

A woman with dark curly hair is drinking water from a clear plastic bottle. A white towel is draped over her shoulder. A circular inset in the center of the image shows a view of Earth from space, with vibrant blue, green, and yellow colors representing the planet's surface and atmosphere.

Science that benefits people

# **FY24 H1 FINANCIAL RESULTS**

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# **FY24 FINANCIAL RESULTS**

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— H1 CONTEXT

— H1 SUMMARY

— SEGMENT INFORMATION

— DISRUPTIVE TECHNOLOGIES

— PROJECT NEPTUNE

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# Building Trajan to Global Scale



Respect



Integrity



Discipline



Empowerment



Diversity

Trajan is a **globally scaling business** providing **products and services** essential to sample handling and analysis in the **Clinical, Pharmaceutical, Environmental and Food sectors**.

We are both a **manufacturer and product innovator** embedded into our customers' business as a partner.

With a commitment to research, collaboration and technological excellence, **we are shaping the future of the world we live in** from the quality of the food we eat to disease prevention.



# STRATEGY

## Ongoing execution

Our vision is to deliver meaningful impact by enriching personal health through scientific tools and solutions.  
We are achieving this through:



### Enabling Global Growth

- Expansion of existing customer market share.
- Product cross selling into new customers and geographies.
- Leveraging acquired businesses' expertise and customer profile.



### Project Neptune EBITDA Expansion

- Cost and scale efficiencies to create operational leverage.
- Headcount reduction through process automation.
- Global scalability and flexibility with automation.
- Company target remains to expand EBITDA Margin towards 20%.



### New Revenue Streams

- Commercialisation of product pipeline to benefit both OEM and distributor/direct sales channels.
- Commercialisation of Disruptive Technologies.



### Acquisition Integration Benefits

- Enabling benefits of integration.
- Product cross selling to customers with global reach.
- Expanding capabilities to cover the full workflow.

# FINANCIAL PERFORMANCE

## Context

- As disclosed to the market in August, Trajan expected industry destocking to impact Net Revenue in H1.
- Strong rebound in orders in Q2 with order demand now returning to normal growth trends. Trajan commencing H2 with a significant order backlog in consumables to be recognised in H2.
- This return to underlying demand is expected to see Net Revenue achieve double digit organic growth in H2.
- Trajan utilised the period of lower activity to implement cost disciplines and to bring forward savings being delivered by Project Neptune and acquisition synergies. The benefit will be realised in H2, with 40 FTE reductions in November delivering an annualised saving of \$3.5M.
- Overall global headcount reduced by 72 FTE in CY2023.
- Despite the softer H1, Trajan is expecting to deliver its 13th consecutive year of revenue growth for the Full Year.

