

Trajan Group Holdings Limited
Appendix 4E
Preliminary final report

1. Company details

Name of entity:	Trajan Group Holdings Limited
ABN:	38 152 617 706
Reporting period:	For the year ended 30 June 2024
Previous period:	For the year ended 30 June 2023

2. Results for announcement to the market

	Reporting period	Previous period	%
	\$'000	\$'000	
Revenue from ordinary activities	155,023	162,154	(4.4%)
(Loss)/ profit after income tax	(25,329)	1,889	NC
(Loss)/ profit from ordinary activities after tax attributable to the owners of Trajan Group Holdings Limited	(27,000)	8,583	NC

NC – Not a comparable number due to movement from profit to loss during the year

Comments

The Group reported revenues of \$155.0M representing a decrease of 4.4% on the previous period.

The decline in overall revenue is primarily due to the previously reported industry wide destocking activity by Trajan's major Consumables & Components customers impacting H1. As predicted, customer order behaviour has now returned to normal.

Also contributing to the decline in revenue, especially in the Capital Equipment segment, is a slowdown in purchasing cycles by the pharmaceutical industry in H2. As shared with the market in May 2024, there was a softening of demand in the pharmaceutical sector for Trajan's specialised automation platforms due to timing and budget cycles. There is no indication that market share or long-term demand has fundamentality changed.

The Disruptive Technologies segment generated revenue of \$4.9M (2023: \$5.6M). Revenue is predominantly derived from a suite of Microsampling products where demand grew by circa 30% in H2 compared to H1.

The loss after income tax amounted to \$25.3M (2023: profit of \$1.9M) which includes the following non-recurring expenses:

- Impairment expenses of goodwill of \$23.5M,
- Impairment expenses of intangible assets of \$1.7M,
- Impairment expenses of non-current financial assets of \$1.4M,
- Impact on FEC revaluation of (\$0.1M),
- "Project Neptune", a margin enhancement initiative related expenses of \$0.1M
- Restructuring and investment expenses of \$3.2M.

Please refer to Directors Report – Principal activities and Review of Operations in the attached Financial Statements for further information.

3. Dividend

No dividend declared or proposed.

4. Statement of Profit or Loss and Other Comprehensive Income

Please refer to Statement of Profit or Loss and Other Comprehensive Income in the attached financial statements.

5. Statement of Financial Position

Please refer to Statement of Financial Position in the attached financial statements.

6. Statement of Cash Flows

Please refer to Statement of Cash Flows in the attached financial statements.

7. Statement of Changes in Equity

Please refer to Statement of Changes in Equity in the attached financial statements.

8. Dividend or Distribution reinvestment plans

There are no dividend or distribution reinvestment plans in operation.

9. Net tangible assets

	Reporting period	Previous period
	\$	\$
Net tangible assets per ordinary security	0.11	0.10

10. Control gained over entities

The Group did not acquire any entities during the financial year.

11. Loss of control over entities

The Group did not dispose of any entities during the financial year.

12. Details of associates and joint venture entities

The Group did not acquire or dispose of any associates and joint venture entities during the financial year.

13. Other significant information needed by an investor to make an informed assessment of the entity's financial performance and financial position

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

14. Foreign entity accounting standards

Australian Accounting Standards and International Financial Reporting Standards.

15. Annual General Meeting

Pursuant to ASX Listing Rule 3.13.1 Trajan Group Holdings Limited advises that its Annual General Meeting will be held on 29 October 2024. The time and other details relating to the meeting will be advised in the Notice of Meeting to be sent to all shareholders and released to the ASX. Further details regarding the AGM will be provided in the Notice of Meeting which will be made available to shareholders and the ASX in September 2024.

16. Commentary on result for the period

The earnings per security and the nature of any dilution aspects

Please refer to Note 22 in the financial statements.

Returns to shareholders including distributions and buy backs

Please refer to Note 21 in the financial statements.

Significant features of operating performance

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

The results of segments that are significant to an understanding of the business

Please refer to Note 3 in the financial statements.

Discussion of trends in performance

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

17. Audit qualification or review

The financial statements have been audited and an unqualified opinion has been issued.

18. Attachments

The Annual Report of Trajan Group Holdings Limited for the year ended 30 June 2024 is attached.

2024

Year in review

SCIENCE THAT BENEFITS PEOPLE

Trajan Scientific and Medical is a global developer and manufacturer of analytical and life sciences products and devices that was founded to make a positive impact on human wellbeing.

Our tools and services are used in the analysis of biological, food, and environmental samples with a portfolio and pipeline of new technologies which support the move towards decentralised, personalised and preventative data-based healthcare.

Our core business operates under two business divisions – Components & Consumables which includes parts, supplies, components, and consumable products; and Capital Equipment which includes robotic workflow automation systems, online and laboratory instruments. Our products include items like precision tubing, connections, injection devices, micro fluidics, robotics and surface coatings.

Our customers include large blue-chip multinational OEMs, pharmaceutical, food and CRO laboratories and both global and regional scientific distribution companies. Trajan's relationship with its OEM partners ranges from collaborative technology developments to design and supply of components embedded within their instrumentation through to customised consumable products to support those platforms. These are truly symbiotic relationships.

Trajan has global manufacturing capabilities comprising seven manufacturing sites across the US, Australia, Europe and Malaysia, and operations in Australia, the US, Asia, and Europe, proximate to our key customers.

Our vision:

Enriching personal health through scientific tools and solutions. To enable scientific solutions that are more selective, sensitive and specific for biological, environmental or food related measurements - where analytical measurement quality can impact human wellbeing. We focus on emerging technologies offering portability, miniaturisation and affordability, for the greatest benefit to society.

Our mission:

To deliver value through collaboration with likeminded people, developing leading analytical technologies and agile commercial partnerships to deliver breakthrough solutions to the world.



A Q&A WITH TRAJAN'S FOUNDER, CEO & MANAGING DIRECTOR

STEPHEN TOMISICH

AND CHAIR OF
THE BOARD,

JOHN EALES.



What are the drivers supporting Trajan's future?

JE: Trajan is founded on the purpose of 'Science that benefits people'. This principle guides our global operations, driving innovation in products that enhance human health through personalised, preventative, and data-based healthcare. It also shapes our partnerships with major multinational customers. Our purpose underpins our culture and decision-making, which reflects in our behaviours and tenets.

ST: Current healthcare systems are focused on diagnosing and treating the sick and are costly and unsustainable. Worldwide, healthcare systems are struggling with increasing demand and escalating costs, straining funding to breaking point and not always delivering the best patient outcomes. As the co-founder of Trajan, my basic test when considering our future is whether our products or services have the potential to deliver a positive impact. We measure success by our impact on human health and our contribution to addressing global healthcare challenges and opportunities.

How is Trajan responding to opportunities?

ST: To understand what is present in a drop of blood, drinking water, a food product or even a pharmaceutical formulation, scientific laboratories use analytical instruments. Trajan provides the physical tools, (like components, consumables and

devices), software and services that underpin the quality and accessibility of the data generated by those instruments.

As an example, a future of both prevention-based and easily accessible healthcare is not possible without analytically viable microsampling, of which Trajan is a global leader. By simplifying and democratising blood sampling and skin biopsy, microsampling holds the potential to revolutionise disease management and preventative care. It's minimally invasive, convenient, and cost effective and facilitates the monitoring of chronic conditions, improves patient compliance, and supports remote and decentralised healthcare models.

Trajan is well-positioned to build on its leadership in microsampling, with more published papers on the subject than any other company globally. We partner with the world's leading academic and research groups during this investigational phase and are witnessing strong demand, evidenced by a 30% increase in H2 for our microsampling products, including Harpera™, Mitra®, VAMS®, and hemaPEN®.

JE: Trajan is a diversified global business across customers, geographies, segments, and product portfolios, providing resilience and flexibility to respond to evolving needs of our customers. With over 9,000 products and operational facilities proximate to our customers around the world, we maintain deep and enduring relationships as a trusted partner and innovation partner. This enables us to envision and deliver new product designs that advance point-of-care and decentralised healthcare. Most importantly, it drives us toward improving health outcomes for people.

What have been the highlights of FY24?

ST: Our team is focussed on four key pillars: Pharmaceutical, Environmental, Food, and Clinical. These verticals foster greater collaboration, enable the identification of product extensions, and expand customer engagement and purchasing. We are making solid progress in microsampling, transitioning from the investigational phase to commercial activation with products like Harpera™ skin microbiopsy. Our ability to take tissue samples smaller than 0.5mm (compared to the current standard of 2-5mm, which requires invasive incisions) and conduct diagnostic tests on a microsample rather than a venous blood draw opens up vast possibilities for Trajan and the world.

We are planning the launch of our Trajan CHRONECT Workstations for food analysis in the US, India and SE Asia, supporting our investments in the further globalisation of automated solutions since the Axel Semrau acquisition.

Over the past 13 years, Trajan has completed 11 acquisitions, enabling us to scale globally and enhance our product and service offerings to improve analytical workflows and address major healthcare themes. Today, we operate as an integrated business both operationally and culturally, achieving significant benefits from this integration through cross-market and product selling, as well as cost synergies.

Trajan had a strong second half of the year, what were the drivers?

ST: In the second half of FY24, we saw a return to growth with a solid revenue uplift and normalised EBITDA up nearly 50%.

Post-COVID, many companies, including our customers, expanded inventory to safeguard against supply chain disruptions, leading to a subsequent destocking phase as inventories returned to pre-COVID levels. This impacted Trajan's order book, but the second half saw a return to normal order behaviour, positively reflecting in the Components & Consumables segment with monthly core consumables sales up by approximately 25% in Q3 and Q4 from the first quarter of FY24.

We also saw significant progress in the adoption of new technologies, with over 40% growth in Emitter Tips for Mass Spectrometry and a 140% increase in microbiopsy devices supplied for investigational use. Despite some softness in the pharma/biotech market affecting certain components, such as nano bore tubing, the diversity of our business provided resilience, enabling us to navigate external challenges.

We delivered revenue within 5% of our previous highs, outperforming many larger companies as widely reported in the industry, which reflects positively on our diversity as an important resilience tool.

Trajan remains highly regarded by our key customers, exemplifying the strength and enduring nature of our partnerships.



John Eales



Stephen Tomisich

FULL YEAR FINANCIAL SNAPSHOT

\$155.0M
NET REVENUE

\$17.2M
nEBITDA
CORE BUSINESS

41.1%
PROFORMA
GROSS MARGIN



ESG

Trajan’s purpose of ‘Science that benefits people’ orients our entire operation and is central to our culture.

Our ESG program is a natural extension of this purpose, advancing both thoughtfully and strategically not only to meet requirements but also to have a tangible impact. By leveraging our existing initiatives and focusing on areas of greatest impact and relevance in our sector, we ensure our efforts are both meaningful and effective.

THE JOURNEY SO FAR:



- 2024 ESG Strategy developed
- Partnering with Carbonhound to establish carbon emissions baseline
- Materiality Assessment underway

SCIENCE THAT BENEFITS PEOPLE

- Established cross functional ESG workstream
- Partnered with Socialsuite to establish ESG approach
- ESG approach referenced in Annual Report

FY22

FY23

FY24

- Internal review of Trajan’s ESG position
- Gap analysis undertaken
- Purpose, mission and initiatives collated
- High level focus areas reported in Annual Report

Trajan is working through a Materiality Assessment to identify the potential areas of ESG materiality and to create a strategy that will define the areas of focus and put into action a plan to progress.

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WEF ESG CATEGORIES	ESG STRATEGY	MATERIAL TOPICS	
PEOPLE	Continue to support a One-Trajan culture and consistent workplace experience regardless of location.	Diversity, Equity & Inclusion	Training
		Health and Safety	Pay equity and living wage
PLANET	Start a program of readiness for mandatory reporting by establishing a plan to reduce the emissions that produce the largest impact and those that are more easily addressed (ie travel and waste).	GHG emissions	
		Water consumption	
PROSPERITY	Support the growth of the Trajan business and position its prospects for the future by maintaining a commitment to its innovation and entrepreneurial culture.	R&D	Financial investment
		Rate of employment	Economic contribution / Global taxation
GOVERNANCE	Maintain a commitment of best practice oversight of ESG and its components relative to the overall business strategy, priorities, and stakeholder expectations. Support action before mandatory reporting.	Corporate purpose	Stakeholder consultations
		Board composition	Anti-corruption
		Risk and opportunities	Ethical behaviour

In parallel, we are currently focussing on three areas:

1 ESTABLISHING OUR SCOPE 1 & 2 EMISSIONS BASE LINE:

Trajan is partnering with Carbonhound to benchmark our emissions, enabling us to develop a comprehensive program to reduce emissions.

2 NEW PACKAGING SOLUTIONS:

We are working to redesign sustainable packaging solutions within the Trajan branded product range and also engaging our OEM partners for their products. For new products, we are choosing packaging that has higher recycling ratings, responsibly sourced and sustainable where it is practically and financially viable.

3 CUSTOMER AND INVESTOR SURVEY READINESS:

We are already partnering with our customers and many of our investors to contribute positively to their ESG journeys. We are in the process of finalising a materiality assessment with our ESG partner Socialsuite which will allow us to effectively respond to survey requests and provide a 3rd party validated assessment of our ESG activities. There are areas that we are already mature such as our governance framework and our social impact which includes various global and local activities across Trajan to support others in our community. For example in 2024 we held a walking activity "Step up for good" across all Trajan locations to raise funds for charities and medical research and in Australia we collected coats and food ahead of winter for people in need.

Progress within these three areas and our survey feedback will provide the basis for reporting in FY25.

SPOTLIGHT OptChem packaging

In 2023 Trajan launched SGE OptChem inlet liners. This launch, provided a technical benefit, with the introduction of a deactivated coating to improve the inertness of the consumable, and also included an overhaul of the packaging to be more environmentally friendly.

