

Company details

Name of entity:	Trajan Group Holdings Limited
ABN:	38 152 617 706
Reporting period:	For the half-year ended 31 December 2023
Previous period:	For the half-year ended 31 December 2022

1. Results for announcement to the market

Revenues from ordinary activities	Down	4.6 % to	\$'000 76,410
Net loss from ordinary activities after tax attributable to the owners of Trajan Group Holdings Limited	*		378
Comprehensive loss for the half-year attributable to the owners of Trajan Group Holdings Limited	*		4,468

**N/A due to movement from profit to loss during the year*

Commentary

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

2. Dividends

No dividend declared or proposed.

3. Net tangible assets

	Reporting period	Previous period
	\$	\$
Net tangible assets per ordinary security	0.06	0.09

4. Control gained or lost over entities

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

5. Details of associates and joint venture entities

The Group did not acquire or lose associates or joint venture entities during the half year.

6. 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.

7. Attachments

The Interim Report of Trajan Group Holdings Limited for the half-year ended 31 December 2023 is attached.

Signed:

A handwritten signature in black ink, appearing to read 'John Eales', with a stylized flourish extending to the right.

Date: 27 February 2024

John Eales AM
Chair
Melbourne



Trajan Group Holdings Limited

ABN 38 152 617 706

Interim Financial Report for half-year ended 31 December 2023



CHAIRMAN AND CEO REPORT

Dear Shareholders,

Today we share Trajan's Half Year Results for Financial Year 2024 (FY24). Thirteen years ago, we embarked on a mission to create a business of global scale that would be at the forefront of measurement technology and would enable the improvement of human health and wellbeing. To achieve this, we would need to become a trusted industry partner for leading OEM multinationals, life science and pharmaceutical customers, and anticipate and build our capabilities in areas of need.

Today the role we play with our customers and partners continues to increase in scale and importance. We have a highly relevant portfolio of products and services targeting measurements relevant to personalised healthcare, clinical applications, environmental testing, and food safety. We've progressed our capabilities to bring automation to the analytical workflow that both improves data integrity and has a substantial impact on productivity.

We remain focused on executing our growth strategy and have been pleased with the 12 consecutive years of annual revenue growth of Trajan, which has accelerated since our IPO. We are, however, not immune to industry-wide challenges which are momentary but have nonetheless created a challenging environment for Trajan over the last 12 months. Specifically, industry destocking impacted our components and consumables segment due to customers building inventory levels during the latter part of COVID which has taken longer to return to normal levels. This flowed to Trajan both in terms of us holding higher inventory and customer orders being delayed. We anticipated industry destocking would impact our first half of FY24 and advised the market of this expectation in August. Whilst underlying end-user demand remained strong, it took longer than anticipated for excess inventories to be cleared through customer supply chains, and inbound orders did not return to expected levels until late Q2.

The under utilisation of our global facilities through the destocking period has hidden the impact of margin improvement activity being taken across the business. Indeed, the team brought forward significant resource reductions during this period that were otherwise planned for later in FY24.

Despite the high-level metrics of the H1 result, we go into H2 with confidence that we will deliver our 13th year of consecutive growth with a return to double digit revenue growth in the second half. Beyond that, as we consider normal revenue growth on top of our now reduced cost base into FY25, we can see that at around the three-year mark post listing the business will be well on the way to its 3–5-year financial goal of facilitating the expansion of EBITDA Margin to 20%.

It is important to note that apart from the six-month destocking period there has been no fundamental change to the underlying strength of the business, our products and technologies, customer needs, or market position.

We are increasingly seeing cross-selling activity and channel benefits realised from our many acquisitions over the years, and we are maintaining that eye on the future for new products that will support a business that can continue to scale.

Finally, we'd like to finish where we started; on the purpose that sits at the centre of our business. Our ultimate success will be the sum of two equal parts – our ability to execute our growth strategy and our focus on positively impacting human health.

Yours sincerely,



John Eales
Chairman



Stephen Tomisich
Managing Director and 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 2023.

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 sensitivity, selectivity, reliability and protect the integrity of the sample, the laboratory workflow and ultimately the data and information derived from the analysis.

Over the last decade, Trajan has developed strong partnerships with customers globally. Those partnerships are characterised by having multiple organisational touch points from senior management to transactional roles, by Trajan technology delivering performance advantages, and by seamless global logistical systems underpinning rapid response to end users around the globe.

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 commercial potential.

Trajan is a global organisation of over 600 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 as well as a commercial presence in South Asia.

PRINCIPAL ACTIVITIES AND REVIEW OF OPERATIONS (CONTINUED)

Segment reporting was changed with effect from 1 July 2023, in line with a change in the way the Group's businesses are managed. This change has been driven by a combination of organic growth in the Core Business, investments in Disruptive Technologies and acquisitions post IPO in mid-2021 calendar year. The Group now reports in three operating segments based on differences in products and services provided: Components and Consumables, Capital Equipment and Disruptive Technologies.