# FINANCIAL PERFORMANCE

## Summary

### Net Revenue

\$76.4M  
PCP \$80.1M

### nEBITDA Core<sup>1</sup>

\$6.9M  
PCP \$11.1M

### Cash

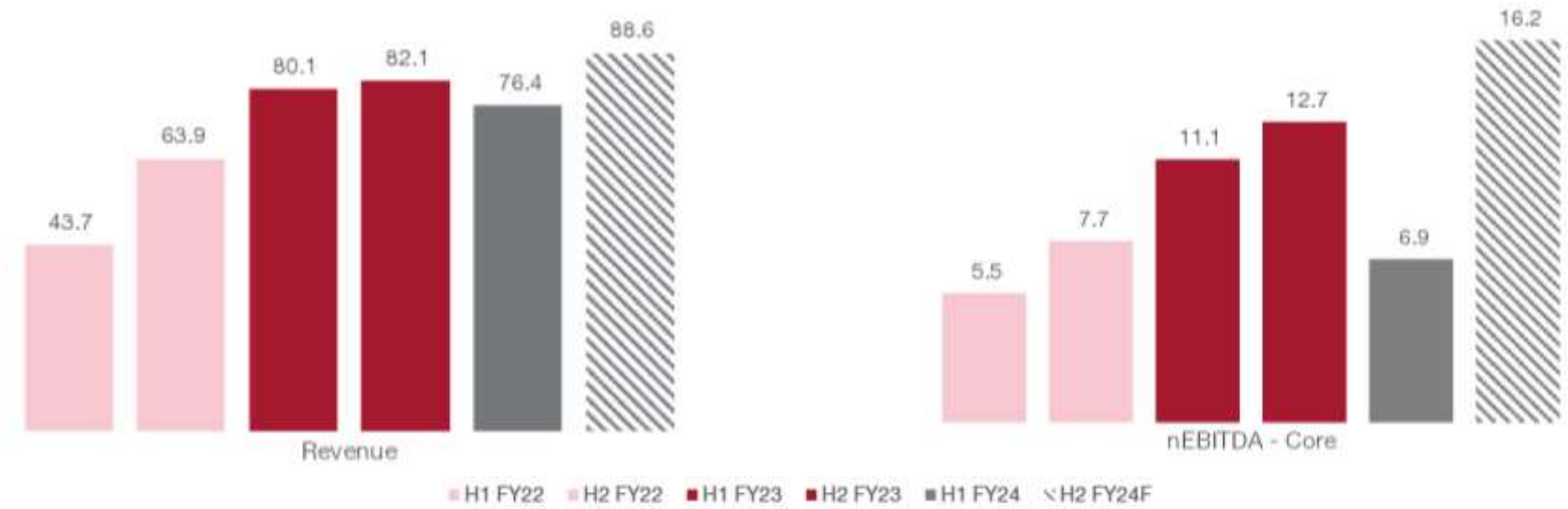
\$11.2M  
30 June 2023 \$11.0M

### Proforma Gross Margin

39.7%  
PCP 40.7%

### Operating NPATA<sup>2</sup>

\$1.3M  
PCP \$3.6M



H2 FY24F calculated using mid-point of indicative Net Revenue and nEBITDA Core range

1. Statutory EBITDA Core - \$6.3M adjusted for restructuring costs, acquisition costs, Project Neptune related costs, and impact on FEC revaluation.  
2. 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 PERFORMANCE

## Transition to Segment Reporting Transparency

- Historically reported under two segments Analytical Products and Life Sciences Solutions.
- As indicated in mid 2023, Trajan has transitioned to a reporting structure to reflect the Company's expanded product and customer mix.
- Provides a higher level of detail and transparency to business activities.

### Core Products and Solutions

- Components and Consumables – includes all parts, supplies, components, and consumable products across the Group.
- Capital Equipment – includes all robotic workflow automation systems, online and laboratory instruments.

### Disruptive Technologies Products and Solutions

- Products and services related to micro-sampling, (devices, services, and other related investments),
- Miniaturised, portable instrumentation (i.e. Hummingbird).

# FINANCIAL PERFORMANCE

## Segment - Components & Consumables

- Net Revenue of \$46.6M (PCP \$50.0M).
- Proforma Gross Profit Margin 39.6% (PCP 41.6%).
- nEBITDA of \$14.7M (PCP \$15.6M).
- Customer destocking impacted this segment more significantly. Order behaviour and demand returning to normal trends in late Q2.

### Operational Update:

- OEM collaborations continue to strengthen around consumables and increasingly around co-branded automation workflow partnerships.