Kayte Parlevliet - Senior Vice President - Analytical Consumables, Trajan explained

“We wanted our customers to have the same option to select sustainable products at work as they do at home. We are also exploring with OEM partners how to offer this packaging to them and their customers.”

Trajan moved from its traditional packaging with more paper and plastic to a blister pack and outer box. We reduced contamination with touchless packaging and kept the consumables airtight.

We achieved a more sustainable result by:

- using vegetable-based inks & water-based sealer.
- choosing a recycled and recyclable white paper.
- reducing material and minimising adhesive where possible.
- creating a pouch made from home-compostable material

As part of the continuous improvement of this project we are currently in the process of updating labels so that all packaging can be recycled.

\$96.2M
NET REVENUE

\$32.3M
nEBITDA

41.1%
PROFORMA
GROSS MARGIN

COMPONENTS & CONSUMABLES

Components and Consumables is our largest segment, encompassing parts, supplies, components, and consumable products across the Trajan Group, with customers that include our industry's largest OEM companies.

This segment experienced a strong rebound in net revenue for H2, up 6.7% on H1 and representing the core of Trajan's traditional business. Our customers are leading the way in meeting the growing demand for products that improve the analytical workflow and consistently choose Trajan as their partner for both manufacturing and product innovation. We maintain deep, long-term partnerships with these customers, fostering a mutually beneficial, symbiotic relationship.

SPOTLIGHT

Tapered Nanospray Emitters – Precision technology improving the proteomics workflow

In FY24 Trajan's tapered nanospray emitters were launched. These are designed to specifically support proteomics workflows. Proteomics is an area that is expanding beyond research to clinical and commercial utility. The Trajan Emitters are precisely engineered glass tubes, that are used in Mass Spectrometry to spray a fine jet of sample as it is ionised in the instrument during analysis. To appreciate the precision of

engineering it's important to understand the dimensions of this product. The Trajan emitters are essentially a tube with an outer diameter of 360 microns and an inner diameter of just 10 or 20 microns, in comparison a human hair measures 50 – 120 microns in diameter!

The quality and efficiency of this product results in reduced instrument downtime, fewer sample re-runs and efficient lab operations.

“After reviewing the performance of the Trajan emitters, they have demonstrated favourable properties that are consistent with high performance MS consumables. Equal, or greater sensitivity was observed across all metrics used by the MPMP (Monash Proteomics and Metabolomics Platform) to assess emitter performance when compared to the previous emitters utilized, and then there is a distinct advantage in using the Trajan product due to their compatibility with FAIMS (High field asymmetric waveform ion mobility spectrometry) -based instruments.”

Scott Blundell - Technical Lead, Monash Proteomics and Metabolomics Platform, Australia.

FY24 SNAPSHOT

\$53.9M
NET REVENUE

\$9.7M
nEBITDA

40.2%
PROFORMA
GROSS MARGIN



CAPITAL EQUIPMENT

Trajan's Capital Equipment segment includes all robotic workflow automation systems, on-line and laboratory instruments with products focussed on areas directly related to human health.

There is growing demand for automated testing particularly in food analysis and environmental testing such as Trajan's Automated PFAS test. New launches in FY25 include the CHRONECT Workstation PFAS for soil samples aligned with US EPA recommendations.

SPOTLIGHT

PFAS forever chemicals targeted by Trajan's new CHRONECT Workstation instrument

PFAS are widely used, long lasting chemicals, components of which break down very slowly over time. Due to their widespread use and their persistence in the environment, many PFAS are found in the blood of people and animals all over the world and are present at low levels in a variety of food products and in the environment.

Scientific studies have shown that exposure to some PFAS in the environment may be linked to harmful health effects in humans and animals. There are thousands of PFAS chemicals, and they are found in many different consumer, commercial, and industrial products. This makes it challenging to study and assess the potential human health and environmental risks.²

Around the world governments and environmental agencies are reviewing mandatory testing for these "forever" chemicals to protect the environment, water supply, the food chain and ultimately humans. In 2024 the US EPA (Environmental Protection

Authority) recommended a method (US EPA 1633) for use in the Clean Water Act for the determination of specified PFAS in aqueous, solid (soil, biosolids, sediment) and tissue samples by liquid chromatography/mass spectrometry.

In August 2024 Trajan launched its first environmental workflow solution in the CHRONECT Workstation product range. This method has been developed specifically to meet the needs of laboratories testing soil samples in the US.

Fraser Smith, Trajan's Vice-President – Environmental Solutions explained

“ This is an exciting technology which provides significant savings to the customer in time and solvents, while giving a high level of analytical precision for the analysis of PFAS in soil. We are expecting this technology will be well received by the market providing a growing sales pipeline into 2025.

2. US EPA

\$4.9M
NET REVENUE

(\$4.9M)
nEBITDA

DISRUPTIVE TECHNOLOGIES

Trajan's Disruptive Technologies support product developments to meet the needs of our global customers, and will enable future growth. They include miniaturised, portable instrumentation and products and services related to biological microsampling tools.

Products within this segment are at varying stages of maturity and progressing solidly toward commercial activation or expansion. As such, Trajan expects to support commercial development particularly in the areas of modular instrumentation for PFAS analysis and pharmaceutical production, and the transition of microsampling devices to move from the investigational use phase to market launch. The latter is expected to be EBITDA breakeven in FY25.

SPOTLIGHT

Mitra

Trajan's Mitra blood collection device is used in WHEN Fertility's recently launched, "Egg Count Check - microsample collection kit". WHEN are utilizing the convenience, precision, ease of use and portability of the Mitra device to allow self-collection of a finger prick blood microsample. This sample is then returned by mail to an accredited laboratory where the users anti-Mullerian hormone (AMH) is determined to provide access to reproductive health information – all without leaving home.

Stephen Tomisich, CEO and Co-Founder of Trajan Scientific and Medical, says that partners like WHEN are central to the Company's vision of making access to healthcare decentralised, personalised and convenient.

“Trajan's microsampling devices are being used around the globe by people at home, who can mail their self-collected blood samples to a designated lab for accurate analysis. This approach is enabling clinicians and researchers to remotely measure and monitor a range of health conditions, including kidney disease, psoriatic arthritis, and cancer, among others,” said Tomisich.





Trajan Group Holdings Limited

ABN 38 152 617 706

Financial Report for year ended 30 June 2024

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Corporate Information

ACN

152 617 706

Directors

John Eales AM (Chairman)

Dr Rohit Khanna

Robert Lyon

Sara Watts

Stephen Tomisich

Tiffany Lewin

Company Secretary

Alister Hodges

Mark Licciardo

Registered Office

7 Argent Place Ringwood

Victoria 3134 Australia

Principal Place of Business

7 Argent Place Ringwood

Victoria 3134 Australia

Solicitors

DLA Piper Australia

80 Collins Street

Melbourne VIC 3000 Australia

Australia Bankers

HSBC Bank Australia Limited

Level 10, 333 Collins Street Melbourne

Victoria 3000 Australia

Auditors

RSM Australia Partners

Level 27, 120 Collins Street, Melbourne

Victoria 3000 Australia

Share Register

Computershare Investor Services Pty Limited

GPO Box 2975

Melbourne VIC 3000 AUSTRALIA

Stock exchange listing

Trajan Group Holding shares are listed on the Australian Securities Exchange (ASX code: TRJ)

<https://www2.asx.com.au/markets/company/trj>

Website:

<https://www.trajanscimed.com/>

Corporate Governance Statement

<https://investor.trajanscimed.com/corporate-governance>

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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 year ended 30 June 2024.

DIRECTORS

The names and details of the Company's Directors in office during the financial year and until the date of this report are as follows. Directors were in office for the financial year unless otherwise stated.

John Eales (Chairman)

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

Over more than a decade, Trajan has developed strong partnerships with customers globally. Those partnerships are characterised by having multiple organizational 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, and 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 made post the IPO. 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 parts, supplies, components and consumable products across the Group.
- Capital Equipment includes Robotic Workflow Automation systems, on-line instruments, laboratory instruments, and related parts and services.
- Disruptive Technologies includes miniaturised, portable instrumentation and all products and services related to microsampling (devices, services, and other related investments).

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

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 year ended 30 June 2024 was \$155.0M (2023: \$162.2M), down by 4.4%, delivering a normalised EBITDA for the period of \$12.1M (2023: \$19.5M), down by 37.8%.

Revenue and Gross Profit

During the year, the Group's total operating revenue was \$155.0M (2023: \$162.2M). Gross profit was \$60.6M (2023: \$67.1M), down by 9.7%.

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

For year ended 30 June 2024, revenue in the Core Business was \$150.1M (2023: \$156.6M), down by 4.2%.

In the Components and Consumables segment, Trajan's revenue for the year decreased from \$99.3M to \$96.2M, down by 3.1%. The performance of this segment was influenced by significant destocking activity by customers in Q1 followed by an inflow of orders unable to be fulfilled efficiently due to timing and resource capacity in December. The customer order behaviour has now returned to normal with timely fulfillment of orders.

Gross profit margin in Components and Consumables was 38.1% (2023: 42.0%). The gross profit margin was impacted by lower H1 sales volume, and higher H2 variable production costs once sales returned to normal levels.

In the Capital Equipment segment, which includes a range of automated workflow solutions along with products focused on areas directly related to human health, revenue was down 6.0% to \$53.9M (2023: \$57.3M) and gross profit margin was 40.2% (2023: 40.3%). In 2H FY24, Trajan, like many in the industry, experienced a reduction in capital equipment orders and related components from the pharmaceutical sector. Trajan is expecting the softness in this sector to continue throughout the 1H FY25 with the broader industry view being that 2H 2025 will see a return to normal levels of activity.

PRINCIPAL ACTIVITIES AND REVIEW OF OPERATIONS (CONTINUED)

REVIEW OF FINANCIAL PERFORMANCE (CONTINUED)

Profit/Loss (continued)

Revenue and Gross Profit (continued)

Disruptive Technologies

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

During the year, the Disruptive Technologies segment generated revenue of \$4.9M (2023: \$5.6M). Revenue is predominantly derived from a suite of Microsampling products where demand grew by circa 30% in H2 compared to H1.

In 2H FY24, Trajan realigned its investment in Disruptive Technologies to be compatible with the rate of market and customer adoption. Cost reduction initiatives have already been actioned to achieve this objective, with the benefits to be realised from July 2024.

Gross profit margin in Disruptive Technologies was 47.8% (2023: 41.6%). Commercialisation of microsampling devices contributed a proforma GP Margin of 63.1% offset by other early-stage Disruptive Technologies (which are currently sold for research use only) at lower margin.

Operating expenses

During the year, the Group's total operating expenses (excluding finance expenses, impairment, depreciation and amortisation) increased by 2.4% to \$54.3M (2023: \$53.1M).

In response to continued global macroeconomic challenges, Trajan implemented a number of cost reduction initiatives, some of which resulted in redundancy payments totalling \$0.8M. The full benefits from these cost reduction initiatives are expected to be realised through FY2025.

The Neoteryx business has continued to operate on a satisfactory basis, however the market growth rates anticipated at time of acquisition did not eventuate, resulting in a goodwill impairment charge of \$23.3M and an impairment of intangible assets charge of \$1.7M being recognised. During the year, the Group also ceased commercial activities relating to the Trajan Analytical Services (TAS) laboratory, a facility located at Trajan in Australia. As a result, \$0.2M of goodwill impairment in MyHealth Test was recognised.

Investment of \$6.2M (2023: \$6.2M) in research and development (R&D) allows the Group to continue delivering new technologies within its product portfolio, expanding its global footprint and securing strategic assets in new geographies and adjacent technologies that are expected to provide strong foundations for sustainable growth.

Project Neptune

Project Neptune Phase 1 area of focus in FY24, included:

- Automated manufacturing capabilities deployed across high precision borosilicate glass portfolios including Analytical Syringes and GC Inlet Liners. The flexible modular automated competency spans the entire value chain; glass preparation, micron accuracy forming, inspection and packing;
- Expanded Malaysian Assembly CoE capabilities along the value chain, delivering improved responsiveness and working capital benefits; and
- Redesign of global material and process flows.

Project Neptune Phase 2 is focused on expanded automation technologies and sustainability improvements, included:

- Integrated automated manufacturing solutions located closer to the customer;
- Waste reduction including manufacturing 'right first time' and changes to global logistics flows; and
- Exceeding customer expectations with an improved and more efficient Supply Chain.

PRINCIPAL ACTIVITIES AND REVIEW OF OPERATIONS (CONTINUED)

REVIEW OF FINANCIAL PERFORMANCE (CONTINUED)

Profit/Loss (continued)

Normalised EBITDA

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, impairment expenses, and impact from Forward Exchange Contracts (FECs) translations.

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	
	2024	2023
	\$'000	\$'000
Statutory EBITDA	(17,847)	17,370
<i>Normalised items added back to statutory EBITDA</i>		
Strategic investment and acquisition expenses (non-recurring)	167	753
Accelerate investment in manufacturing infrastructure (Project Neptune)	218	93
Non-recurring restructuring costs ¹	3,116	765
Loss/(gain) on Forward Exchange Contracts (FECs) translation	(53)	559
Impairment expenses of non-current financial assets ²	1,419	-
Impairment expenses of intangible assets ²	1,707	-
Impairment expenses of goodwill ²	23,532	-
Total normalised items added back to statutory EBITDA	30,106	2,170
Normalised EBITDA (nEBITDA)³	12,259	19,540
	2024	2023
	\$'000	\$'000
<i>¹Non recurring restructuring costs</i>		
Employee and Director's benefit expenses	809	69
General Admin and Marketing expenses – Operational expenses	711	499
General Admin and Marketing expenses – Professional and licence fees	1,596	197
Total	3,116	765

¹2024 non-recurring restructuring costs include: \$0.8M cost incurred in redundancy activities incurred in November 2023 and June 2024; \$0.7M of general admin and marketing expense – operational expenses incurred from the discontinued of TAS laboratory and the realignment of its investment in Disruptive Technologies during the year; \$1.6M of general admin and marketing expense - professional and licence fees incurred as the Group engaged with consultants for one-off projects.