- Components and Consumables: includes all parts, supplies, components and consumable products across the Group.
- Capital Equipment: includes all Robotic Workflow Automation systems, on-line and laboratory instruments.
- Disruptive Technologies: includes miniaturised, portable instrumentation and all products and services related to microsampling (devices, services, and other related investments).

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.

When reviewing the overall performance of the Group, the Components and Consumables, Capital Equipment and Corporate Services activities are combined and referred to collectively as the Group's Core Business.

REVIEW OF FINANCIAL PERFORMANCE

Profit/Loss

The Group's revenue for the half-year ended 31 December 2023 was \$76.4M (31 December 2022: \$80.1M), down by 4.6% on the previous corresponding period ("pcp"), delivering a normalised EBITDA for the period of \$4.0M (31 Dec 2022: \$8.9M).

Revenue and Gross Profit

The Group's total operating revenue for the half-year ended 31 December 2023 was \$76.4M (31 December 2022: \$80.1M). Gross profit was \$28.8M (31 December 2022: 31.2M), down by 7.7% on the pcp.

Core Business: Components and Consumables, Capital Equipment and Corporate Services

For the half-year ended 31 December 2023, revenue in the Core Business was \$74.2M (31 Dec 2022: \$77.1M), down by 3.7% on the pcp.

In the Core Business: Components and Consumables segment, destocking activity predominantly with OEM customers was first observed in 2H FY23. Trajan continued to observe ongoing destocking activity in the downstream supply chain into 1H FY24. As a result, Trajan's revenue for the first half year decreased from \$50.0M to \$46.6M, down by 6.9% on the pcp. Trajan observed an increase in order demand late in 1H FY24 indicating destocking activity has concluded.

Gross profit margin in Components and Consumables was 36.6% (31 December 2022: 39.0%). The gross profit margin was impacted by lower sales volume and production volume creating lower scale benefits to cover overhead costs.

In Core Business: Capital Equipment segment, which includes a range of automated workflow solutions along with products focused on areas directly related to human health, revenue was up 2.1% on pcp to \$27.6M (2022: \$27.1M) and gross profit margin was 39.8% (31 December 2022: 39.1%).

PRINCIPAL ACTIVITIES AND REVIEW OF OPERATIONS (CONTINUED)

REVIEW OF FINANCIAL PERFORMANCE (CONTINUED)

Revenue and Gross Profit (continued)

Disruptive Technologies

The segment includes clinical pathology related biological microsampling tools and Hummingbird modular miniaturised instrument platform.

For half-year ended 31 December 2023, the Disruptive Technologies segment generated revenue \$2.2M (31 Dec 2022: \$3.0M). Whilst microsampling sales have eased since the COVID peak in FY20, the increase in non-COVID related sales and applications are growing at a compound annual growth rate of 21%.

Gross profit margin in Disruptive Technologies was 33.7% (31 Dec 2022: 36.6%). Commercialisation of microsampling devices contributed a proforma GP Margin of 67.5% in 1H FY24 offset by other early-stage Disruptive Technologies sales at a lower margin.

Since 2022, Trajan has participated in clinical studies to demonstrate the safety and efficacy of microsampling devices. Trajan also continued to make investments in research and development efforts to support the future regulatory submissions for disruptive technologies, as well as investments to expand new markets such as additional European countries and the Asia Pacific region.

While still in early stages, Trajan's microsampling devices continue to gain traction in global markets. Since December 2023, a remote blood sample collection kit that includes Neoteryx Mitra microsampling devices is being offered by Eurofins Japan to Japanese companies, businesses, local governments, and other organisations in and around Tokyo.

The commercialisation of Trajan's Hummingbird product continues to advance with an industrial design team involved in progressing the design for commercial release. Hummingbird is being used with US pharmaceutical and Australian companies to measure analytes including PFAS levels in environmental samples at major airports and other sites. This month the Company was notified that the United States Patent and Trademark Office is granting a patent covering Hummingbird's unique miniaturised and configurable architecture. Trajan is also seeking patent protection in other key markets.

Trajan is optimistic of progressive improvement in performance throughout FY24.

Operating expenses

The Group's total expenses (excluding finance expenses, depreciation, and amortisation) increased from \$25.0M to \$27.2M, up by 8.8%.

In response to continued global macroeconomic challenges, Trajan implemented a number of initiatives, including bringing forward savings being delivered by Project Neptune and acquisition synergies, to reduce the operating cost base in the first half. The cost reduction initiatives will be carried forward through to the remainder of the financial year and the full benefit of these initiatives is expected to be realised through FY2024.

PRINCIPAL ACTIVITIES AND REVIEW OF OPERATIONS (CONTINUED)
REVIEW OF FINANCIAL PERFORMANCE (CONTINUED)

Normalised EBITDA

Normalised EBITDA for the half-year ended 31 December 2023 was \$4.0M (half-year ended 31 December 2022: \$8.9M).