H2 FY24F calculated using mid-point of indicative revenue and nEBITDA range



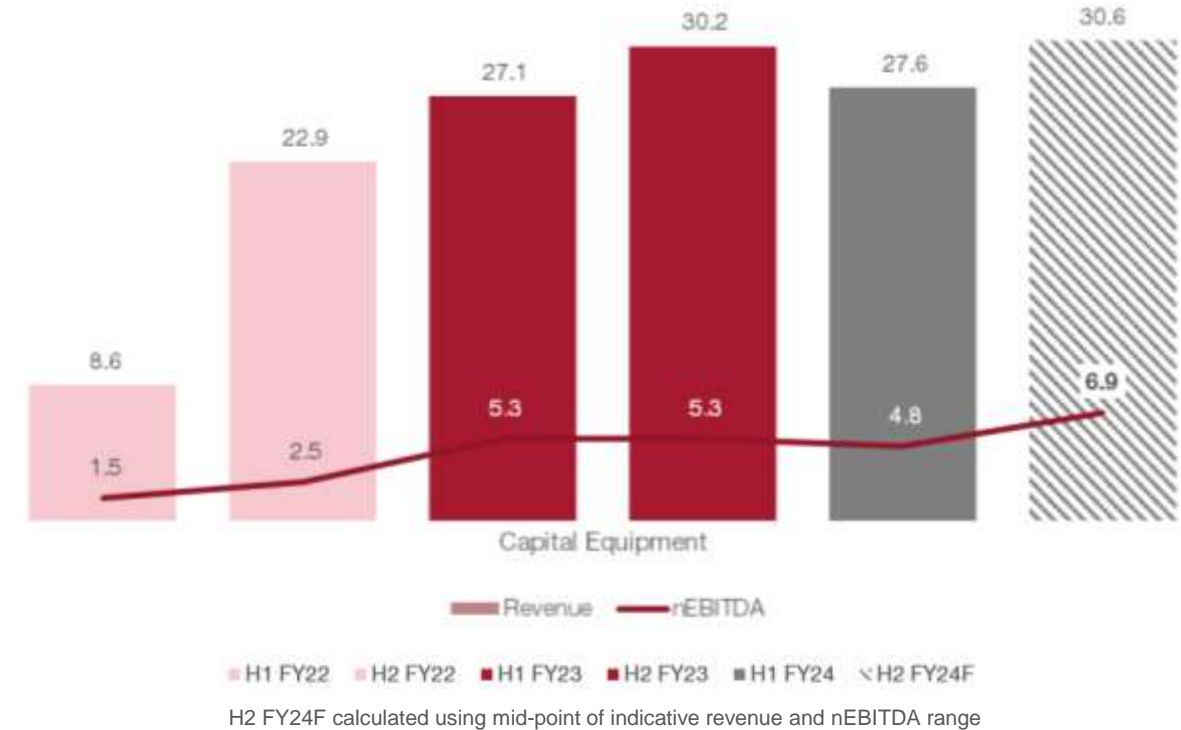
# FINANCIAL PERFORMANCE

## Segment – Capital Equipment

- Net Revenue of \$27.6M (PCP \$27.1M).
- Proforma Gross Profit Margin 39.8%. (PCP: 39.1%).
- nEBITDA of \$4.8M (PCP \$5.3M).

### Operational Update

- Combination of Axel Semrau and LEAP Technologies legacy automation businesses are operating at a global level within Trajan Workflow Solutions, resulting in cross fertilisation in product and customer knowledge.
- Example: Multiple automated demonstrator workflow systems are now being deployed at OEM facilities.



# FINANCIAL PERFORMANCE

## Segment Summary

- Industry destocking impacted Component and Consumables Net Revenue.
- Proforma GP Margin 39.7% in H1 expected to trend to 44.0% in H2, with expected FY24 to be 42.0%.
- Commercialisation of microsampling technologies contributed Proforma GP Margin of 67.5% in H1, offset by other early-stage Disruptive Technologies sales at lower margin.
- Operating NPATA is inclusive of tax effected normalisations and amortisation of acquired intangible assets.