² 2024 Impairment expenses consist of impairment of investment in Healthier Delivery, \$1.4M impairment of investment in HumanKind Ventures Ltd, \$0.3M of goodwill impairment of MyHealth, \$23.3M of goodwill impairment of Neoteryx and \$1.7M of impairment of identifiable intangible assets of Neoteryx.

³ Normalised EBITDA (nEBITDA) is Statutory EBITDA excluding restructuring costs, acquisition costs, Project Neptune related costs, impairment expenses and impact on FEC revaluation. Commercialisation cost is no longer a normalised item in FY2024. For comparative purposes, nEBITDA 30 Jun 2023 was restated. In prior year, the reported nEBITDA was \$21.6M.

PRINCIPAL ACTIVITIES AND REVIEW OF OPERATIONS (CONTINUED)

REVIEW OF FINANCIAL PERFORMANCE (CONTINUED)

Profit/Loss (continued)

Normalised EBITDA by Segment

	2024	2023
	\$'000	\$'000
Normalised EBITDA -Core ⁴	17,180	23,893
Normalised EBITDA -Disruptive Technologies	(4,921)	(4,353)
Normalised EBITDA³	12,259	19,540

⁴ nEBITDA is Statutory EBITDA excluding restructuring costs, acquisition costs, impairment expenses, Project Neptune related costs, and impact on FEC revaluation. Commercialisation cost is no longer a normalised item in FY2024. For comparative purposes, nEBITDA FY2023 was restated.

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, impairment expenses, impact on FEC revaluation, amortisation of acquired intangible assets. Operating NPATA for the 30 June 2024 was \$0.6M, down by \$5.3M.

Reconciliation of Statutory NPAT to Operating NPATA

	2024	2023
	\$'000	\$'000
Statutory NPAT	(25,329)	1,889
Total normalised items added back to statutory EBITDA (refer table above)	30,106	2,170
Amortisation of acquired intangible assets	3,099	3,076
Income tax credit from above adjustments	(7,321)	(1,328)
Total adjustments	25,884	3,918
Operating NPATA	555	5,807

Income Tax Expense/(Benefit)

	2024	2023
	\$'000	\$'000
Statutory (loss)/profit before tax	(31,108)	5,475
Temporary differences on revaluation of intercompany loan ¹	(163)	5,082
(Loss)/profit before tax	(31,271)	10,557
Statutory income tax benefit/(expense)	5,779	(3,586)
Prior period tax adjustment ²	(679)	250
Derecognition of previously recognised deferred tax assets in US subsidiary	3,413	-
Income tax benefit/(expense)	8,513	(3,336)
Effective tax rate (statutory)	18.6%	65.5%
Effective tax rate³	27.2%	31.5%

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 effective tax rate for the Group.

² Mostly related to 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)

Profit/Loss (continued)

Key operating and financial metrics (consolidated)

\$'000	2024	2023
Sales – Components and Consumables	96,239	99,280
Sales – Capital Equipment	53,864	57,307
Sales – Disruptive Technologies	4,920	5,567
Sales – Total	155,023	162,154
Sales Growth % – Components and Consumables	(3.1%)	35.5%
Sales Growth % – Capital Equipment	(6.0%)	81.6%
Sales Growth % – Disruptive Technologies	(11.6%)	100.8%
Sales Growth % – Total	(4.4%)	50.7%
Gross Profit– Components and Consumables	36,630	41,699
Gross Profit – Capital Equipment	21,635	23,073
Gross Profit – Disruptive Technologies	2,354	2,317
Gross Profit – Total	60,619	67,089
GP margin % – Components and Consumables	38.1%	42.0%
GP margin % – Capital Equipment	40.2%	40.3%
GP margin % – Disruptive Technologies	47.8%	41.6%
GP margin % – Total	39.1%	41.4%
EBITDA	(17,847)	17,370
nEBITDA ¹	12,259	19,540
nEBITDA margin % ²	7.9%	12.1%
Operating NPATA ³	555	5,807
Research and Development Expenses	6,224	6,179

¹Normalised EBITDA (nEBITDA) is Statutory EBITDA excluding restructuring costs, acquisition costs, impairment expenses, Project Neptune related costs, and impact on FEC revaluation. Commercialisation cost is no longer a normalised item in FY2024. For comparative purposes, nEBITDA in 2023 were restated in the table above. In 2023, the Reported nEBITDA is \$21.1M.

²For comparative purposes, nEBITDA margin % in prior reporting periods were restated in the table above. In 2023, the Reported nEBITDA margin is 13.0%

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

Financial Position

The Group's net assets for the year ended 30 June 2024 was \$102.8M (2023: \$129.5M).

The Group's balance sheet remains in a strong position with net assets of \$102.8M (2023: \$129.5M). As of 30 June 2024, 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 \$32.9M whilst achieving a gearing ratio (net debt to equity ratio) of 31.9% (2023: 29.0%).

Cash flow from operations is stable (2024: \$9.5M; 2023: \$9.6M). Redundancy payment totalling \$0.8M affected the Group's cash position as at year end. However, continued strength in the sales in 2H FY24 indicates that stronger operating cash inflow will offset some of the impact on the Group's financial position as a result of the recent restructuring.

Cash flow used for investing was \$3.0M, down 64.5%, predominantly driven by lower capital spend. The Group has a total of \$1.0M 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.

PRINCIPAL ACTIVITIES AND REVIEW OF OPERATIONS (CONTINUED)

REVIEW OF FINANCIAL PERFORMANCE (CONTINUED)

Financial Position (continued)

Strategy and Outlook

Our priorities are to continue to deliver meaningful impact by enriching personal health through scientific tools and solutions. We will:

- Enable global growth with the continuing expansion of existing customer market share and selling into new customers and geographies.
- Expand EBITDA margin through cost and scale efficiencies including in production processes.
- Unlock new revenue streams through the commercialisation of Trajan's product pipeline.
- Demonstrate the benefits of all acquired business being fully integrated and continue to realise integration synergies and benefits.

Items of specific focus, related to both our purpose and the continued success of Trajan, for FY25 include:

- Phase 2 of Project Neptune, margin enhancement program
- Continue to leverage existing acquisitions while maintaining key relationships with vendors that provide potential future M&A opportunities.
- Invest in operational resources to drive the commercialisation of selected new technologies in a measured and balanced way.
- Maintain and improve manufacturing infrastructure in Ringwood (Australia), Penang (Malaysia) and Austin (US) so as to continue to drive productivity, quality, and enhanced production responsiveness in our highest selling products.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

No other matter or circumstance has arisen since 30 June 2024 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.

INFORMATION ON DIRECTORS

Name: Dr Rohit Khanna
Title: Non-Executive Director
Qualifications: Bachelor of Science (Chemical Engineering) from Purdue University
Doctorate in chemical engineering from California Institute of Technology
National Science Foundation Fellow of California Institute of Technology
Experience and expertise: Dr Khanna has over 40 years of experience in analytical science, business leadership and laboratory application software.
In 1981, Dr Khanna co-founded Dynamic Solutions, a software-engineering firm dedicated to providing computing solutions to the scientific and engineering community. Dr Khanna went on to hold various senior management roles at Waters Corporation, including Vice-President and General Manager of the Data Products Group. In 2002, Dr Khanna was appointed Vice-President, Worldwide Marketing, and most recently Dr Khanna was Senior Vice President of several key Waters Corporation businesses including Informatics, Service, and Chemistry, along with being a member of the Corporate Executive Committee.
Dr. Khanna retired from Waters in 2017 and continues to work with key industry leaders and on several industry Boards.

Other current publicly listed company directorships: None
Former directorships (last 3 years): None
Special responsibilities: Member of the Audit and Risk Committee
Member of the Remuneration and Nomination Committee
Interests in shares: 117,647 ordinary shares
Interests in options: 88,235 share options
Contractual rights to shares: None

Name: John Eales AM
Title: Non-Executive Chairman
Qualifications: Bachelor of Arts from the University of Queensland
Graduate of the Australian Institute of Company Directors
Experience and expertise: John has served as an executive, adviser, director and investor in a number of listed public companies and unlisted private organisations. John co-founded the Mettle Group in 2003, a corporate consultancy which was acquired by Chandler Macleod in 2007.
He is the Chair of the World Rugby Hall of Fame Selection Panel and was on the Rugby Australia Bid Advisory Board for the Rugby World Cup 2027. He was made a Member of the Order of Australia in 1999 for services to the community and rugby and is a Patron of the Melanoma Foundation, Hearts in Union and the Champagnat Trust.

Other current publicly listed company directorships: Non- Executive Director of Flight Centre Travel Group and Magellan Financial Group
Former directorships (last 3 years): None
Special responsibilities: Chair of Trajan Group Holdings Limited
Chair of Remuneration and Nomination Committee
Member of Audit and Risk Committee
Interests in shares: 1,343,209 ordinary shares
Interests in options: 44,206 share options
Contractual rights to shares: None

INFORMATION ON DIRECTORS (CONTINUED)

Name: Robert Lyon
Title: Head of Corporate Development and General Counsel at Trajan
Executive Director
Qualifications: Bachelor of Arts and Bachelor of Laws
MBA from the University of Tasmania.
Graduate of the Australian Institute of Company Directors
Experience and expertise: Robert joined Trajan in 2013. Robert has global responsibility for the strategic growth of Trajan's business through mergers and acquisitions, licensing arrangements, and commercial relationships with Trajan's industry, academic, government and research partners in the scientific and medical sectors globally. As Trajan's General Counsel he also has responsibility for the negotiation and execution of Trajan's investments and transactions, as well as for its broader legal requirements.
Prior to joining Trajan, Robert had a 15-year career in law including as a partner at Page Seager Lawyers before spending six years with KPMG Corporate Finance.
Other current publicly listed company directorships: None
Former directorships (last 3 years): None
Special responsibilities: None
Interests in shares: 482,715 ordinary shares
Interests in options: 239,250 share options
Contractual rights to shares: None

Name: Sara Watts
Title: Non-Executive Director
Qualifications: Bachelor of Science from the University of Sydney
MBA from Macquarie Graduate School of Management.
Certified Practising Accountant and Fellow of CPA Australia
Fellow of the Australian Institute of Company Directors
Experience and expertise: Sara is an experienced Non-Executive Director and Chair of Audit and Risk Committee with financial and operational experience across more than 20 years in a range of industries including technology, education, NFP and resources. Sara's previous executive positions include Chief Financial Officer of IBM Australia/New Zealand, Head of Internal Audit for IBM Asia Pacific and Vice-Principal (Operations) at the University of Sydney.
Other current publicly listed company directorships: Non-Executive Director and Chair of Audit and Risk Committee of Syrah Resources Ltd (ASX: SYR)
Non-Executive Director and Chair of Audit and Risk Committee of Nuix Ltd (ASX: NXL)
Former directorships (last 3 years): None
Special responsibilities: Chair of the Audit and Risk Committee
Member of the Remuneration and Nomination Committee
Interests in shares: 76,928 ordinary shares
Interests in options: 29,471 share options
Contractual rights to shares: None

INFORMATION ON DIRECTORS (CONTINUED)

Name: Stephen Tomisich
Title: Group Chief Executive Officer and Managing Director
Qualifications: Bachelor of Applied Science from RMIT University
Experience and expertise: Stephen co-founded Trajan in 2011.
Stephen is responsible for the design and implementation of Trajan's strategic business plan and overall leadership of the organisation.

Other current publicly listed company directorships: None

Former directorships (last 3 years): None

Special responsibilities: None

Interests in shares: 76,833,745 ordinary shares

Interests in options: 30,000 share options

Contractual rights to shares: None

Name: Tiffany Lewin

Title: Non-Executive Director

Qualifications: Bachelor of Arts from Sydney University
Graduate of the Australian Institute of Company Directors

Experience and expertise: Tiffany brings operational, risk and strategy expertise gained over a 30-year career spanning consumer goods, manufacturing, professional services and the finance sectors.

Tiffany is currently a senior leader at Westpac Group where she has served since 2015. Prior to Westpac, Tiffany held senior leadership, operational and strategy roles across Australia and Asia for global organisations including Nestle Australia, Nestle Japan, SCA Hygiene, Mondelez International and Procter & Gamble where she successfully delivered organisational transformation, performance turnaround and market growth across business and consumer sectors.

Other current publicly listed company directorships: None

Former directorships (last 3 years): None

Special responsibilities: Member of the Audit and Risk Committee
Member of the Remuneration and Nomination Committee

Interests in shares: 139,856 ordinary shares

Interests in options: 29,471 share options

Contractual rights to shares: None

MEETING OF DIRECTORS

The number of meetings of the Company's Board of Directors ("the Board") and of each Board committee held during the financial year ended 30 June 2024 and the number of meetings attended by each Director were:

	Full board		Remuneration and Nomination Committee		Audit and Risk Committee	
	Attended	Held ¹	Attended	Held ¹	Attended	Held ¹
<i>Executive Directors</i>						
Robert Lyon	15	15	-	-	-	-
Stephen Tomisich	15	15	-	-	-	-
<i>Non-Executive Directors</i>						
Dr Rohit Khanna	15	15	3	3	5	5
John Eales AM	15	15	3	3	5	5
Sara Watts	15	15	3	3	5	5
Tiffany Lewin	15	15	3	3	5	5

COMPANY SECRETARY

Alister Hodges has held the role of Company Secretary since March 2021. He was previously the Company Secretary of Trajan Holdings Pty Ltd from May 2013. Alister became Chief Financial Officer of Trajan in 2011, after joining SGE Analytical Science in 2010 as Chief Financial Officer. He has responsibility for Trajan's global Finance and IT/MIS functions. He has more than 20 years' experience in Senior Financial roles within the biotechnology sector, in both ASX listed and non-listed environments. Alister is a Certified Practising Accountant and holds a Bachelor of Business from Victoria University and Graduate Diploma in Accounting from Monash University.