Reconciliation of Statutory EBITDA to Normalised EBITDA

	Consolidated	
	Half year ended 31 Dec 2023	Half year ended 31 Dec 2022
	\$'000	\$'000
Statutory EBITDA	3,350	8,780
<i>Normalised items added back to statutory EBITDA</i>		
Restructuring costs ⁽²⁾	1,225	102
Strategic investment and acquisition costs (non-recurring)	77	329
Accelerate investment in manufacturing infrastructure (Project Neptune)	108	59
Accelerate commercialisation of new products	-	-
Impact on FEC revaluation	(759)	(406)
Total normalised items added back to statutory EBITDA	651	84
Normalised EBITDA ⁽¹⁾	4,001	8,864

⁽¹⁾ Normalised EBITDA (nEBITDA) is Statutory EBITDA excluding restructuring costs, acquisition costs, Project Neptune related costs, and impact on FEC revaluation. Commercialisation cost is no longer a normalised item in FY2024. For comparative purposes, nEBITDA 31 Dec 2022 was restated. In the prior half year, the reported nEBITDA was \$10.3M and nEBITDA* 31 Dec 2022 would be \$9.9M.

⁽²⁾ Breakdown of Restructuring costs (non-recurring) as follows:

	31 Dec 2023	31 Dec 2022
	\$'000	\$'000
Employee and Director's benefit expenses- Salaries and Wages	655	20
General admin and market expenses - Professional and license fees	486	82
Others	84	-
Total	1,225	102

Normalised EBITDA by Segment

	31 Dec 2023	31 Dec 2022
	\$'000	\$'000
Normalised EBITDA -Core*	6,908	11,145
Normalised EBITDA -Disruptive Technologies	(2,907)	(2,281)
Normalised EBITDA*	4,001	8,864

* nEBITDA is Statutory EBITDA excluding restructuring costs, acquisition costs, Project Neptune related costs, and impact on FEC revaluation. Commercialisation cost is no longer a normalised item in FY2024. For comparative purposes, nEBITDA 31 Dec 2022 was restated. In the prior half year, nEBITDA- Core would be \$12.2M.

PRINCIPAL ACTIVITIES AND REVIEW OF OPERATIONS (CONTINUED)

REVIEW OF FINANCIAL PERFORMANCE (CONTINUED)

Operating Net Profit After Tax plus Amortisation (Operating NPATA)

Operating Net Profit After Tax plus Amortisation (Operating NPATA) is Statutory Net Profit After Tax (NPAT) excluding restructuring costs, acquisition costs, Project Neptune related costs, impact on FEC revaluation, amortisation of acquired intangible assets.

Operating NPATA for the half-year ended 31 December 2023 was \$1.3M, down by \$2.3M on pcp.

Reconciliation of Statutory NPAT to Operating NPATA

	31 Dec 2023	31 Dec 2022
	\$'000	\$'000
Statutory NPAT	(378)	3,186
Total normalised items added back to statutory EBITDA (refer table above)	651	84
Amortisation of acquired intangible assets	1,522	572
Income tax credit from above adjustments	(447)	(203)
Operating NPATA	1,348	3,639

Income Tax Expense/(Benefit)

	31 Dec 2023	31 Dec 2022
	\$'000	\$'000
Statutory (loss)/profit before tax	(3,283)	4,031
Temporary differences on revaluation of intercompany loan ⁽¹⁾	(2,797)	2,522
(Loss)/profit before tax	(6,080)	6,553
Statutory income tax benefit/(expense)	2,905	(845)
Prior period tax adjustment ⁽²⁾	(699)	-
Income tax benefit/(expense)	2,206	(845)
Effective tax rate (statutory)	88.5%	21.0%
Effective tax rate⁽³⁾	36.3%	12.9%

⁽¹⁾The Group deemed part of the intercompany loans with overseas subsidiaries to be a long-term investment in nature. As a result, the unrealised foreign exchange gains/losses of these intercompany loans were reflected in the Forex Reserve and Other Comprehensive Income. This temporary timing difference has also resulted an adjustment when assessing the effective tax rate for the Group.

⁽²⁾ US tax adjustment relating to prior years.

⁽³⁾ Effective tax rate is calculated as current income tax expense divided by (loss)/profit before tax.

PRINCIPAL ACTIVITIES AND REVIEW OF OPERATIONS (CONTINUED)

REVIEW OF FINANCIAL PERFORMANCE (CONTINUED)

Key operating and financial metrics (consolidated)

\$'000	FY2023	FY2022	HY2024	HY2023
Sales – Components and Consumables	99,280	73,249	46,571	50,003
Sales – Capital Equipment	57,307	31,553	27,624	27,063
Sales – Disruptive Technologies	5,567	2,772	2,215	2,996
Sales – Total	162,154	107,574	76,410	80,062
Sales Growth % – Components and Consumables	35.5%	15.1%	(6.9%)	42.7%
Sales Growth % – Capital Equipment	81.6%	146.7%	2.1%	213.0%
Sales Growth % – Disruptive Technologies	100.8%	1,700.0%	(26.1%)	7,584.6%
Sales Growth % – Total	50.7%	40.5%	(4.6%)	83.2%
Gross Profit – Components and Consumables	41,699	29,277	17,056	19,525
Gross Profit – Capital Equipment	23,073	11,788	11,006	10,575
Gross Profit – Disruptive Technologies	2,317	1,566	746	1,097
Gross Profit – Total	67,089	42,631	28,808	31,197
GP margin % – Components and Consumables	42.0%	40.0%	36.6%	39.0%
GP margin % – Capital Equipment	40.3%	37.4%	39.8%	39.1%
GP margin % – Disruptive Technologies	41.6%	56.5%	33.7%	36.6%
GP margin % – Total	41.4%	39.6%	37.7%	39.0%
EBITDA	17,370	7,212	3,350	8,780
nEBITDA ⁽¹⁾	19,540	10,534	4,001	8,864
nEBITDA margin % ⁽²⁾	12.1%	9.8%	5.2%	11.1%
Operating NPATA ⁽³⁾	3,918	2,733	1,348	3,639