	H1 FY24	H1 FY23	Variance (%)
Net Revenue - Component & Consumables	46.6	50.0	(6.8%)
Net Revenue - Capital Equipment	27.6	27.1	1.8%
Net Revenue - Disruptive Technologies	2.2	3.0	(26.7%)
GP margin <sup>(1)</sup> - Component & Consumables	39.6%	41.6%	-
GP margin <sup>(1)</sup> - Capital Equipment	39.8%	39.1%	-
GP margin <sup>(1)</sup> - Disruptive Technologies	39.1%	40.9%	-
nEBITDA	4.0	8.9	(55.1%)
Statutory NPAT	(0.4)	3.2	(112.5%)
Operating NPATA	1.3	3.6	(63.9%)
Statutory earnings per share	(0.0025)	0.021	-

# FINANCIAL PERFORMANCE

## Order Book Demand Returning to Normal Growth

- Healthy closing order book balance of \$21.9M comprising Components and Consumables \$12.1M, Capital Equipment \$8.7M, and Disruptive Technologies \$1.1M.
- Order demand returning to normal growth trends by end of Q2.
- Increasing forward demand evident across multiple consumables such as Syringes and Liners.
- Trajan commencing H2 with more than \$4.0M in order backlog in consumables to be recognised in H2.
- Backlog related to timing of deliveries impacted by order demand uplift.



# FINANCIAL PERFORMANCE

## Disruptive Technologies

- Net Revenue of \$2.2M (PCP \$3.0M).
- nEBITDA of (\$2.9M) (PCP (\$2.3M)).
- Realigning investment in Disruptive Technologies in H2 to be compatible with the rate of market and customer adoption.
- Commercialisation of Hummingbird advanced with an industrial design team involved in progressing the design for commercial release.
  - Used with US pharmaceutical and Australian companies measuring analytes including PFAS levels in environmental samples at major airports and other sites.
  - US Patent and Trademark Office granting a patent covering the product's unique miniaturised and configurable architecture. Trajan is pursuing patent protection in other key markets.



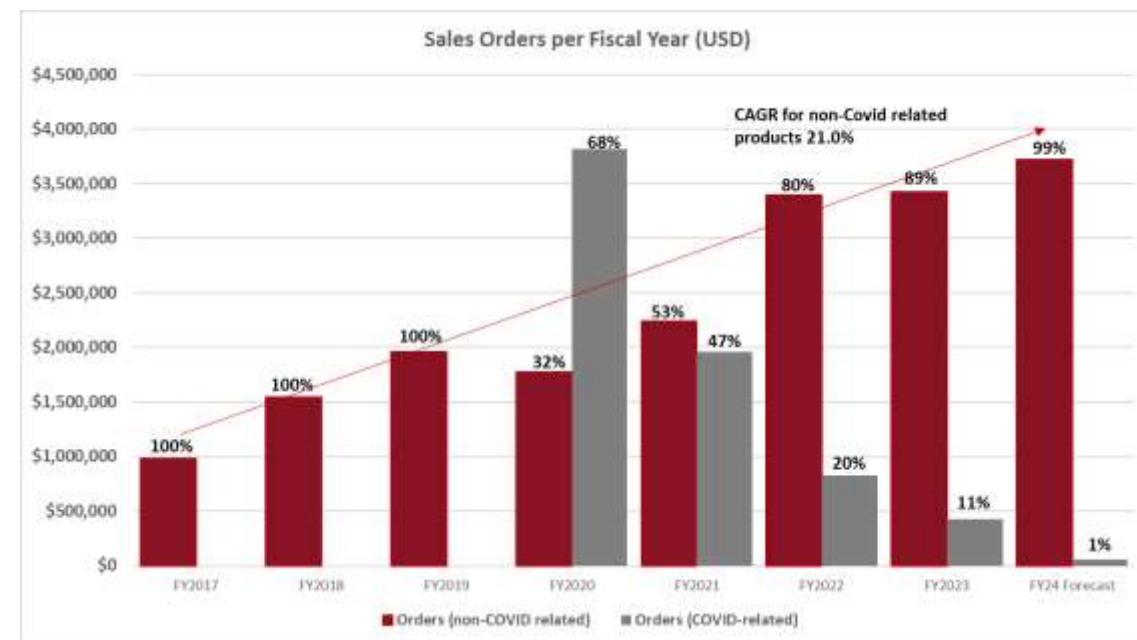
Proposed design for the commercial version of Hummingbird



# FINANCIAL PERFORMANCE

## Disruptive Technologies

- Microsampling growth (refer right) rebuilding from pandemic levels where it was widely used for COVID-related research.
- At its height in FY20, COVID-related sales orders represented 68% of total microsampling orders. Expected to represent 1% in FY24 with the non-COVID related applications growing at 21% Compound Annual Growth Rate, and increasingly moving to a recurring revenue sales model.



