - right-of-use assets	340	389
Less: Accumulated depreciation	(177)	(175)
	<u>163</u>	<u>214</u>
Total	<u>9,854</u>	<u>10,608</u>

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 rental payments are 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.

Additions to the right of use assets during the period were \$0.1M (30 June 2022: \$2.7M).

12. CURRENT LIABILITIES – TRADE AND OTHER PAYABLES

Trade payables	11,721	8,570
Accruals	6,772	5,046
Contract liabilities	<u>2,212</u>	<u>1,762</u>
Total	<u>20,705</u>	<u>15,378</u>

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

13. LOANS AND BORROWINGS

Current liability	Note	Consolidated	
		31 Dec 2022 \$'000	30 Jun 2022 \$'000
Loan HSBC – secured and interest bearing		12,632	54,307
Bank overdraft		283	535
		12,915	54,842
Non-current liability			
Loan HSBC – secured and interest bearing		38,293	-
		38,293	-
Total		51,208	54,842

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.

Loan facilities

Amount utilised	51,208	54,842
Unused loan facility	2,004	1,774
Loan facilities	53,212	56,616

On 17 June 2022, Trajan restructured the agreement with HSBC Bank Australia Limited which provides the Group with access to the following facilities:

- Working Capital facility, on Demand, of \$5.8M. 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 \$0.6M (US\$0.5M). Interest is calculated as BBSY or LIBOR plus a margin,
- Single Fully Drawn Advances, 3-year term of \$48.9M. Interest is calculated as BBSY or LIBOR plus a margin, and
- HSBC Corporate Credit Cards facility of \$0.2M.

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.

Axel Semrau GmbH have access to an on demand, unsecured, overdraft facility of €0.75M (\$1.18M). At 31 December 2022, the facility was drawn to €0.2M (\$0.3M).

Covenants on financing facilities

As of 31 December 2022, Trajan was in compliance with all covenants under its debt arrangement. As a result, the outstanding loan facility balance is presented as in accordance with the loan repayment schedule.

14. EQUITY – ISSUED CAPITAL

	31 Dec 2022 Shares	30 Jun 2022 Shares	31 Dec 2022 \$'000	30 Jun 2022 \$'000
Ordinary shares – fully paid	152,083,865	149,456,159	101,237	96,258

Details	Date	Shares	Issue price	\$'000
Balance	1 Jul 2022	149,456,159		96,258
Exercise of share options	4 Jul 2022	44,074	1.70	75
Issuance of shares	19 Jul 2022	2,351,250	2.00	4,702
Capital raising cost	19 Jul 2022	-	-	(195)
Exercise of share options	11 Aug 2022	200,000	1.70	340
Exercise of share options	2 Sep 2022	29,382	1.70	50
Exercise of share options	20 Dec 2022	3,000	2.28	7
Balance	31 Dec 2022	152,083,865		101,237

15. EARNINGS PER SHARE

	Consolidated	
	31 Dec 2022 \$'000	31 Dec 2021 \$'000
Earnings per share for profit		
Profit after income tax attributable to Trajan Group Holdings Limited	3,186	153
	\$	\$
Basic earnings per share	0.021	0.001
Diluted earnings per share	0.021	0.001
<i>Weighted average number of ordinary shares</i>	Number	Number
Weighted average number of ordinary shares used in calculating earnings per share	151,794,128	130,486,912
Adjustment for calculation of diluted earnings per share:		
Options over ordinary shares	1,308,335	1,308,110
Weighted average number of ordinary shares used in calculating diluted earnings per share	153,102,463	131,795,022

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 2022 %	30 Jun 2022 %
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%	100%
Chromatography Research Supplies Inc	United States	100%	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%	100%
Trajan Scientific Germany Property GmbH	Germany	100%	100%
Axel Semrau GmbH & Co. KG	Germany	100%	100%
Semrau Immobilien GmbH & Co. KG	Germany	100%	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	75%	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 2022	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Assets				
Forward foreign exchange contract	-	624	-	624
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	-	-	1,265	1,265
	-	624	1,471	2,095

Consolidated – 30 Jun 2022	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Assets				
Forward foreign exchange contract	-	142	-	142
Unlisted ordinary shares in LBPR Pty Ltd	-	-	137	137
Unlisted ordinary shares in Healthier Delivery Pty Ltd	-	-	69	69
Unlisted ordinary shares in HumanKind Venture Ltd	-	-	1,254	1,254
	-	142	1,460	1,602