(1) Normalised EBITDA (nEBITDA) is Statutory EBITDA excluding restructuring costs, acquisition costs, Project Neptune related costs, and impact on FEC revaluation. Commercialisation cost is no longer a normalised item in FY2024. For comparative purposes, nEBITDA in prior reporting periods were restated in the table above.

- 31 Dec 2022: Reported nEBITDA: \$10.3M
- 30 June 2023: Reported nEBITDA : \$21.1M
- 30 June 2022: Reported nEBITDA : \$12.5M

(2) For comparative purposes, nEBITDA margin % in prior reporting periods were restated in the table above.

- 31 Dec 2022: Reported nEBITDA margin:12.8%
- 30 June 2023: Reported nEBITDA margin:13.0%
- 30 June 2022: Reported nEBITDA margin:11.7%

(3) Operating Net Profit After Tax plus Amortisation (NPATA) is Statutory NPAT excluding restructuring costs, acquisition costs, Project Neptune related costs, impact on FEC revaluation, and amortisation of acquired intangible assets.

Financial Position

The Group's net assets as at 31 December 2023 was \$125.3M (30 June 2023: \$129.5M).

As of 31 December 2023, the Group continues to pay down its debt in line with banking arrangements leading to a positive impact on net debt position from \$37.6M to \$36.7M whilst maintaining a consistent gearing ratio (net debt to equity ratio) of 29.3% (30 June 2023: 29.0%).

Cash flow from operations decreased from \$10.0M to \$3.7M, reflecting the decrease in earnings. Cash flow used for investing was \$1.8M, down 47% when compared to pcp, predominantly driven by lower capital spend. The Group has a total of \$2.2M of unutilised debt facility and \$11.2M of cash reserves available to support the Group's execution of strategies and projects and to extend production and manufacturing capability.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

No other matter or circumstance has arisen since 31 December 2023 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 2023 (for the half-year ended 31 December 2022: nil).

EVENTS AFTER THE REPORTING DATE

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 the Directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the Directors



John Eales
Chair
27th February 2024

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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 2023, 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 representative of RSM Australia Partners.**RSM AUSTRALIA PARTNERS**A blue ink signature, likely of B Y Chan.**B Y CHAN**

Partner

Dated: 27 February 2024

Melbourne, Victoria

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

		Consolidated	
	Notes	31 Dec 2023 \$'000	31 Dec 2022 \$'000
Revenue			
Sale of goods	3a	76,410	80,062
Cost of sales		(47,602)	(48,865)
Gross profit		28,808	31,197
Other income	3b	594	1,415
Employee and Directors' benefits expenses	3c	(20,299)	(18,941)
Occupancy expenses		(679)	(758)
General admin and marketing expenses	3d	(6,189)	(4,960)
Acquisition-related costs		(77)	(329)
Finance expenses	3e	(2,337)	(1,987)
Depreciation	3f	(1,524)	(1,034)
Amortisation		(1,580)	(572)
(Loss)/profit before income tax		(3,283)	4,031
Income tax benefit/(expense)		2,905	(845)
(Loss)/profit for the half-year after income tax		(378)	3,186
Other comprehensive (loss)/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		(4,090)	2,855
Total other comprehensive (loss)/ income for the half-year, net of tax		(4,090)	2,855
Total comprehensive (loss)/ income for the half-year		(4,468)	6,041
(Loss)/profit for the half-year after income tax is attributable to:			
Equity holders of the parent		(378)	3,186
Minority interests		-	-
		(378)	3,186
Comprehensive (loss)/ income for the half-year is attributable to:			
Equity holders of the parent		(4,468)	6,041
Minority interests		-	-
		(4,468)	6,041
		\$	\$
Basic earnings per share	15	(0.0025)	0.021
Diluted earnings per share	15	(0.0025)	0.021