Mark Licciardo is the founder of Mertons Corporate Services, now part of Acclime Australia and is responsible for Acclime Australia's Listed Services Division. He is also an ASX-experienced Director and chair of public and private companies, with expertise in the listed investment, infrastructure, bio-technology and digital sectors. He currently serves as a Director on a number of Australian company boards as well as foreign controlled entities and private companies. During his executive career, Mark held roles in banking and finance, funds management, investment and infrastructure development businesses, including being the Company Secretary for ASX:100 companies Transurban Group and Australian Foundation Investment Company Limited. Mark holds a Bachelor of Business degree in accounting, a Graduate Diploma in Governance and is a Fellow of the Chartered Governance Institute, the Governance Institute of Australia and the Australian Institute of Company Directors.

¹ Held: represents the number of meetings held during the time the Director held office or was a member of the relevant committee.

REMUNERATION REPORT (AUDITED)

The remuneration report details the key management personnel remuneration arrangements for the Group, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including all Directors.

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional information
- Additional disclosures relating to key management personnel

Principles used to determine the nature and amount of remuneration

The objective of the Group's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to the market best practice for the delivery of reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency

The Remuneration and Nomination Committee assists the Board in fulfilling its responsibilities by reviewing and making recommendations with respect to the remuneration of Executive Directors and the Group's senior executives (together Executives), the remuneration of Non-Executive Directors, the remuneration of employees generally, executive and employee performance evaluation, the nomination and appointment of Directors and policies to promote diversity of representation and contribution to the Group, professional development and personnel management.

The Remuneration and Nomination Committee has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the Group.

The reward framework is designed to align executive reward to shareholders' interests. The Board have considered that it should seek to enhance shareholders' interests by:

- having economic profit as a core component of plan design
- focusing on sustained growth in shareholder wealth through the growth in share price and the introduction of a dividend when/if considered appropriate through delivering constant or increasing return on assets, and through focusing the executives on key non-financial drivers of value
- attracting and retaining high calibre executives

Additionally, the reward framework should seek to enhance executives' interests by:

- rewarding capability and experience
- reflecting competitive reward for contribution to growth in shareholder wealth
- providing a clear structure for earning rewards

In accordance with best practice corporate governance, the structure of Non-Executive Director and Executive Director remuneration is separate.

Non-Executive Directors' remuneration

Fees and payments to Non-Executive Directors reflect the demands and responsibilities of their role. Non-Executive Directors' fees and payments are reviewed annually by the Remuneration and Nomination Committee. The Remuneration and Nomination Committee may, from time to time, receive advice from independent remuneration consultants to ensure Non-Executive Directors' fees and payments are appropriate and in line with the market. The Chairman's fees are determined independently to the fees of other Non-Executive Directors based on comparative roles in the external market.

REMUNERATION REPORT (AUDITED) (CONTINUED)

Principles used to determine the nature and amount of remuneration (continued)

Non-Executive Directors' remuneration (continued)

ASX listing rules require the aggregate Non-Executive Directors' remuneration be determined periodically by a general meeting. The most recent determination was at the Board meeting held on 20 June 2024, where the Board approved a maximum annual aggregate remuneration of \$450,000. The new LTIP offers to Non-Executive Directors will require shareholder approval at the 2024 Annual General Meeting and awards will be made from 1 July 2024 but not granted until post AGM approval.

Executive remuneration

The Group aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

The executive's total remuneration and reward comprise of the combination of the four components:

- fixed annual remuneration
- short-term incentives
- long-term incentives
- other remuneration such as post-employment benefits and long service leave

Fixed remuneration, consisting of base salary, post-employment benefits and non-monetary benefits, are reviewed annually by the Remuneration and Nomination Committee based on individual and business unit performance, the overall performance of the Group and comparable market remunerations.

Executives may receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the Group and provides additional value to the executive.

The short-term incentives ('STI') program is designed to align the targets of the business with the performance hurdles of executives. STI payments are granted to executives based on specific annual targets and key performance indicators ('KPI's') being achieved. KPI's include profit contribution and sales contribution.

The Group has established a long-term incentive plan (LTIP) to assist in the motivation, retention and reward of eligible employees. The LTIP is designed to align the interests of employees with the interests of Shareholders by providing an opportunity for employees to receive an equity interest in the Group. The LTIP provides flexibility for the Group to grant options to acquire shares and/or rights to acquire shares as incentives (Awards), subject to the terms of individual offers.

On 25 August 2023, the Remuneration and Nomination Committee approved the offer of 452,500 share options under the LTIP to certain employees of the Group.

The terms of the options issued during the year under the LTIP are:

- The offer was made to certain employees of the Group. These employees received a separate offer and acceptance letter in relation to their personal offers of Options.
- Each option is to acquire one ordinary share in Trajan Group Holdings Limited.
- The options were issued for nil consideration.
- The options were issued on 1 July 2023.
- The employee must remain employed by the Company during the vesting period.
- The options will expire on the date which is five years after the issue date.
- The option will vest on the vesting date as set out in the offer letter.
- The LTIP provides the Board with broad clawback powers. If, for example, the Board becomes aware that a participant has committed an act of fraud, negligence or gross misconduct or failed to comply in a material respect with any restrictive covenant or that some other event has occurred which, as a result, means that a participant's Award should be reduced or extinguished, or should not vest, then the Board may clawback or adjust any such Award at its discretion to ensure no unfair benefit is derived by the participant.

REMUNERATION REPORT (AUDITED) (CONTINUED)

Principles used to determine the nature and amount of remuneration (continued)

Executive remuneration(continued)

Group performance and link to remuneration

Remuneration for certain individuals is directly linked to the performance of the Group. Cash bonuses are dependent on defined profitability and growth target. Refer to the section 'Additional information' below for details of the profit for the last five years.

Details of remuneration

Amounts of remuneration

Details of the remuneration of key management personnel of the Group are set out in the following tables.

The key management personnel of the Group consisted of the following Directors of Trajan Group Holdings Limited:

- Dr Rohit Khanna, Non-Executive Director
- John Eales AM, Independent Non-Executive Chair
- Robert Lyon, Executive Director and Head of Corporate Development and General Counsel
- Sara Watts, Non-Executive Director
- Stephen Tomisich, Chief Executive Officer and Managing Director
- Tiffany Lewin, Non-Executive Director

And the following persons:

- Alister Hodges, Chief Financial Officer (CFO)
- Dr Andrew Gooley; Chief Scientific Officer
- Nigel Gilligan, Chief Operations Officer
- Sam Evans, Senior Vice President Business Development

Changes since the end of the reporting date

None

REMUNERATION REPORT (AUDITED) (CONTINUED)

	Short term benefits			Post-employment benefits	Long term benefits	Share-based payments		Total
	Salary and fees	Bonus	Non-monetary			Equity-settled shares	Equity-settled options	
2024	\$	\$	\$	\$	\$	\$	\$	\$
<i>Non-Executive Directors:</i>								
Dr Rohit Khanna ²	40,000	-	-	-	-	-	16,438	56,438
John Eales AM	63,063	-	-	6,937	-	-	24,658	94,658
Sara Watts	54,054	-	-	5,946	-	-	16,438	76,438
Tiffany Lewin	36,036	-	-	3,964	-	-	16,438	56,438
<i>Executive Directors:</i>								
Robert Lyon	328,044	-	-	29,570	8,477	-	-	366,091
Stephen Tomisich	545,184	-	-	25,000	11,589	-	8,426	590,199
<i>Other Key Management Personnel:</i>								
Alister Hodges	296,521	-	5,604	27,399	9,715	-	-	339,239
Dr Andrew Gooley	304,107	-	-	27,399	5,082	-	-	336,588
Nigel Gilligan	354,468	-	-	27,399	13,791	-	15,120	410,778
Sam Evans ²	391,541	-	23,374	11,979	-	-	12,142	439,036
Total	2,413,018	-	28,978	165,593	48,654	-	109,660	2,765,903
2023								
<i>Non-Executive Directors:</i>								
Dr Rohit Khanna ²	40,000	-	-	-	-	-	40,636	80,636
John Eales AM	63,348	-	-	6,652	-	-	60,954	130,954
Sara Watts	54,299	-	-	5,701	-	-	40,636	100,636
Tiffany Lewin	36,199	-	-	3,801	-	-	40,636	80,636
<i>Executive Directors:</i>								
Robert Lyon	315,427	-	-	25,292	9,219	-	12	349,950
Stephen Tomisich	525,600	61,194	-	25,000	14,382	-	14,366	640,542
<i>Other Key Management Personnel:</i>								
Alister Hodges	285,116	17,818	-	27,219	9,185	-	12	339,350
Dr Andrew Gooley	292,411	24,365	-	28,163	10,597	-	-	355,536
Nigel Gilligan	340,835	21,300	-	27,886	6,859	-	16,585	413,465
Sam Evans ²	363,580	22,722	25,924	10,907	-	-	4,598	427,731
Total	2,316,815	147,399	25,924	160,621	50,242	-	218,435	2,919,436

² Remunerations are paid in US dollar, and the transactions are translated at average exchange rates as at the reporting dates.

REMUNERATION REPORT (AUDITED) (CONTINUED)

The proportion of remuneration linked to performance and the fixed proportion are as follows:

Name	Fixed remuneration		Short term incentive ³		Long term incentive	
	2024 %	2023 %	2024 %	2023 %	2024 %	2023 %
<i>Non-Executive Directors:</i>						
Dr Rohit Khanna	71%	50%	-	-	29%	50%
John Eales AM	74%	53%	-	-	26%	47%
Sara Watts	78%	60%	-	-	22%	40%
Tiffany Lewin	71%	50%	-	-	29%	50%
<i>Executive Directors:</i>						
Robert Lyon	100%	100%	-	-	-	-
Stephen Tomisich	99%	88%	-	10%	1%	2%
<i>Other Key Management Personnel</i>						
Alister Hodges	100%	95%	-	5%	-	-
Dr Andrew Gooley	100%	93%	-	7%	-	-
Nigel Gilligan	96%	91%	-	5%	4%	4%
Sam Evans	97%	94%	-	5%	3%	1%

Name	Short term Incentive paid		Short term Incentive forfeited	
	2024 %	2023 %	2024 %	2023 %
<i>Executive Directors</i>				
Stephen Tomisich	-	41.7%	100.0%	58.3%
<i>Other Key Management Personnel</i>				
Alister Hodges	-	41.7%	100.0%	58.3%
Dr Andrew Gooley	-	41.7%	100.0%	58.3%
Nigel Gilligan	-	41.7%	100.0%	58.3%
Sam Evans	-	41.7%	100.0%	58.3%

³ The short-term incentives (cash bonus) are dependent on sales and profitability targets being met for the financial year.

REMUNERATION REPORT (AUDITED) (CONTINUED)

CONTRACTUAL ARRANGEMENTS WITH EXECUTIVE KEY MANAGEMENT PERSONNEL (KMP)

Remuneration and other conditions of employment are set out in each executive's employment contract. The key elements of these employment contracts are summarised below:

Name:	Stephen Tomisich
Title:	Chief Executive Officer
Contract duration	Ongoing
Notice by individual/company	1 year
Details:	Annual fixed remuneration of \$509,184 (exclusive of superannuation and other allowances) Annual performance-based cash bonus (STI) on achieving growth target and profit target Eligible to participate in the LTIP Employment contract contains non-solicitation and non-compete clauses
Termination of employment (without cause)	All payments on termination will be subject to the termination benefits cap under the legislation
Termination of employment (with cause)	No entitlement to termination payments in the event of removal for misconduct

Name:	Robert Lyon
Title:	Head of Corporate Development and General Counsel
Contract duration	Ongoing
Notice by individual/company	3 months
Details:	Annual fixed remuneration of \$328,044 (exclusive of superannuation) Employment contract contains non-solicitation and non-compete clauses
Termination of employment (without cause)	All payments on termination will be subject to the termination benefits cap under the legislation
Termination of employment (with cause)	No entitlement to termination payments in the event of removal for misconduct

REMUNERATION REPORT (AUDITED) (CONTINUED)

CONTRACTUAL ARRANGEMENTS WITH EXECUTIVE KMP (CONTINUED)

Name:	Alister Hodges
Title:	Chief Financial Officer and Company Secretary
Contract duration	Ongoing
Notice by individual/company	3 months
Details:	Annual fixed remuneration of \$296,521 (exclusive of superannuation) Annual performance-based cash bonus (STI) on achieving growth target and profit target Employment contract contains non-solicitation and non-compete clauses
Termination of employment (without cause)	All payments on termination will be subject to the termination benefits cap under the legislation
Termination of employment (with cause)	No entitlement to termination payments in the event of removal for misconduct

Name:	Andrew Gooley
Title:	Chief Scientific Officer
Contract duration	Ongoing
Notice by individual/company	3 months
Details:	Annual fixed remuneration of \$304,107 (exclusive of superannuation) Annual performance-based cash bonus (STI) on achieving growth target and profit target Employment contract contains non-solicitation and non-compete clauses
Termination of employment (without cause)	All payments on termination will be subject to the termination benefits cap under the legislation
Termination of employment (with cause)	No entitlement to termination payments in the event of removal for misconduct

REMUNERATION REPORT (AUDITED) (CONTINUED)

CONTRACTUAL ARRANGEMENTS WITH EXECUTIVE KMP (CONTINUED)

Name:	Nigel Gilligan
Title:	Chief Operations Officer
Contract duration	Ongoing
Notice by individual/company	3 months
Details:	Annual fixed remuneration of \$354,468 (exclusive of superannuation) Annual performance-based cash bonus (STI) on achieving growth target and profit target Employment contract contains non-solicitation and non-compete clauses
Termination of employment (without cause)	All payments on termination will be subject to the termination benefits cap under the legislation
Termination of employment (with cause)	No entitlement to termination payments in the event of removal for misconduct

Name:	Sam Evans
Title:	Senior Vice President Business Development
Contract duration	Ongoing
Notice by individual/company	3 months
Details:	Annual fixed remuneration of US\$256,967 (exclusive of superannuation) Annual performance-based cash bonus (STI) on achieving growth target and profit target Employment contract contains non-solicitation and non-compete clauses
Termination of employment (without cause)	All payments on termination will be subject to the termination benefits cap under the legislation
Termination of employment (with cause)	No entitlement to termination payments in the event of removal for misconduct

The maximum aggregate amount or value of Non-Executive Directors' remuneration for the purposes of the ASX Listing Rules and the Constitution is \$450,000 per annum of which \$283,972 is currently utilised.