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 2022	31 Dec 2021
	\$'000	\$'000
<i>Transactions with related parties</i>		
Depreciation expense – Ringwood Facility Property Lease - Bass Park Investments	274	274
Interest expense – Ringwood Facility Property Lease - Bass Park Investments	178	187
Professional costs – Hive Legal Pty Ltd	-	41
	452	502

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 2022	30 Jun 2022
	\$'000	\$'000
<i>Assets</i>		
Right-of-use assets - Ringwood Facility Property Lease - Bass Park Investments	5,488	5,762
	5,488	5,762
<i>Liabilities</i>		
Trade payables – Hive Legal Pty Ltd	-	7
Trade payables - Bass Park Investments	126	62
Lease liabilities - Ringwood Facility Property Lease - Bass Park Investments	5,983	6,145
	6,109	6,214

Terms and conditions

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

19. BUSINESS COMBINATIONS

a) *Prior year acquisition - Neoteryx LLC*

On 29 December 2021, Trajan Scientific Americas Inc acquired 100% of the shares in Neoteryx, LCC 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 \$3.9M (US\$2.8M). An additional \$2.48M (US\$1.8M) was deposited into an escrow account, which is payable to Farrona LLC or to Trajan Scientific Americas Inc, as the case may be, in accordance with the Purchase Agreement.

An independent valuation of the purchase price accounting for the acquisition was obtained. The values of the separately identifiable intangible assets were calculated based on an income approach to estimate the fair value of customer related intangible assets, a relief from royalty approach to estimate the fair value of marketing related intangible assets and technology based intangible assets.

19. BUSINESS COMBINATIONS (CONTINUED)

a) *Prior year acquisition - Neoteryx LLC (continued)*

The key inputs to these calculations included management revenue forecasts, management's estimate of employee costs, historical customer attrition rates and the company's weighted average cost of capital. Customer relationships and the acquired technology will be amortised over a useful life of ten years, while marketing relationships are to be amortised over a useful life of five years.

The goodwill that arose on the combination can be attributed to the synergies expected to be derived from the combination and the value of the workforce of Neoteryx which cannot be recognised as an intangible asset. Goodwill has been provisionally allocated to the cash-generating unit of Neoteryx LLC as at 30 June 2022. The goodwill that arose from this business combination is expected to be deductible for tax purposes over a period of fifteen years.

At 30 June 2022, the allocation of the fair value to goodwill had been made on a provisional basis. At 31 December 2022, the accounting for the business combination is now final. Thus, the Group recognised adjustments to the provisional amounts as if the accounting for the business combination had been completed at the respective acquisition date.

The Group also revised comparative information for prior periods presented in financial statements as needed. Refer Note 19 (c) for further details. The following table shows the changes made to revise the comparative financial information pursuant to measurement period adjustments:

Details of the acquisition are as follows:

	29 Dec 2021 Neoteryx LLC Fair value \$'000	Measurement period adjustment \$'000	Post measurement Fair value \$'000
Cash and cash equivalent	455	-	455
Trade and other receivables	761	-	761
Inventories	658	-	658
Prepayment	217	-	217
Property, plant and equipment	1,307	(836)	471
Customer relationships	-	181	181
Marketing relationships	-	277	277
Technology	-	1,722	1,722
Trade and other payables	(1,174)	-	(1,174)
Net assets acquired	2,224	1,344	3,568
Goodwill arising on acquisition	22,687	(1,322)	21,365
Fair value of the consideration transferred	24,911	22	24,933
(less) Fair value of shares issued to Neoteryx, Farrona LLC	(18,500)	-	(18,500)
Cash consideration paid	6,411	22	6,433

19. BUSINESS COMBINATIONS (CONTINUED)

b) Prior year acquisition - 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 \$10.6M (US\$7.7M). The effective date of the acquisition is 30 December 2021.