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 2023

		Consolidated	
	Notes	31 Dec 2023 \$'000	30 Jun 2023 \$'000
ASSETS			
Current assets			
Cash and cash equivalents	4	11,194	11,038
Trade and other receivables	5	19,628	23,521
Inventories	6	27,831	31,934
Financial assets	8	325	275
Other assets	7	3,003	2,940
Current tax assets		2,057	279
Total current assets		64,038	69,987
Non-current assets			
Financial assets	8	2,010	1,550
Property, plant, and equipment	10	25,268	25,313
Right-of-use assets	11	10,593	11,605
Goodwill and intangibles	9	110,221	114,254
Deferred tax assets		5,854	6,611
Total non-current assets		153,946	159,333
TOTAL ASSETS		217,984	229,320
LIABILITIES			
Current liabilities			
Trade and other payables	12	14,674	16,781
Lease liabilities		1,816	1,835
Provisions		8,731	9,196
Current tax liabilities		203	1,736
Loans and borrowings	13	14,921	9,927
Total current liabilities		40,345	39,475
Non-current liabilities			
Lease liabilities		10,059	10,837
Financial liabilities		-	269
Provisions		326	280
Loans and borrowings	13	33,013	38,706
Deferred tax liabilities		8,958	10,224
Total non-current liabilities		52,356	60,316
TOTAL LIABILITIES		92,701	99,791
NET ASSETS		125,283	129,529
EQUITY			
Issued capital	14	101,470	101,251
Foreign currency translation reserve		3,624	7,714
Share-based payment reserve		1,947	1,944
General reserve		828	828
Retained earnings		17,414	17,792
TOTAL EQUITY		125,283	129,529

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 2023

	Note	Contributed Equity \$'000	Foreign Currency Translation Reserve \$'000	Share-based Payment Reserve \$'000	General Reserve \$'000	Retained Earnings \$'000	Total \$'000
2023							
Balance at 1 July 2023		101,251	7,714	1,944	828	17,792	129,529
Loss after income tax expense for the half-year		-	-	-	-	(378)	(378)
Other comprehensive loss for the half-year, net of tax		-	(4,090)	-	-	-	(4,090)
Total comprehensive loss for the half-year		-	(4,090)	-	-	(378)	(4,468)
Transactions with owners in their capacity as owners							
Issue of share capital (net of transaction costs)	14	(6)	-	-	-	-	(6)
Share option exercised		225	-	(225)	-	-	-
Share based payment costs		-	-	228	-	-	228
Balance at 31 December 2023		101,470	3,624	1,947	828	17,414	125,283
Balance at 1 July 2022		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)		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

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 2023

		Consolidated 31 Dec 2023 \$'000	31 Dec 2022 \$'000
	Notes		
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		79,565	80,881
Payments to suppliers and employees (inclusive of GST)		(72,648)	(68,700)
Income tax (paid)/received		(915)	(221)
Interest income		5	3
Finance expenses		(1,904)	(1,648)
Interest on lease liabilities		(374)	(319)
Net cash flows from / (used in) operating activities		3,729	9,996
Cash flows from investing activities			
Purchase of property, plant, and equipment		(1,815)	(3,424)
Net cash flows (used in)/ from investing activities		(1,815)	(3,424)
Cash flows from financing activities			
Proceeds from borrowings		1,500	283
Repayment of borrowings		(2,199)	(3,917)
Repayment of lease liabilities		(863)	(814)
Proceed from issue of shares		-	4,707
Payment of share issue costs		(6)	(195)
Net cash flows (used in)/ from financing activities		(1,568)	64
Net increase/(decrease) in cash and cash equivalents		346	6,636
Net foreign exchange difference		(190)	1,321
Cash and cash equivalents at beginning of the half-year		11,038	13,164
Cash and cash equivalents at end of the half-year	4	11,194	21,121

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 2023 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 2023 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 2023.

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 adopted early.

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 segment results are reviewed regularly by the Group's CFO and CEO to make decisions about resources to be allocated to the segment and to assess its performance.

Segment reporting was changed with effect from 1 July 2023, in line with a change in the way the Group's businesses are managed. The Group reports in three operating segments based on differences in products and services provided: Components and Consumables, Capital Equipment and Disruptive Technologies.

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.

When reviewing the overall performance of the Group's Core Business, Components and Consumables, Capital Equipment and Corporate Services are consolidated.

2. OPERATING SEGMENTS (CONTINUED)

Types of products and services

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

Components and Consumables	includes all parts, supplies, components and consumable products across the Group.
Capital Equipment	includes all Robotic Workflow Automation systems, on-line and laboratory instruments.
Disruptive Technologies	includes miniaturised, portable instrumentation; and all products and services related to microsampling (devices, services, and other related investments).

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 2023 approximately \$12.9M (half-year ended 31 December 2022: \$17.3M) of the Group's external revenue was derived from the sales to an analytical instrumentation manufacturing company. The decrease in revenue is due to the ongoing destocking activity. Trajan has observed an increase in order demand later in 1H FY24 indicating destocking activity has concluded.