The annual fees provided to the Non-Executive Directors, are shown below:

	2024	2023
<u>Board fees</u>	\$	\$
Chairman	60,000	60,000
Other Non-Executive Directors	40,000	40,000
<u>Committee fees</u>		
Audit and Risk Committee - chair	20,000	20,000
Remuneration and Nomination Committee – chair	10,000	10,000

Directors will not receive any additional fees for being a member of a Board committee. All Directors' fees include superannuation payments required to be made by law.

REMUNERATION REPORT (AUDITED) (CONTINUED)

SHARE-BASED COMPENSATION

Issues of Shares

There is no issuance of shares as a form of share-based compensation for the year ended 30 June 2024 (2023: nil).

Options

The terms and conditions of each grant of options over ordinary shares affecting remuneration of Directors and other key management personnel in this financial year or future reporting years are as follows:

Name	Number of options granted	Number of options vested	Grant date	Vesting date and exercisable date	Expiry date	Exercise price	Fair value per option at grant date
<i>Non-Executive Directors</i>							
John Eales	44,206	-	7 June 2021	1 July 2024	7 June 2026	-	\$1.70
Tiffany Lewin	29,471	-	7 June 2021	1 July 2024	7 June 2026	-	\$1.70
Dr Rohit Khanna	29,382	29,382	7 June 2021	1 July 2022	7 June 2026	-	\$1.70
Dr Rohit Khanna	29,382	29,382	7 June 2021	1 July 2023	7 June 2026	-	\$1.70
Dr Rohit Khanna	29,471	-	7 June 2021	1 July 2024	7 June 2026	-	\$1.70
Sara Watts	29,471	-	7 June 2021	1 July 2024	7 June 2026	-	\$1.70
<i>Executive Directors</i>							
Robert Lyon	8,224	8,224	7 June 2021	1 July 2022	7 June 2026	\$1.70	\$0.58
Stephen Tomisich	10,000	10,000	7 Sep 2022	25 Jul 2023	7 Sep 2027	\$2.21	\$0.88
Stephen Tomisich	10,000	-	7 Sep 2022	25 Jul 2024	7 Sep 2027	\$2.21	\$0.88
Stephen Tomisich	10,000	-	7 Sep 2022	25 Jul 2025	7 Sep 2027	\$2.21	\$0.88
<i>Other Key Management Personnel (continued)</i>							
Alister Hodges	8,224	8,224	7 June 2021	1 July 2022	7 June 2026	\$1.70	\$0.58
Nigel Gilligan	10,280	10,280	7 June 2021	1 July 2022	7 June 2026	\$1.70	\$0.58
Nigel Gilligan	15,718	15,718	7 June 2021	1 July 2022	7 June 2026	\$1.70	\$0.58
Nigel Gilligan	15,671	15,671	7 June 2021	1 July 2023	7 June 2026	\$1.70	\$0.58
Nigel Gilligan	15,671	-	7 June 2021	1 July 2024	7 June 2026	\$1.70	\$0.58
Nigel Gilligan	8,334	8,334	7 Sep 2022	25 Jul 2023	7 Sep 2027	\$2.21	\$0.88
Nigel Gilligan	8,333	-	7 Sep 2022	25 Jul 2024	7 Sep 2027	\$2.21	\$0.88
Nigel Gilligan	8,333	-	7 Sep 2022	25 Jul 2025	7 Sep 2027	\$2.21	\$0.88
Nigel Gilligan	6,667	-	1 July 2023	1 July 2024	1 July 2028	\$1.82	\$0.66
Nigel Gilligan	6,667	-	1 July 2023	1 July 2025	1 July 2028	\$1.82	\$0.66
Nigel Gilligan	6,666	-	1 July 2023	1 July 2026	1 July 2028	\$1.82	\$0.66

REMUNERATION REPORT (AUDITED) (CONTINUED)

ADDITIONAL DISCLOSURES RELATING TO KEY MANAGEMENT PERSONNEL

Name	Number of options granted	Number of options vested	Grant date	Vesting date and exercisable date	Expiry date	Exercise price	Fair value per option at grant date
<i>Other Key Management Personnel (continued)</i>							
Sam Evans	15,718	15,718	7 June 2021	1 July 2022	7 June 2026	\$1.70	\$0.58
Sam Evans	15,671	15,671	7 June 2021	1 July 2023	7 June 2026	\$1.70	\$0.58
Sam Evans	15,671	-	7 June 2021	1 July 2024	7 June 2026	\$1.70	\$0.58
Sam Evans	10,000	-	1 July 2023	1 July 2024	1 July 2028	\$1.82	\$0.66
Sam Evans	10,000	-	1 July 2023	1 July 2025	1 July 2028	\$1.82	\$0.66
Sam Evans	10,000	-	1 July 2023	1 July 2026	1 July 2028	\$1.82	\$0.66

All options were granted over unissued fully paid ordinary shares in the Company. Options are exercisable by the holder as from the vesting date. There has not been any alteration to the terms or conditions of the grant since the grant date. There are no amounts paid or payable by the recipient in relation to the granting of such options other than on their potential exercise.

Values of options over ordinary shares granted, exercised and lapsed for Directors and other key management personnel as part of compensation during the year ended 30 June 2024 are set out below:

	Value of options vested during the year	Value of options exercised during the year	Value of options lapsed during the year	Remuneration consisting of option of the year
	\$	\$	\$	%
<i>Directors</i>				
Dr Rohit Khanna	16,438	-	-	29%
John Eales AM	24,658	66,552	-	26%
Sara Watts	16,438	38,197	-	22%
Stephen Tomisich	8,426	-	-	1%
Tiffany Lewin	16,438	83,152	-	29%
Robert Lyon	-	-	-	-
<i>Other Key Management Personnel</i>				
Alister Hodges	-	-	-	-
Dr Andrew Gooley	-	-	-	-
Nigel Gilligan	15,120	-	-	4%
Sam Evans	12,142	-	-	3%

REMUNERATION REPORT (AUDITED) (CONTINUED)

ADDITIONAL DISCLOSURES RELATING TO KEY MANAGEMENT PERSONNEL (continued)

The financial performance of the Group for the five years to 30 June 2024 are summarised below:

	2024	2023	2022	2021	2020
	\$000	\$000	\$000	\$000	\$000
Revenue	155,023	162,154	107,574	76,568	71,852
EBITDA	(17,847)	17,370	7,212	5,473	6,614
(Loss)/profit after income tax	(25,329)	1,889	1,108	1,880	2,608

The factors that are considered to affect total shareholders return are summarised below:

	2024	2023
	\$	\$
Share price at financial year end	1.03	1.81
Total dividends declared	-	-
Basic earnings per shares	(0.17)	0.01

Shareholding

The number of shares in the Company held during the financial year by each Director and other members of key management personnel of the Group, including their personally related parties, is set out below:

Ordinary shares	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
<i>Non-Executive Directors</i>					
Dr Rohit Khanna	117,647	-	-	-	117,647
John Eales AM	1,099,135	-	244,074	-	1,343,209
Sara Watts	47,546	-	29,382	-	76,928
Tiffany Lewin	81,092	-	58,764	-	139,856
<i>Executive Directors</i>					
Robert Lyon	482,715	-	-	-	482,715
Stephen Tomisich	76,833,745	-	-	-	76,833,745
<i>Other Key Management Personnel</i>					
Alister Hodges	700,000	-	-	-	700,000
Dr Andrew Gooley	73,824	-	-	-	73,824
Nigel Gilligan	65,229	-	-	-	65,229

REMUNERATION REPORT (AUDITED) (CONTINUED)

ADDITIONAL DISCLOSURES RELATING TO KEY MANAGEMENT PERSONNEL (CONTINUED)

Option Holding

The number of options over ordinary shares in the Company held during the financial year by each Director and other members of key management personnel of the Group, including their personally related parties, is set out below:

<i>Options over ordinary shares</i>	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
<i>Directors</i>					
Dr Rohit Khanna	88,235	-	-	-	88,235
John Eales AM	88,280	-	(44,074)	-	44,206
Robert Lyon	239,250	-	-	-	239,250
Sara Watts	58,853	-	(29,382)	-	29,471
Stephen Tomisich	30,000	-	-	-	30,000
Tiffany Lewin	88,235	-	(58,764)	-	29,471
<i>Other Key Management Personnel</i>					
Alister Hodges	143,320	-	-	-	143,320
Dr Andrew Gooley	210,002	-	-	-	210,002
Nigel Gilligan	102,296	20,000	-	-	122,296
Sam Evans	47,060	30,000	-	-	77,060

Other transactions with key management personnel and their related parties

There were no other transactions conducted between the Group and Key Management Personnel or their related parties, apart from those disclosed above and below, that were conducted other than in accordance with normal employee, customer or supplier relationships on terms no more favourable than those reasonably expected under arm's length dealings with unrelated persons.

	Consolidated	
	1 July 2024 to 30 May 2024 \$'000	2023 \$'000
<i>Transactions with related parties</i>		
Depreciation expense – Ringwood Facility Property Lease		
- Bass Park Investments	513	549
Interest expense – Ringwood Facility Property Lease -		
Bass Park Investments	305	350
	818	899

In 2024, Trajan Australia made lease payments of \$0.5M (2023: \$0.7M) to Bass Park Investments for Ringwood Facility Property lease.

REMUNERATION REPORT (AUDITED) (CONTINUED)

ADDITIONAL DISCLOSURES RELATING TO KEY MANAGEMENT PERSONNEL (CONTINUED)

Other transactions with key management personnel and their related parties (continued)

	Consolidated	
	2024	2023
	\$'000	\$'000
<i>Balances with related parties</i>		
Right-of-use assets - Ringwood Facility Property Lease - Bass Park Investments	-	5,214
	<u>-</u>	<u>5,214</u>
Trade payables – Bass Park Investments	217	65
Lease liabilities - Ringwood Facility Property Lease - Bass Park Investments	-	5,805
	<u>217</u>	<u>5,870</u>

Bass Park Investments Pty Ltd is ultimately held by a trust of which Stephen Tomisich is a beneficiary. Stephen Tomisich is also a Director of Bass Park Investments Pty Ltd.

Trajan Group Holdings Limited entered into a lease agreement (Ringwood Facility Property Lease) with Bass Park Investments Pty Ltd. The Ringwood Facility Property Lease was negotiated on arm's length terms and in the opinion of the Directors (other than Stephen Tomisich who has a material personal interest in Bass Park Investments Pty Ltd) comprises an agreement which contains provisions which are customary for commercial leases of the nature of the Ringwood Facility Property Lease. The Ringwood Facility property was sold to an independent third party and the sale was settled on 21 May 2024.

Other than the above disclosures, the Group is not party to any other material related party arrangements.

This concludes the remuneration report, which has been audited.

SHARES UNDER OPTIONS

Unissued ordinary shares of Trajan Group Holdings Limited under option at the date of this report are as follows:

Grant date	Expiry date	Vested date	Exercise price	Number under option
7 June 2021	7 June 2026	7 June 2021	\$1.24	260,028
7 June 2021	7 June 2026	7 June 2021	\$1.68	114,901
7 June 2021	7 June 2026	7 June 2021	\$1.59	30,236
7 June 2021	7 June 2026	7 June 2021	\$1.67	117,927
7 June 2021	7 June 2026	7 June 2021	\$1.70	95,797
7 June 2021	7 June 2026	1 July 2022	\$1.70	49,344
7 June 2021	7 June 2026	7 June 2021	-	335,295
7 June 2021	7 June 2026	1 July 2022	\$1.70	51,034
7 June 2021	7 June 2026	1 July 2022	-	29,382
7 June 2021	7 June 2026	1 July 2023	\$1.70	56,810
7 June 2021	7 June 2026	1 July 2023	-	29,382
7 June 2021	7 June 2026	1 July 2024	\$1.70	56,810
7 June 2021	7 June 2026	1 July 2024	-	132,619
1 May 2022	1 May 2027	1 May 2023	\$3.30	16,668
1 May 2022	1 May 2027	1 May 2024	\$3.30	16,667
1 May 2022	1 May 2027	1 May 2025	\$3.30	16,665
1 May 2022	1 May 2027	1 July 2023	\$3.30	7,000
1 May 2022	1 May 2027	1 July 2024	\$3.30	7,000
1 May 2022	1 May 2027	1 July 2025	\$3.30	7,000
28 February 2022	1 July 2027	1 July 2022	\$1.70	2,025
28 February 2022	1 July 2027	1 July 2023	\$1.70	2,025
28 February 2022	1 July 2027	1 July 2024	\$1.70	2,025
7 September 2022	7 September 2027	25 July 2023	\$2.21	148,012
7 September 2022	7 September 2027	25 July 2024	\$2.21	148,330
7 September 2022	7 September 2027	25 July 2025	\$2.21	148,324
1 July 2023	1 July 2028	1 July 2024	\$1.82	135,849
1 July 2023	1 July 2028	1 July 2025	\$1.82	135,837
1 July 2023	1 July 2028	1 July 2026	\$1.82	135,814

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the Company.

SHARES ISSUED ON EXERCISE OF OPTIONS

The following ordinary shares of Trajan Group Holdings Limited were issued during the year ended 30 June 2024 and up to the date of this report on the exercise of options granted:

Date options granted	Exercise price	Number of shares issued
7 June 2021	-	44,074
7 June 2021	-	58,764
7 June 2021	-	29,382

DIVIDENDS

The Directors do not propose to make any recommendation for dividends for the year ended 30 June 2024 (2023: nil).