- Interest in Harpera, Trajan's microsampling tool for skin, has grown faster than expected.
- Product is being shipped as Investigational Use Only (IUO) with production resource about to be expanded to respond to demand from multiple clinical investigators that may exceed 40,000 units in CY2024.
- The application areas include personalised skin care products for a range of skin conditions, including parasitic infections, and animal studies.

# FINANCIAL PERFORMANCE

## Project Neptune

- Trajan is currently delivering ahead of the three-year Project Neptune initiative to achieve \$2.7M in annual cost benefits, and is on track to deliver more than \$3.0M annualised benefits by the end of FY24.
- Further automation in Melbourne delivering cost reduction benefits and adding to further synergies from acquisitions.
- Automated production has commenced in Louisville of OEM products previously produced with manual labour in the Melbourne facility.
- In addition to cost benefits other advantages of automation include improved reproducibility, consistency, and reduced waste.
- Project Neptune Phase 2 covering global footprint commencing in FY25.



# FINANCIAL PERFORMANCE

## Balance Sheet & Cash Flow Summary

Balance Sheet	Dec 2023 (\$M)	June 2023 (\$M)
Cash	11.2	11.0
Receivables	19.6	23.5
Inventories	27.8	31.9
Other current assets	5.5	3.6
Non-current assets	153.9	159.3
<b>Total Assets</b>	<b>218.0</b>	<b>229.3</b>
Payables	14.7	16.8
Debt (current)	14.9	9.9
Other current liabilities	10.8	12.8
Debt (non-current)	33.0	38.7
Other non-current liabilities	19.3	21.6
<b>Total Liabilities</b>	<b>92.7</b>	<b>99.8</b>
<b>Net Assets</b>	<b>125.3</b>	<b>129.5</b>

Cashflow Summary	H1 FY24 (\$M)	H1 FY23 (\$M)
<b>Normalised EBITDA<sup>1</sup></b>	4.0	8.9
Income tax payments	(0.9)	(0.2)
Changes in working capital	2.8	3.9
Finance costs	(1.9)	(1.6)
Non-cash items	0.4	(0.9)
<b>Normalised Operating cash flow (OCF)*</b>	4.4	10.1
Capital expenditure	(1.8)	(3.4)
<b>Free cash flow (FCF)*</b>	2.6	6.7
Cash conversion ratio	1.10	1.13
(Normalised OCF to Normalised EBITDA)		

- Decrease in net working capital due to decrease in inventories (\$4.1M), decrease in receivables (\$3.9M), decrease in payables (\$2.1M).
- Consistent cash conversion ratio.
- Current debt of \$14.9M includes a working capital facility of \$6.8M.
- Non-current assets movement predominantly due to FX revaluation on goodwill.
- Net Debt reduction of \$0.9M.

# FINANCIAL PERFORMANCE

## FULL YEAR GUIDANCE

- Margin expansion with revenue growth. Proforma GP Margin expected to improve from 39.7% in H1 to 44.0% in H2.
- Additional benefit over H1 from economies of scale of \$0.6M.
- Realised labour cost savings from restructuring in H1 FY24.
- Operational changes resulting in corporate overhead savings of approx. \$0.9M.
- H1 impact from industry destocking factored into revised guidance.