No other single customer contributed 10% or more to the Group's revenue for the half-year ended 31 December 2023 (half-year ended 31 December 2022: 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 2023			
Revenue from external customers	16,104	35,968	24,338
Non-current assets ⁽¹⁾	16,069	99,741	30,272
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

⁽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)

	Components and Consumables	Capital Equipment	Disruptive Techno- logies	Corporate	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Consolidated - 31 December 2023					
Revenue					
Sales to external customers	46,573	27,622	2,215	-	76,410
Total sales revenue	46,573	27,622	2,215	-	76,410
Other revenue	-	-	-	-	-
Total segment revenue	46,573	27,622	2,215	-	76,410
Intersegment eliminations					
<i>Unallocated revenue:</i>					
Realised/unrealised foreign currency gains/ (losses) from trading activities					(480)
Realised/unrealised foreign currency gains/ (losses) from FEC					759
Insurance claim recovery (Workcover)					50
Sundry income					265
Total other income					594
EBITDA	14,679	4,822	(2,907)	(13,244)	3,350
Depreciation and amortisation	(2,807)	(545)	(399)	(683)	(4,434)
Interest revenue	-	-	-	5	5
Interest expense	(478)	(19)	(37)	(1,670)	(2,204)
Loss before income tax expense					(3,283)
Income tax benefit					2,905
Loss after income tax expense					(378)
Assets					
Segment assets	8,202	6,864	957	11,808	27,831
Intersegment eliminations					
<i>Unallocated assets:</i>					
Cash and cash equivalents					11,194
Trade and other receivables					19,628
Other assets					3,003
Financial assets					2,335
Property, plant, and equipment					25,268
Right-of-use assets					10,593
Goodwill and Intangibles					110,221
Income tax receivables					1,854
Deferred tax assets					5,854
Total assets					217,781
Liabilities					
<i>Unallocated liabilities:</i>					
Trade and other payables					14,674
Lease liabilities					11,875
Provisions					9,057
Deferred tax liabilities					8,958
Loans and borrowings					47,934
Total liabilities					92,498

2. OPERATING SEGMENTS (CONTINUED)

	Components and Consumables \$'000	Capital Equipment \$'000	Disruptive Techno- logies \$'000	Corporate \$'000	Total \$'000
Consolidated - 31 December 2022					
Revenue					
Sales to external customers	50,003	27,063	2,996	-	80,062
Total sales revenue	50,003	27,063	2,996	-	80,062
Other revenue	-	-	-	-	-
Total segment revenue	50,003	27,063	2,996	-	80,062
Intersegment eliminations					
<i>Unallocated revenue:</i>					
Realised/unrealised foreign currency gains/ (losses) from trading activities					746
Realised/unrealised foreign currency gains/ (losses) from FEC					406
Insurance claim recovery (Workcover)					33
Sundry income					230
Total other income					1,415
EBITDA	15,671	5,270	(2,277)	(9,884)	8,780
Depreciation and amortisation	(1,533)	(672)	(389)	(225)	(2,819)
Interest revenue	-	-	-	3	3
Interest expense	(377)	(76)	(36)	(1,444)	(1,933)
Profit before income tax expense					4,031
Income tax expense					(845)
Profit after income tax expense					3,186

3. REVENUE AND EXPENSES

	Consolidated	
	31 Dec 2023	31 Dec 2022
	\$'000	\$'000
a) Revenue		
Rendering of services (over time)	1,070	767
Sale of goods (at a point in time)	75,340	79,295
Total	76,410	80,062
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) from trading activities	(480)	746
Realised/unrealised foreign currency gains/ (losses) from FEC	759	406
Insurance claim recovery (Workcover)	50	33
Sundry income	265	230
Total	594	1,415

3. REVENUE AND EXPENSES (CONTINUED)

	Consolidated	
	31 Dec 2023	31 Dec 2022
	\$'000	\$'000
c) Employee and Directors' benefits expenses		
Salaries and wages ⁽¹⁾	(27,630)	(26,448)
Post-employment benefits	(2,116)	(1,951)
Provision for long term incentive plan	(226)	(1,122)
Salaries and wages, post-employment benefits and taxes allocated to cost of sales	14,317	14,624
Taxes, insurance, and amenities	(4,644)	(4,044)
Total	(20,299)	(18,941)
<i>(1) Restructuring cost of \$0.7M (\$0.02M) incurred during the year.</i>		
d) General admin and marketing expenses		
Travel and entertainment expenses	(803)	(898)
Professional and license fees ⁽²⁾	(3,079)	(1,996)
Advertising expenses	(347)	(398)
Operational expenses	(1,593)	(1,269)
Communication expenses	(367)	(399)
Total	(6,189)	(4,960)
<i>(2) Restructuring cost of \$0.5M (\$0.1M) incurred during the year.</i>		
e) Finance expenses		
Interest and finance charges paid/payable on borrowings	(1,830)	(1,614)
Interest income	5	3
	(1,825)	(1,611)
Interest and finance charges paid/payable on lease liabilities	(374)	(319)
Interest expenses allocated to cost of sales	181	183
Interest expenses	(2,018)	(1,747)
Bank and sundry charges	(260)	(220)
Bad debts and impairments	(59)	(20)
Total	(2,337)	(1,987)
f) Depreciation		
Depreciation	(1,776)	(1,288)
Depreciation on right-of-use assets	(1,078)	(959)
Minor assets expensed	(2)	(2)
	(2,856)	(2,249)
Depreciation on assets allocated to cost of sales	869	741
Depreciation on right-of-use assets allocated to cost of sales	463	474
Total	(1,524)	(1,034)

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 2023	30 Jun 2023
	\$'000	\$'000
Cash at bank and in hand	10,539	10,370
Cash equivalents ⁽¹⁾	655	668
Total	11,194	11,038

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

5. CURRENT ASSETS - TRADE RECEIVABLES

Trade receivables `	19,628	23,521
Total	19,628	23,521

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 2023 (half-year ended 31 December 2022: \$nil).