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

During or since the end of the financial year, the Group paid \$567,835 (2023: \$594,300) in premiums in respect of a contract insuring all the Directors of Trajan against legal costs incurred in defending proceedings for conduct other than:

- (a) A wilful breach of duty.
- (b) A contravention of sections 182 or 183 of the Corporations Act 2001, as permitted by section 199B of the Corporations Act 2001.

INDEMNIFICATION OF AUDITORS

To the extent permitted by law, the Group has agreed to indemnify its auditors, RSM Australia Partners, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify RSM Australia Partners during or since the financial year.

NON-AUDIT SERVICES

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in Note 29 to the financial statements.

The Directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The Directors are of the opinion that the services as disclosed in Note 29 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The Group holds licenses issued by the relevant authorities relating to the storage and use of chemicals and products associated with the manufacturing of products. There have been no significant known breaches of any environmental regulations to which the Group is subject.

EVENTS AFTER THE REPORTING DATE

At the reporting date, the Group reported a breach of HSBC loan covenant. The breach was resolved in the financial year beginning on 1 July 2024. The Group received a no action letter from HSBC on 31 July 2024, signalling no implication on debt arrangements.

Other than that, there has not been any matter or circumstance which has arisen since the end of financial year that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

LIKELY DEVELOPMENTS AND FUTURE RESULTS

Disclosure of information regarding likely developments in the operations of the Group in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the Group. Accordingly, this information has not been disclosed in this report.

MATERIAL BUSINESS RISKS

The Group's risk management approach involves the ongoing assessment, monitoring and reporting of risks that could impede the Group's progress in delivering the Group's strategic priorities.

As Trajan's business continues to grow and evolve, the material risk profile may change. The material business risks affecting the Group are set out below. In addition to these risks, the Group may also face a range of other risks from time to time in conducting its business activities.

Risk event	Description
Cyber and security risks	<p>A cyber security breach has the potential to disrupt the Group's information technology platform which is integral to the efficient operation of the business. A serious data breach could expose the Group to statutory liability and reputation damage.</p> <p>The Group maintains and regularly updates its suite of information technology security measures to restrict access to the Group's operating systems. The Group also conducts regular penetration testing and training to educate its workforce. The Group maintains Cyber Enterprise Risk Management Insurance.</p>
Dependence on key suppliers and partners	<p>Trajan relies on continued supplies from key suppliers and partners for the production of a number of key products. There is a risk of these suppliers performing poorly, or terminating their contract with Trajan, which could adversely impact on the production line. In this circumstance, there is no guarantee that the Group will be able to find a suitable industry partner that it can negotiate attractive commercial terms in the near future.</p> <p>The Group partners with reputable suppliers and performs due diligence on key partners. Significant contracts have a minimum service level agreement written into them. Where possible, multiple commercial partners are used. The Group continues to develop internal capability to achieve specification and reduce the level of dependency.</p>
IP exists outside Trajan's controlled environment	<p>The Group's success will depend, in part, on its ability to obtain patents, protect its trade secrets and operate without infringing on the proprietary rights of others. The Group relies upon a combination of patents, trade secret protection, and confidentiality agreements to protect the IP. If the Group fails to adequately protect its IP, it may face competition from companies who attempt to create a generic product to compete with its proposed products.</p> <p>Where appropriate, the Group will seek patent protection for its products and technology. It is the Group's policy to patent commercially potential technology in jurisdictions with significant commercial opportunities. However, patent protection may not be available for some of the products or technology to be developed.</p>
Infrastructure and technology failure	<p>The Group's Consumable business is heavily dependent on the efficiency of the major equipment for the delivery of its products. Should the equipment not be adequately maintained, it may negatively impact the Group's operation, that in turn could lead to a negative impact the Group's revenue and profitability.</p> <p>The Group continues to invest its capital equipment to drive operational gains through automation, scrap reduction and acceleration of further utilisation to its existing manufacturing facilities through Project Neptune.</p>
Macroeconomic factors	<p>Threat of domestic and global recession, fluctuation in foreign exchange market, and investor sentiment are some of the primary macroeconomic considerations that may impact the business.</p> <p>The Group continually monitors these factors, however, ultimately, they are often beyond the Group's control.</p>

OFFICERS OF THE COMPANY WHO ARE FORMER PARTNERS OF RSM AUSTRALIA

There are no officers of the Company who are former partners of RSM Australia.

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.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of court to bring proceedings on behalf of the Group or intervene in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Group for all or any part of those proceedings. Trajan was not a party to any such proceedings during the year.

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.

AUDITOR'S ROTATION

A resolution has been passed to approve that Billy Chan, a partner of RSM Australia Partners may continue to play a significant role in the audit of the company for a further 1 year in accordance with section 324DAA of the Corporations Act 2001. The eligibility period has been extended until the financial year ended 30 June 2025.

The extension of the auditor rotation period has been approved in light of the significant business and operational changes undertaken by the Group which are ongoing and are expected to impact the 2025 audit. The audit committee has recommended, and the directors are satisfied that the extension of the auditor rotation period is consistent with maintaining the quality of the audit and would not give rise to a conflict of interest situation.

CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors support and have adhered to principles of sound corporate governance. The Group continued to follow best practice recommendations as set out by 4th edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations. Where the Group has not followed best practice for any recommendation, explanation is given in the Corporate Governance Statement which is available on the Group's website.

This report is made in accordance with a resolution of Directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the Directors



John Eales

Chair

29th August 2024

RSM Australia Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Trajan Group Holdings Limited for the year ended 30 June 2024, 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 audit; and
- (ii) any applicable code of professional conduct in relation to the audit.



RSM AUSTRALIA PARTNERS



B Y CHAN
Partner

Date: 29 August 2024
Melbourne, Victoria

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RSM Australia Partners is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

RSM Australia Partners ABN 36 965 185 036

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2024

		Consolidated	
		2024	2023
	Notes	\$'000	\$'000
Revenue			
Sale of goods	4a	155,023	162,154
Cost of sales		(94,404)	(95,065)
Gross profit		60,619	67,089
Other income	4b	104	800
Employee and Directors' benefits expenses	4c	(39,325)	(38,799)
Occupancy expenses	4e	(1,326)	(1,576)
General admin and marketing expenses	4d	(13,472)	(11,922)
Acquisition-related expenses		(167)	(753)
Finance expenses	4f	(4,668)	(4,002)
Depreciation	4g	(3,069)	(2,286)
Amortisation		(3,146)	(3,076)
Impairment expenses	4h	(26,658)	-
(Loss)/profit before income tax		(31,108)	5,475
Income tax benefit/ (expense)	5	5,779	(3,586)
(Loss)/profit after income tax benefit/ (expense) for the year		(25,329)	1,889
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		(1,671)	6,694
Total other comprehensive (loss)/ income for the year, net of tax		(1,671)	6,694
Total comprehensive (loss)/ income for the year		(27,000)	8,583
(Loss)/profit for the year after income tax is attributable to:			
Equity holders of the parent		(25,329)	1,889
Minority interests		-	-
		(25,329)	1,889
Comprehensive (loss)/ income for the year is attributable to:			
Equity holders of the parent		(27,000)	8,583
Minority interests		-	-
		(27,000)	8,583
		\$	\$
Basic earnings per share	22	(0.166)	0.012
Diluted earnings per share	22	(0.166)	0.012

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 30 JUNE 2024

		Consolidated	
	Notes	2024 \$'000	2023 \$'000
ASSETS			
Current assets			
Cash and cash equivalents	6	11,243	11,038
Trade receivables	7	20,196	23,521
Inventories	8	27,927	31,934
Financial assets	10	-	275
Income tax receivables		213	-
Other assets	9	2,128	2,940
Total current assets		61,707	69,708
Non-current assets			
Financial assets	10	137	1,550
Property, plant and equipment	12	24,634	25,313
Right-of-use assets	13	10,644	11,605
Goodwill and intangibles	11	86,206	114,254
Deferred tax assets	16	4,670	6,611
Total non-current assets		126,291	159,333
TOTAL ASSETS		187,998	229,041
LIABILITIES			
Current liabilities			
Trade and other payables	14	16,838	16,781
Financial liabilities	17	321	-
Lease liabilities		1,873	1,835
Provisions	15	9,016	9,196
Income tax payable		-	1,457
Loans and borrowings	18	44,102	9,927
Total current liabilities		72,150	39,196
Non-current liabilities			
Lease liabilities		10,188	10,837
Financial liabilities	17	-	269
Provisions	15	387	280
Loans and borrowings	18	-	38,706
Deferred tax liabilities	16	2,424	10,224
Total non-current liabilities		12,999	60,316
TOTAL LIABILITIES		85,149	99,512
NET ASSETS		102,849	129,529

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 30 JUNE 2024

		Consolidated	
	Notes	2024	2023
		\$'000	\$'000
EQUITY			
Issued capital	19	101,470	101,251
(Accumulated losses)/retained earnings	20	(7,537)	17,792
Foreign currency translation reserve	20	6,043	7,714
Share-based payment reserve	20	2,045	1,944
General reserve	20	828	828
TOTAL EQUITY		102,849	129,529

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

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2024

	Note	Contributed Equity	Foreign Currency Translation Reserve	Share-based Payment Reserve	General Reserve	(Accumulated losses) /Retained Earnings	Total
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2024							
Balance at 1 July 2023		101,251	7,714	1,944	828	17,792	129,529
Loss after income tax benefit for the year		-	-	-	-	(25,329)	(25,329)
Other comprehensive loss for the year, net of tax		-	(1,671)	-	-	-	(1,671)
Total comprehensive loss for the year		-	(1,671)	-	-	(25,329)	(27,000)
Transactions with owners in their capacity as owners							
Issue of share capital (net of transaction costs)	19	(6)	-	-	-	-	(6)
Share option exercised/lapsed		225	-	(351)	-	-	(126)
Share based payment costs	20	-	-	452	-	-	452
Balance at 30 June 2024		101,470	6,043	2,045	828	(7,537)	102,849
2023							
Balance at 1 July 2022		96,258	1,020	1,899	-	16,731	115,908
Profit after income tax expense for the year		-	-	-	-	1,889	1,889
Other comprehensive income for the year, net of tax		-	6,694	-	-	-	6,694
Total comprehensive income for the year		-	6,694	-	-	1,889	8,583
Transactions with owners in their capacity as owners							
Issue of share capital (net of transaction costs)	19	4,521	-	-	-	-	4,521
Share option exercised/lapsed		472	-	(497)	-	-	(25)
Share based payment costs	20	-	-	542	-	-	542
Transfer from Retained earnings to Reserves	20	-	-	-	828	(828)	-
Balance at 30 June 2023		101,251	7,714	1,944	828	17,792	129,529

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2024

	Notes	Consolidated	
		2024 \$'000	2023 \$'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		157,806	160,730
Payments to suppliers and employees (inclusive of GST)		(142,165)	(145,514)
Income tax paid		(1,748)	(914)
Interest income		81	12
Finance expenses		(3,610)	(3,316)
Interest paid to lease liabilities		(722)	(694)
Investment and acquisition expenses		(167)	(753)
Net cash flows from operating activities	30	9,475	9,551
Cash flows from investing activities			
Net (payment for purchase)/proceeds from disposal of property plant and equipment		(3,040)	(8,553)
Net cash flows used in investing activities		(3,040)	(8,553)
Cash flows from financing activities			
Proceeds from issue of shares		-	4,708
Payment of share issue costs		-	(181)
Proceeds from borrowings		1,958	-
Repayment of borrowings		(6,489)	(6,209)
Repayment of lease liabilities		(1,869)	(1,682)
Net cash flows (used in) /from financing activities		(6,400)	(3,364)
Net increase/(decrease) in cash and cash equivalents		35	(2,366)
Net foreign exchange difference		170	240
Cash and cash equivalents at beginning of the year		11,038	13,164
Cash and cash equivalents at end of the year	6	11,243	11,038

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

NOTES TO FINANCIAL STATEMENTS

1. MATERIAL ACCOUNTING POLICY INFORMATION

The principal accounting policies that are material to the Group are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

These general-purpose financial statements have been prepared in accordance with Australian Accounting Standards, Interpretations and other applicable authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001 as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

The financial statements cover Trajan Group Holding Limited (the Company) and its controlled entities as a Group. The Company is a for-profit company limited by shares, incorporated and domiciled in Australia. The address of the Company's registered office and principal place of business is 7 Argent Place Ringwood, Victoria, Australia.

The financial statements were authorised for issue in accordance with a resolution of the Directors on 29 August 2024.

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, certain classes of property, plant and equipment and derivative financial instruments.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 2.

Going concern

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

As disclosed in the financial statements, the Group had net current liabilities of \$10.4M. The Directors believe that it is reasonably foreseeable that the Group will continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report after consideration of the following factor:

- A working capital deficiency has arisen due to the consequential reclassification of external debt as a current liability resulting from breaches in loan covenants as at 30 June 2024. Trajan has received a no action letter from HSBC in regards to the covenant breaches (refer Note 18: Loans and Borrowings).

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in Note 32.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Trajan Group Holdings Ltd ('Company') as at 30 June 2024 and the results of all subsidiaries for the year then ended. Trajan Group Holdings Limited and its subsidiaries together are referred to in these financial statements as the 'Group'. Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the Company.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the Group. Losses incurred by the Group are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Foreign currency translation

The financial statements are presented in Australian dollars, which is Trajan Group Holdings Limited's functional and presentation currency.

Transactions and balances

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Group companies

On consolidation, the assets and liabilities of foreign operations are translated into Australian dollars at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

Revenue recognition

The Group recognises revenue as follows:

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Group: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Provision of services

Revenue recognition relating to the provision of services is determined with reference to the stage of completion of the transaction at the end of the reporting date and where outcome of the contract can be estimated reliably. Stage of completion is determined with reference to the services performed to date as a percentage of total anticipated services to be performed. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent that related expenditure is recoverable.