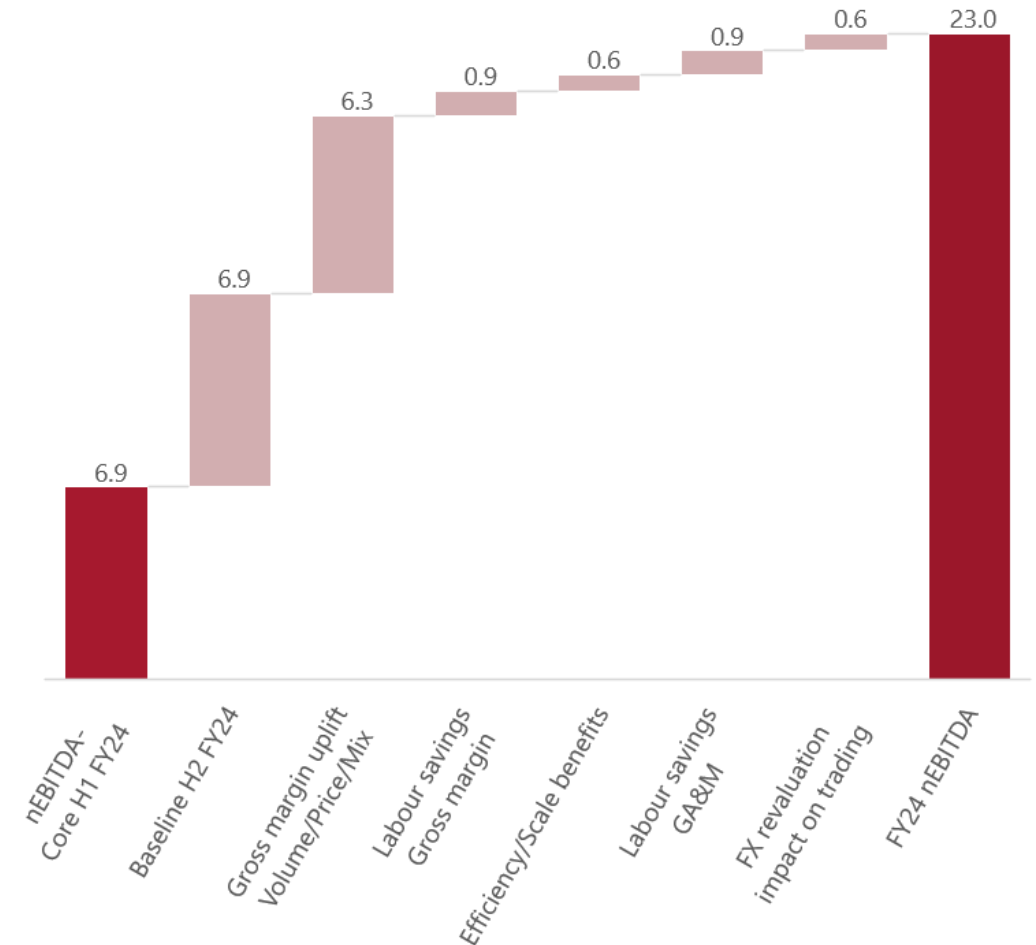
### FY24 Guidance Revised

Net Revenue

**\$163.0M-\$167.0M**

nEBITDA – Core Business

**\$22.3M-\$23.7M**





# INVESTMENT THESIS

- Exceptional commercial track record working towards 13th consecutive annual period of growth.
- Easing of supply chain volatility due to destocking provides greater certainty of short-to-medium-term performance.
- Large defensive end-markets with structural growth drivers.
- Robust business model, pursued with discipline.
- Bluechip, sticky customer base.
- High barriers to entry markets with significant investment in global infrastructure in place to support further scale on existing cost base.
- Well diversified by customer, geography, segment and product portfolio.
- Focussed on long-term shareholder value – profitability, cash generation, debt reduction, and return on capital.
- Demonstrated track record of acquisition integration.
- High quality and experienced management team.





A photograph of two women crouching on a rocky riverbank. They are looking at a portable water filtration device that is open and resting on the ground. The woman on the right is wearing a grey puffer vest over a dark blue long-sleeved shirt and blue jeans. The woman on the left is wearing a dark jacket and blue jeans. The background shows a river and a dense forest with green and yellow foliage.

**Q&A**

 **TRAJAN**