An independent valuation of the purchase price accounting for the acquisition was obtained. The values of the separately identifiable intangible assets were calculated based on an income approach to estimate the fair value of customer related intangible assets, a relief from royalty approach to estimate the fair value of marketing related intangible assets. The key inputs to these calculations included management revenue forecasts, management's estimate of employee costs, historical customer attrition rates and the company's weighted average cost of capital. Customer relationships will be amortised over a useful life of ten years, while marketing relationships are to be amortised over a useful life of three years.

The goodwill that arose on the combination can be attributed to the synergies expected to be derived from the combination and the value of the workforce of LPP which cannot be recognised as an intangible asset. Goodwill has been provisionally allocated to cash-generating unit of LEAP Pal Parts at 30 June 2022. The goodwill that arose from this business combination is expected to be deductible for tax purposes over a period of fifteen years.

At 30 June 2022, the allocation of the fair value to goodwill had been made on a provisional basis. At 31 December 2022, the accounting for the business combination is now final. Thus, the Group recognised adjustments to the provisional amounts as if the accounting for the business combination had been completed at the respective acquisition date.

The Group also revised comparative information for prior periods presented in financial statements as needed. Refer Note 19 (c) for further details. The following table shows the changes made to revise the comparative financial information pursuant to measurement period adjustments:

Details of the acquisition are as follows:

	30 Dec 2021	Measurement	Post
	LEAP PAL Parts	period	measurement
	Fair value	adjustment	Fair value
	\$'000	\$'000	\$'000
Trade and other receivables	1,576	(18)	1,558
Inventories	1,521	-	1,521
Property, plant and equipment	83	(15)	68
Customer relationships	-	2,637	2,637
Marketing relationships	-	439	439
Trade and other payables	(690)	91	(599)
Net assets acquired	2,490	3,134	5,624
Goodwill arising on acquisition	8,136	(3,259)	4,877
Total cash consideration paid	10,626	(125)	10,501

19. BUSINESS COMBINATIONS (CONTINUED)

c) Measurement period adjustment

In accordance with AASB 3, the Group has recognised adjustments to the provisional amounts as if the accounting for the business combination had been completed at the respective acquisition dates. Thus, the Group has revised comparative information for prior periods presented in financial statements as needed.

The following table shows the changes made to revise the comparative financial information pursuant to measurement period adjustments:

Condensed consolidated statement of financial position	30 June 2022 Reported in prior year \$'000	30 June 2022 Current comparative \$'000	Change \$'000
Property, plant and equipment	18,096	17,204	(892)
Goodwill	103,430	98,802	(4,628)
Patent	174	174	-
Trademark	200	175	(25)
Customer relationships	1,977	4,669	2,692
Marketing relationships	-	647	647
Technology	1,630	3,247	1,617
Goodwill and intangibles	107,411	107,714	303
Total non-current assets	141,914	141,325	(589)
TOTAL ASSETS	206,779	206,190	(589)
Foreign currency translation reserve	1,022	1,028	6
Retained earnings	17,327	16,732	(595)
TOTAL EQUITY	116,506	115,917	(589)
Condensed consolidated statement of profit or loss and other comprehensive income	30 June 2022 Reported in prior year \$'000	30 June 2022 Current comparative \$'000	Change \$'000
Depreciation and amortisation	(1,630)	(2,226)	(596)
Profit before income taxes	2,250	1,654	(596)
Income tax expense	(546)	(546)	-
Profit for the year after income tax	1,704	1,108	(596)

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 2022 (30 June 2022: nil).

21. EVENTS AFTER THE REPORTING DATE

On 13 February 2023, the Group through its US-based subsidiary has entered into an Agreement to acquire from Sierra Analytics Inc all aspects of Sierra's HDExaminer software business for US\$0.4M. The acquisition will allow the Group to invest in the future development and enhancement of its analytical platform.

Other than that, there has not been any matter or circumstance, since the end of financial period 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 2022 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 27th day of February 2023

INDEPENDENT AUDITOR'S REVIEW REPORT



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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 2022, 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 2022 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* ('ASRE 2410'). 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 report.

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Directors' Responsibility for the Half-Year 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. ASRE 2410 requires us to conclude whether 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 2022 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.

A blue ink signature, likely of a partner at RSM Australia Partners, written in a cursive style.

RSM AUSTRALIA PARTNERS

A blue ink signature, likely of B Y Chan, written in a cursive style.

B Y CHAN
Partner

Dated: 27 February 2023
Melbourne, Victoria