Interest income

Revenue is recognised as the interest accrues using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset) to the net carrying amount of the financial asset.

Sale of goods

Revenue from the sale of goods is recognised when the Group has transferred to the buyer the significant risks and rewards of ownership of the goods and the costs in respect of the transaction can be reliably measured. Risks and rewards are considered passed to the buyer at the time of delivery of the goods to the customer.

Dividends

Revenue is recognised when Trajan's right to receive the payment is established.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

Income tax

The income tax expense (income) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current Income Tax

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Income tax (continued)

Deferred Tax

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses. Current and deferred income tax expense (income) is charged or credited directly to equity instead of profit or loss when the tax relates to terms that are credited or charged directly to equity.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability where there is no effect on accounting or taxable profit or loss. Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled, and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement of simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where:

- a legally enforceable right of set-off exists; and
- the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liability are expected to be recovered or settled.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting date; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting date; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting date. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less, that are readily convertible to known amounts of cash and which are subject to an insignificant rate of change in value.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Contract assets

Contract assets are recognised when the Group has transferred goods or services to the customer but where the Company is yet to establish an unconditional right to consideration. Contract assets are treated as financial assets for impairment purposes.

Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless, an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Financial assets at amortised cost

A financial asset is measured at amortised cost only if both of the following conditions are met: (i) it is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and (ii) the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

Financial assets at fair value through profit or loss

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either:

- held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or
- designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on financial assets measured at amortised cost. The measurement of the loss allowance depends upon the Group's assessment at the end of each reporting date as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

Inventories

Raw materials, work in progress and finished goods are stated at the lower of cost and net realisable value on a 'first in first out' basis. Cost comprises of direct materials and delivery costs, direct labour, import duties and other taxes (other than those subsequently recoverable by the Group from the taxing authorities), an appropriate proportion of variable and fixed overhead expenditure based on normal operating capacity. Costs of purchased inventory are determined after deducting rebates and discounts received or receivable.

Stock in transit is stated at the lower of cost and net realisable value. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Non-current assets or disposal groups classified as held for sale

Non-current assets and assets of disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continued use. They are measured at the lower of their carrying amount and fair value less costs of disposal. For non-current assets or assets of disposal groups to be classified as held for sale, they must be available for immediate sale in their present condition and their sale must be highly probable.

An impairment loss is recognised for any initial or subsequent write down of the non-current assets and assets of disposal groups to fair value less costs of disposal. A gain is recognised for any subsequent increases in fair value less costs of disposal of a non-current assets and assets of disposal groups, but not in excess of any cumulative impairment loss previously recognised.

Non-current assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of assets held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current assets. The liabilities of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current liabilities.

Property, Plant and Equipment

Freehold land and buildings, plant and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Depreciation is calculated on a straight-line basis over useful life commencing from the time the asset is held ready for use as follows:

Land and Building – 33 to 40 years	Plant and equipment – 3 to 15 years
Leasehold Improvements – 5 to 30 years	Furniture and Fittings – 5 to 20 years
Motor Vehicles – 4 to 6 years	Computer Equipment – 2 to 10 years
Computer Software – 2 to 5 years	

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each reporting date. When no future economic benefits are expected to arise from the continued use of an item of property, plant and equipment, it is derecognised. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the statement of comprehensive income in the year the item is derecognised.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are recognised immediately in profit or loss. When re-valued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

Trajan uses derivative financial instruments, such as Forward Exchange Contracts (FECs) to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value on reporting date. Derivatives are carried as current or non-current financial assets when the fair value is positive and as current and non-current financial liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss.

Intangible assets

Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over Trajan's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Research and development

The Group invests in research and development activities directly and partners with industry experts to help accelerate new product development. Partnering is an important priority for the Group as it significantly increases the quantum, breadth of experience and scale of resources focussed on research and development of new technologies and products for target markets globally, driving future revenue growth.

Research costs are expensed in the period in which they are incurred. Development costs are either expensed in the period in which they are incurred or capitalised when it is probable that the project will be a success considering its commercial and technical feasibility; the Group is able to use or sell the asset; the Group has sufficient resources; and intent to complete the development and its costs can be measured reliably. Generally, internally generated intangible assets are not capitalised and expenditure is recognised in profit or loss in the year in which the expenditure was incurred. Capitalised development costs are amortised on a straight-line basis over the period of their expected benefit.

Intangible assets (continued)

Intangible assets acquired both separately and from a business combination

Intangible assets acquired separately or in a business combination are initially measured at cost. The cost of an intangible asset acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is recognised in profit or loss in the year in which the expenditure was incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for prospectively by changing the amortisation period or method, as appropriate, which is a change in accounting estimate. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed each reporting date to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for as a change in an accounting estimate and is thus accounted for on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the profit and loss when the asset is derecognised.

Impairment of non- financial assets

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables

Trade payables and other payables are carried at amortised costs and are not discounted due to their short-term nature. They represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are not secured and are usually paid within 30 days of recognition.

Contract liabilities

Contract liabilities represent the Group's obligation to transfer goods or services to a customer but where the Group is yet to establish an unconditional right to consideration.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects the current market assessments of the time value of money and the risks specific to the liability. The increase in the provision resulting from the passage of time is recognised in finance costs.

Employee leave benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within twelve months after the end of the annual reporting date in which the employees render the related service.

The liabilities are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted rates determined by reference to market yields at the end of the reporting date on government bonds that have maturity dates that approximate the terms of the obligations. Upon the remeasurement of obligations for other long-term employee benefits, the net change in the obligation is recognised in profit or loss as a part of employee benefits expense.

Defined contribution superannuation expense

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Share-based payments

Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions is measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the Company receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions is recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

Share-based payments (continued)

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- During the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired option of the vesting period.
- From the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore, any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the Company or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the Company or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners Trajan Group Holdings Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Borrowings

Borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Dividends

Dividends are recognised when declared during the financial year and no longer at the discretion of the Group.

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as part of operating cash flows. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

Rounding of amounts

The Group 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.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2024. The Group has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity. Refer to note 23 for further information.

Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience, historical collection rates, and forward-looking information that is available. The allowance for expected credit losses, as disclosed in Note 7, is calculated based on the information available at the time of preparation. The actual credit losses in future years may be higher or lower.

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

Provision for stock obsolescence

The provision for stock obsolescence assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account the recent sales experience, the ageing of inventories and other factors that affect inventory obsolescence.

Fair value measurement hierarchy

The Group is required to classify all assets and liabilities, measured 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; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective. The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs. Refer to Note 25 for further information.

Lease term

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the Group's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The Group reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

Incremental borrowing rate

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the consolidated entity estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

Estimation of useful lives of assets

The Group determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Employee benefits provision

As discussed in Note 1, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

Goodwill and other indefinite life intangible assets

The Group tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in Note 1. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows. Refer to note 11 for further information.

Income tax

The Group is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on the Group's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences only if the consolidated entity considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

3. 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 Services' 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.

3. 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 parts, supplies, components and consumable products across the Group.
Capital Equipment	includes Robotic Workflow Automation systems, on-line instruments, laboratory instruments, and related parts and services.
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 year ended 30 June 2024, approximately \$29.4M (2023: \$31.2M) 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 global destocking activity in the downstream supply chain, which was now concluded in 2H FY24.

No other single customers contributed 10% or more to the Group's revenue for the year.

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	USA	EMEA
	\$'000	\$'000	\$'000
30 June 2024			
Revenue from external customers	30,620	72,582	51,821
Non-current assets ⁴	15,579	75,136	30,770
30 June 2023			
Revenue from external customers	26,148	83,125	52,881
Non-current assets ⁴	15,341	104,819	31,012

⁴ Non-current assets other than financial instruments, deferred tax assets, post-employment benefits assets and rights arising under insurance contracts.

3. OPERATING SEGMENTS (CONTINUED)

	Components and Consumables \$'000	Capital Equipment \$'000	Disruptive Techno- logies \$'000	Corporate Services \$'000	Total \$'000
Consolidated - 2024					
Revenue					
Sales to external customers	96,239	53,864	4,920	-	155,023
Total sales revenue	96,239	53,864	4,920	-	155,023
Other revenue	-	-	-	-	-
Total segment revenue	96,239	53,864	4,920	-	155,023
<i>Unallocated revenue:</i>					
Realised/unrealised foreign currency gains/ (losses) from trading activities					(472)
Realised/unrealised foreign currency gains/ (losses) from FEC					53
Rental income					105
Loss on financial instruments					(166)
Other income					584
Total other income					104
EBITDA	32,263	9,680	(31,100)	(28,690)	(17,847)
Depreciation and amortisation of ROU assets	(3,584)	(103)	(493)	(1,684)	(5,864)
Amortisation (goodwill and intangible assets)	(2,028)	(432)	(303)	(383)	(3,146)
Interest revenue	-	-	-	81	81
Interest expense	(970)	(7)	(70)	(3,285)	(4,332)
Loss before income tax expense					(31,108)
Income tax benefit					5,779
Loss after income tax expense					(25,329)
Assets					
Segment assets	20,134	7,404	389	-	27,927
<i>Unallocated assets:</i>					
Cash and cash equivalents					11,243
Trade receivables					20,196
Other assets					2,128
Financial assets					137
Property, plant and equipment					24,634
Right-of-use assets					10,644
Goodwill and Intangibles					86,206
Income tax receivables					213
Deferred tax assets					4,670
Total assets					187,998
Liabilities					
<i>Unallocated liabilities:</i>					
Financial liabilities					321
Trade and other payables					16,838
Lease liabilities					12,061
Provisions					9,403
Deferred tax liabilities					2,424
Loans and borrowings					44,102
Total liabilities					85,149

3. OPERATING SEGMENTS (CONTINUED)

	Components and Consumables \$'000	Capital Equipment \$'000	Disruptive Techno- logies \$'000	Corporate Services \$'000	Total \$'000
Consolidated - 2023					
Revenue					
Sales to external customers	99,280	57,307	5,567	-	162,154
Total sales revenue	99,280	57,307	5,567	-	162,154
Other revenue	-	-	-	-	-
Total segment revenue	99,280	57,307	5,567	-	162,154
<i>Unallocated revenue:</i>					
Realised/unrealised foreign currency gains/ (losses) from trading activities					527
Realised/unrealised foreign currency gains/ (losses) from FEC					(559)
Rental income					145
Gain on financial instruments					230
Sundry income					457
Total other income					800
EBITDA	33,805	11,973	(4,353)	(24,055)	17,370
Depreciation and amortisation of ROU assets	(3,160)	(47)	(482)	(1,132)	(4,821)
Amortisation (goodwill and intangible assets)	(1,895)	(687)	(398)	(96)	(3,076)
Interest revenue	-	6	-	6	12
Interest expense	(821)	(75)	(73)	(3,041)	(4,010)
Profit before income tax expense					5,475
Income tax expense					(3,586)
Profit after income tax expense					1,889
Assets					
Segment assets	23,150	7,911	873	-	31,934
<i>Unallocated assets:</i>					
Cash and cash equivalents					11,038
Trade receivables					23,521
Other assets					2,940
Financial assets					1,825
Property, plant and equipment					25,313
Right-of-use assets					11,605
Goodwill and Intangibles					114,254
Deferred tax assets					6,611
Total assets					229,041
Liabilities					
<i>Unallocated liabilities:</i>					
Trade and other payables					16,781
Lease liabilities					12,672
Finance liabilities					269
Provisions					9,476
Income tax payable					1,457
Loans and borrowings					48,633
Deferred tax liabilities					10,224
Total liabilities					99,512

4. REVENUE AND EXPENSES

	Consolidated	
	2024	2023
	\$'000	\$'000
a) Revenue		
Rendering of services (over time)	3,635	2,042
Sale of goods (at a point in time)	151,388	160,112
Total revenue	155,023	162,154

The Group disaggregates revenue by operating segment. Refer Note 3 Operating Segments for revenue by operating segment and geographical split. Refer Note 7 for further information on contract assets and Note 14 for further information on contract liabilities.

b) Other income

Realised/unrealised foreign currency gains/ (losses) from trading activities	(472)	527
Realised/unrealised foreign currency gains/ (losses) from FEC	53	(559)
Rental income	105	145
(Loss)/gain on financial instruments	(166)	230
Other income	584	457
Total other income	104	800

c) Employee and Directors' benefits expenses

Salaries and wages (i)	(54,955)	(54,533)
Post-employment benefits	(4,161)	(4,109)
Provision for long term incentive plan	(326)	(512)
Salaries and wages, post-employment benefits and taxes allocated to cost of sales	29,166	28,843
Taxes, insurance and amenities	(9,049)	(8,488)
Total employee and Directors' benefits expenses	(39,325)	(38,799)

(i) Restructuring costs of \$0.8M (2023: \$0.1M) incurred during the year

d) General admin and marketing expenses

Travel and entertainment expenses	(1,648)	(1,831)
Professional and license fees (ii)	(6,141)	(4,600)
Advertising expenses	(882)	(817)
Operational expenses	(3,953)	(3,842)
Communication expenses	(848)	(832)
Total general admin and marketing expenses	(13,472)	(11,922)

(ii) Restructuring costs of \$1.6M (2023: \$0.1M) incurred during the year.