6. CURRENT ASSETS - INVENTORIES

Raw materials	9,578	10,283
Work in progress - Components and Consumables	7,622	8,283
Work in progress – Capital Equipment	35	768
Finished goods	13,517	15,441
Provision for stock obsolescence	(3,775)	(3,824)
Stock for demonstrations – Capital Equipment	854	983
Total	27,831	31,934

7. CURRENT ASSETS- OTHER ASSETS

Prepayments	2,185	2,150
Prepaid insurance on retirement - Japan	108	99
Other receivables	586	549
GST receivables	69	86
Deposits on purchases	55	56
Total	3,003	2,940

8. FINANCIAL ASSETS

	Consolidated	
	31 Dec 2023	30 Jun 2023
	\$'000	\$'000
CURRENT		
Foreign exchange contracts	325	275
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	1,315	1,344
	1,521	1,550
Foreign exchange contracts	489	-
Total non-current	2,010	1,550
Total financial assets	2,335	1,825

9. NON-CURRENT ASSETS – GOODWILL AND INTANGIBLES

Goodwill – MyHealthTest	239	239
Goodwill – Grale	765	765
Goodwill – Axel Semrau	20,616	20,914
Goodwill – Neoteryx LLC	22,602	23,316
Goodwill – LEAP PAL Parts (LPP)	5,165	5,328
Goodwill – Chromatography Research Supplies (CRS)	29,496	30,012
Total goodwill	78,883	80,574
Patent	422	307
Customer relationships	27,108	29,078
Trademark	123	147
Marketing relationships	858	1,073
Technology	2,827	3,075
Total goodwill and intangibles	110,221	114,254

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

	Goodwill	Patent	Customer relation- ships	Trade mark	Marketing relation- ships	Technology	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance	80,574	307	29,078	147	1,073	3,075	114,254
FX revaluation	(2,094)	30	(837)	(2)	(29)	(67)	(2,999)
Additions	403	142	-	-	-	-	545
Amortisation expense	-	(57)	(1,133)	(22)	(186)	(181)	(1,579)
Closing balance	78,883	422	27,108	123	858	2,827	110,221

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

	Land & Building \$'000	Plant & Equipment \$'000	Furniture & Fittings \$'000	Computer Software & Equipment \$'000	Motor Vehicles \$'000	Leasehold Improve- ment \$'000	Capital in Progress \$'000	Total \$'000
Cost at 1 July 2023	10,086	13,263	5,962	3,529	194	2,293	2,616	37,943
Exchange rate impact	(84)	(208)	(343)	93	57	(57)	(9)	(551)
Additions	-	1,101	86	218	160	425	737	2,727
Disposals	-	-	-	(1)	(11)	-	(757)	(769)
Balance at 31 December 2023	10,002	14,156	5,705	3,839	400	2,661	2,587	39,350
Depreciation and impairment as at 1 July 2023	(445)	(7,084)	(1,746)	(1,827)	7	(1,535)	-	(12,630)
Exchange rate impact	10	67	267	(33)	(61)	66	-	316
Disposals	-	-	-	-	8	-	-	8
Depreciation charge	(200)	(760)	(369)	(262)	(39)	(146)	-	(1,776)
Reclassification	-	-	392	(392)	-	-	-	-
Balance at 31 December 2023	(635)	(7,777)	(1,456)	(2,514)	(85)	(1,615)	-	(14,082)
Cost at 31 December 2023	10,002	14,156	5,705	3,839	400	2,661	2,587	39,350
Accumulated depreciation and impairment	(635)	(7,777)	(1,456)	(2,514)	(85)	(1,615)	-	(14,082)
Net carrying value at 31 December 2023	9,367	6,379	4,249	1,325	315	1,046	2,587	25,268

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

	Consolidated	
	31 Dec 2023	30 Jun 2023
	\$'000	\$'000
Land and buildings – right-of-use assets	15,961	15,995
Less: Accumulated depreciation	(5,720)	(4,831)
	<u>10,241</u>	<u>11,164</u>
Plant and equipment - right-of-use assets	605	684
Less: Accumulated depreciation	(253)	(243)
	<u>352</u>	<u>441</u>
Total	<u>10,593</u>	<u>11,605</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 arrangements that are reasonably certain to be exercised and therefore may have long, effective lease terms. The rental payments associated with each lease vary 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 vehicles 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 \$0.2M (30 June 2023: \$4.1M).

12. CURRENT LIABILITIES – TRADE AND OTHER PAYABLES

Trade payables	8,882	9,578
Accruals	3,598	4,743
Contract liabilities	2,194	2,460
Total	<u>14,674</u>	<u>16,781</u>

The carrying amounts of trade and other payables are assumed to approximate their fair values due to their short-term nature. The carrying amount of contract liabilities relates to performance obligations that are unsatisfied at the end of the reporting period. The amount is expected to be recognised as revenue in the next 12 months.

13. LOANS AND BORROWINGS

	Note	Consolidated	
		31 Dec 2023	30 Jun 2023
		\$'000	\$'000
Current liability			
Loan HSBC – secured and interest bearing		14,457	9,419
Bank overdraft		274	328
Deferred consideration - secured		190	181
		14,921	9,927
Non-current liability			
Loan HSBC – secured and interest bearing		32,850	38,539
Deferred consideration - secured		163	167
		33,013	38,706
Total		47,934	48,633
HSBC loan is made up of a combination of fixed term loan and rolling bills within a longer-term funding facility that can be called for repayment by HSBC on demand. Loans are secured by a charge over business assets.			
Loan facilities			
Amount utilised		47,581	48,285
Unused loan facility		1,590	1,453
Loan facilities		49,171	49,738

Trajan entered into an agreement with HSBC Bank Australia Limited which provides the Group with access to the following facilities:

- Working Capital facility, on Demand, of \$6.8M. 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 \$0.3M (US\$0.2M). Interest is calculated as BBSY or LIBOR plus a margin,
- Amortised Loan facility of \$40.6M. 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, bank overdraft facility provided by HypoVereinsbank Germany of €0.8M (\$1.2M). At 31 December 2023, the facility was drawn €0.2M (\$0.3M).

Covenants on financing facilities

As of 31 December 2023, 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 2023 Shares	30 Jun 2023 Shares	31 Dec 2023 \$'000	30 Jun 2023 \$'000
Ordinary shares – fully paid	152,216,085	152,083,865	101,470	101,251

Details	Date	Shares	Issue price	\$'000
Balance	1 Jul 2023	152,083,865		101,251
Exercise of share options	31 Aug 2023	44,074	1.70	75
Exercise of share options	7 Sep 2023	58,764	1.70	100
Capital raising cost		-	-	(6)
Exercise of share options	24 Oct 2023	29,382	1.70	50
Balance	31 Dec 2023	152,216,085		101,470

15. EARNINGS PER SHARE

	Consolidated	
	31 Dec 2023 \$'000	31 Dec 2022 \$'000
Earnings per share		
(Loss)/profit after income tax attributable to Trajan Group Holdings Limited	(378)	3,186
	\$	\$
Basic earnings per share	(0.0025)	0.021
Diluted earnings per share	(0.0025)	0.021
<i>Weighted average number of ordinary shares</i>	Number	Number
Weighted average number of ordinary shares used in calculating earnings per share	152,185,579	151,794,128
Adjustment for calculation of diluted earnings per share:		
Options over ordinary shares	-	1,308,335
Weighted average number of ordinary shares used in calculating diluted earnings per share	152,185,579	153,102,463

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 2023 %	30 Jun 2023 %
Grale Scientific Pty Ltd	Australia	100%	100%
Scientific Glass Manufacturing (UK) Ltd	United Kingdom	100%	100%
Trajan Accelerator Pty Ltd	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 ²	Germany	100%	100%
Axel Semrau GmbH ³	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%	75%

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

² In 2023, Semrau Immobilien GmbH & Co. KG was merged into Trajan Scientific Germany Property GmbH.

³ Previously known as Axel Semrau GmbH & Co. KG.

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

31 Dec 2023	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Assets				
Forward foreign exchange contract	-	814	-	814
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	-	-	1,315	1,315
	-	814	1,521	2,335

30 Jun 2023	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Assets				
Forward foreign exchange contract	-	275	-	275
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	-	-	1,344	1,344
	-	275	1,550	1,825
Liabilities				
Forward foreign exchange contract	-	269	-	269
	-	269	-	269

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 the 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 2023	31 Dec 2022
	\$'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	167	178
	441	452

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 2023	30 Jun 2023
	\$'000	\$'000
<i>Assets</i>		
Right-of-use assets - Ringwood Facility Property Lease - Bass Park Investments	5,147	5,214
	5,147	5,214
<i>Liabilities</i>		
Trade payables - Bass Park Investments	203	65
Lease liabilities - Ringwood Facility Property Lease - Bass Park Investments	5,915	5,805
	6,118	5,870

Terms and conditions

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

19. 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 2023 (30 June 2023: nil).

20. EVENTS AFTER THE REPORTING DATE

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 2023 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 the Directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the Directors



John Eales
Chair
Melbourne
27th February 2024

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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 2023, 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 2023 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.

THE POWER OF BEING UNDERSTOOD

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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 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 2023 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 handwritten signature in blue ink, appearing to be "RSM".

RSM AUSTRALIA PARTNERS

A handwritten signature in blue ink, appearing to be "BY CHAN".

B Y CHAN
Partner

Dated: 27 February 2024
Melbourne, Victoria