4. REVENUE AND EXPENSES (CONTINUED)

	Consolidated	
	2024	2023
	\$'000	\$'000
e) Occupancy expenses		
Short-term and low-value assets lease payments	(87)	(212)
Repairs and maintenance	(865)	(1,407)
Utilities and cleaning	(1,501)	(1,463)
Building costs	(415)	(415)
Property taxes	(449)	(448)
Occupancy expenses allocated to cost of goods sold	1,991	2,369
Total occupancy expenses	(1,326)	(1,576)
f) Finance expenses		
Interest and finance charges paid/payable on borrowings	(3,610)	(3,316)
Interest income	81	12
	(3,529)	(3,304)
Interest and finance charges paid/payable on lease liabilities	(722)	(694)
Interest expenses allocated to cost of sales	351	381
Interest expenses	(3,900)	(3,617)
Bank and sundry charges	(527)	(395)
Early settlement charges	(203)	(29)
Bad debts and impairments	(10)	39
Impairment of GST	(28)	-
Total finance expenses	(4,668)	(4,002)
g) Depreciation		
Depreciation on property, plant and equipment (Note 12)	(3,645)	(2,802)
Depreciation on right-of-use assets	(2,219)	(2,019)
Minor assets expensed	(10)	(10)
	(5,874)	(4,831)
Depreciation on assets allocated to cost of sales	1,873	1,600
Depreciation on right-of-use assets allocated to cost of sales	932	945
Total depreciation	(3,069)	(2,286)
h) Impairment expenses		
Impairment of goodwill	23,532	-
Impairment of non-current financial assets	1,419	-
Impairment of intangible assets	1,707	-
Total impairment expenses	26,658	-

5. INCOME TAX EXPENSE

	Consolidated	
	2024	2023
	\$'000	\$'000
<i>Income tax (benefit)/ expense</i>		
Current tax income/(expense)	(765)	(2,515)
Deferred tax income/(expense) - Origination and reversal of temporary differences	4,571	(821)
Deferred tax income/(expense) - Carry forward tax losses	1,294	-
Over/(under)provision of tax in prior periods	679	(250)
Total income tax (benefit)/ expense	5,779	(3,586)

A reconciliation between tax expense and the product of accounting profit multiplied by Australia's domestic tax rate as follows:

Prima facie income tax payable on (loss)/profit before income tax	(31,108)	5,475
At Australia's income tax rate of 30% (2023: 30%)	9,332	(1,643)
<i>Add/ (less) tax effect of;</i>		
Adjustment relating to prior years	679	(250)
Temporary difference due to intercompany foreign exchange revaluation	1,719	(1,760)
Research and development tax benefit	649	535
Non-deductible expenses	(76)	(88)
Employee share options	(98)	(154)
Non-deductible impairment of investment (Humankind Ventures Ltd)	(336)	-
Other non-allowable items	(69)	(63)
Derecognition of previously recognised deferred tax assets in US subsidiary (Note 16(c))	(3,413)	-
Effect of different tax rates in overseas entities (i)	(2,608)	(163)
Income tax expense attributable to profit	5,779	(3,586)

(i) *Difference in overseas tax rate is largely related to the US subsidiary which was in a net loss position after incorporating \$25.0M impairment of Neoteryx in FY24. US subsidiary is taxed at corporate income tax of 21%. .*

6. CURRENT ASSETS - CASH AND CASH EQUIVALENT

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

Cash at bank and in hand	10,575	10,370
Cash equivalents ⁵	668	668
Total cash and cash equivalent	11,243	11,038

⁵ Cash equivalents are bank drafts and DENSAI receivable by Trajan Scientific Japan Inc.

7. CURRENT ASSETS - TRADE RECEIVABLES

	Consolidated	
	2024	2023
	\$'000	\$'000
Trade receivables	20,196	23,521
Total trade and other receivables	20,196	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 year ended 30 June 2024 (2023: \$nil).

Ageing of trade receivables

The ageing of the trade receivables (grouped based on the age of the invoice) are as follows:

	Carrying amount	
	2024	2023
	\$'000	\$'000
0-30 Days	13,946	19,491
31-60 Days	5,164	2,481
61-90 Days	1,008	1,192
Over 90 Days	78	357
	20,196	23,521

8. CURRENT ASSETS - INVENTORIES

	Consolidated	
	2024	2023
	\$'000	\$'000
Raw materials	9,535	10,283
Work in progress - Manufacturing	7,778	8,283
Work in progress - Automation	10	768
Finished goods	13,934	15,441
Provision for stock obsolescence	(4,470)	(3,824)
Stock for demonstrations	1,140	983
Total inventories	27,927	31,934

9. CURRENT ASSETS- OTHER ASSETS

Prepayments	1,954	2,150
Prepaid insurance on retirement - Japan	108	99
Other receivables	107	549
GST (or equivalent) (payable)/receivables	(82)	86
Deposits on purchases	41	56
Total other assets	2,128	2,940

10. FINANCIAL ASSETS

Current financial assets	Consolidated	
	2024	2023
	\$'000	\$'000
Foreign exchange contracts	-	275
Non-current financial assets		
Financial assets at fair value through profit or loss		
Unlisted ordinary shares in LBPR Pty Ltd	137	137
Unlisted ordinary shares in Healthier Delivery Pty Ltd	-	69
Unlisted ordinary shares in Humankind Ventures Ltd	-	1,344
Total non-current financial assets	137	1,550
Total financial assets	137	1,825

11. NON-CURRENT ASSETS – GOODWILL AND INTANGIBLES

Goodwill – MyHealthTest	-	239
Goodwill – Grale	765	765
Goodwill – Axel Semrau	20,585	20,914
Goodwill – Neoteryx LLC	-	23,316
Goodwill – LEAP PAL Parts (LPP)	5,335	5,328
Goodwill – Chromatography Research Supplies (CRS)	30,469	30,012
Total goodwill	57,154	80,574
Patents	467	307
Customer relationships	26,655	29,078
Trademark	102	147
Marketing relationships	547	1,073
Technology	1,281	3,075
Total goodwill and intangibles	86,206	114,254

11. NON-CURRENT ASSETS – GOODWILL AND INTANGIBLES (CONTINUED)

Reconciliations

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

	Goodwill	Patent	Customer relationships	Trademark	Marketing relationships	Technology	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
1 July 2022	76,765	201	30,087	176	1,393	3,247	111,869
FX revaluation	3,534	1	1,275	14	56	192	5,072
Net addition/(disposal)	275	114	-	-	-	-	389
Amortisation expense	-	(9)	(2,284)	(43)	(376)	(364)	(3,076)
30 June 2023/ 1 July 2023	80,574	307	29,078	147	1,073	3,075	114,254
FX revaluation	(304)	(24)	33	(1)	5	(19)	(310)
Net addition/(disposal)	416	231	-	-	-	-	647
Impairment expense	(23,532)	-	(148)	-	(151)	(1,408)	(25,239)
Amortisation expense	-	(47)	(2,308)	(44)	(380)	(367)	(3,146)
30 June 2024	57,154	467	26,655	102	547	1,281	86,206

11. NON-CURRENT ASSETS – GOODWILL AND INTANGIBLES (CONTINUED)

Impairment testing (continued)

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

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

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

- **Revenue and margins**
The forecast revenue growth rates were based on historical experience and management's best estimates of long-term projection, adjusted for the strategic opportunities within each CGU. The margins were based on historic margins and were expected to improve modestly throughout the period in the mature CGUs. The compounded revenue growth range is between 10% to 13%.
- **Compared to prior years, management have adjusted their estimation of the increase in operating costs and overheads, and also an effort by the Group to contain costs.**
- **Pre-tax discount rate and terminal value**
The discount rate of pre-tax reflects management's estimate of the time value of money and the Group's weighted average cost of capital adjusted for the acquired entities, the risk-free rate and the volatility of the share price relative to market movements. Management believes the projected 3% revenue growth rate is prudent and justified, based on the general slowing in the market.

	2024	2023
Axel Semrau		
Pre-tax discount rate	12.6%	12.6%
Terminal value	3.0%	3.0%
LPP		
Pre-tax discount rate	22.2%	22.2%
Terminal value	3.0%	3.0%
CRS		
Pre-tax discount rate	16.0%	17.2%
Terminal value	3.0%	3.0%

11. NON-CURRENT ASSETS – GOODWILL AND INTANGIBLES (CONTINUED)

Impairment expenses

The goodwill associated with Neoteryx (US\$15.5M) and identifiable intangible assets (US\$1.2M) was recognised when that business was acquired by the Group in 2022. In performing the impairment assessment, the Group determined that the carrying value of Neoteryx CGU exceeded its value in use. The business has continued to operate on a satisfactory basis, however the market growth rates anticipated at time of acquisition did not eventuate, resulting in a goodwill impairment charge being recognised.

In May 2024, Trajan made the decision to dispose of the Trajan Analytical Services (TAS) laboratory, which was established with the acquisition of MyHealth Test. In result, \$0.2M of goodwill impairment in MyHealth was recognised.

The impairment loss has been included in profit or loss in the consolidated statement of profit or loss and other comprehensive income.

Sensitivity

As disclosed in Note 2, the Directors have made judgements and estimates in respect of impairment testing of goodwill. Should these judgements and estimates not occur the resulting goodwill carrying amount may decrease. The sensitivities are as follows:

Axel Semrau

- Revenue would need to decrease by more than 4.7% for Axel Semrau before goodwill would need to be impaired, with all other assumptions remaining constant.
- The margin would be required to decrease by more than 5.4% points for Axel Semrau before goodwill would need to be impaired, with all other assumptions remaining constant.

LPP

- Revenue would need to decrease by more than 6.9% for LPP before goodwill would need to be impaired, with all other assumptions remaining constant.
- The margin would be required to decrease by more than 6.8% points for LPP before goodwill would need to be impaired, with all other assumptions remaining constant.

CRS

- Revenue would need to decrease by more than 2.5% for CRS before goodwill would need to be impaired, with all other assumptions remaining constant.
- The margin would be required to decrease by more than 3.6% points for CRS before goodwill would need to be impaired, with all other assumptions remaining constant.

Other than as noted above, management believes that no other reasonable changes in key assumptions used in the determination of the recoverable value of CGUs would not result in a material impairment to the Group..

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

2024	Land & Building	Plant & Equipment	Furniture & Fittings	Computer Software & Equipment	Motor Vehicles	Leasehold Improve- -ment	Capital in Progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cost at 1 July 2023	10,086	13,263	5,962	3,529	194	2,293	2,616	37,943
Additions	150	2,603	135	520	160	450	31	4,049
Disposals	-	(1)	-	(14)	(183)	-	(826)	(1,024)
Exchange rate impact	(90)	(102)	(187)	98	59	(42)	14	(250)
Balance at 30 June 2024	10,146	15,763	5,910	4,133	230	2,701	1,835	40,718
Depreciation and impairment as at 1 July 2023	(445)	(7,084)	(1,746)	(1,827)	7	(1,535)	-	(12,630)
Depreciation charge	(413)	(1,464)	(873)	(519)	(77)	(299)	-	(3,645)
Disposals	-	1	-	16	28	-	-	45
Reclassification	-	-	405	(405)	-	-	-	-
Exchange rate impact	22	(76)	230	(18)	(60)	48	-	146
Balance at 30 June 2024	(836)	(8,623)	(1,984)	(2,753)	(102)	(1,786)	-	(16,084)
Cost at 30 June 2024	10,146	15,763	5,910	4,133	230	2,701	1,835	40,718
Accumulated depreciation and impairment	(836)	(8,623)	(1,984)	(2,753)	(102)	(1,786)	-	(16,084)
Net carrying value at 30 June 2024	9,310	7,140	3,926	1,380	128	915	1,835	24,634

12. NON-CURRENT ASSETS – PROPERTY, PLANT & EQUIPMENT (CONTINUED)

2023	Land & Building	Plant & Equipment	Furniture & Fittings	Computer Software & Equipment	Motor Vehicles	Leasehold Improve- -ment	Capital in Progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cost at 1 July 2022	7,827	10,228	4,906	2,743	147	1,980	1,429	29,260
Additions	1,975	3,064	683	921	122	96	1,655	8,516
Disposals	-	(230)	(3)	(112)	(43)	-	(452)	(840)
Exchange rate impact	284	201	376	(23)	(32)	217	(16)	1,007
Balance at 30 June 2023	10,086	13,263	5,962	3,529	194	2,293	2,616	37,943
Depreciation and impairment as at 1 July 2022	(47)	(5,779)	(496)	(2,059)	(4)	(1,240)	-	(9,625)
Depreciation charge	(379)	(938)	(974)	(225)	(55)	(231)	-	(2,801)
Disposals	-	92	2	111	21	-	-	226
Exchange rate impact	(19)	(460)	(278)	346	45	(64)	-	(430)
Balance at 30 June 2023	(445)	(7,084)	(1,746)	(1,827)	7	(1,535)	-	(12,630)
Cost at 30 June 2023	10,086	13,263	5,962	3,529	194	2,293	2,616	37,943
Accumulated depreciation and impairment	(445)	(7,084)	(1,746)	(1,827)	7	(1,535)	-	(12,630)
Net carrying value at 30 June 2023	9,641	6,179	4,216	1,702	201	758	2,616	25,313

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

	Consolidated	
	2024	2023
	\$'000	\$'000
Land and buildings – right-of-use assets	16,664	15,995
Less: Accumulated depreciation	(6,440)	(4,831)
	10,224	11,164
Plant and equipment – right-of-use assets	726	684
Less: Accumulated depreciation	(306)	(243)
	420	441
Total	10,644	11,605

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 year were \$1.2M (2023: \$4.1M).

14. CURRENT LIABILITIES – TRADE AND OTHER PAYABLES

Trade payables	10,380	9,578
Accruals	5,251	4,743
Contract liabilities	1,207	2,460
Total	16,838	16,781

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.

15. PROVISIONS

	Consolidated	
	2024	2023
	\$'000	\$'000
Current liability		
Annual leave	5,456	5,460
Long service leave – Australia	3,560	3,736
	9,016	9,196
Non-current liability		
Long service leave – Australia	387	280
	387	280
Total provisions	9,403	9,476

16. NON-CURRENT – DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets	4,670	6,611
Deferred tax liabilities	(2,424)	(10,224)
Total net deferred tax assets/ (liabilities)	2,246	(3,613)

a) Deferred tax assets

Deferred tax asset comprises temporary differences attributable to:

Amounts recognised in profit or loss:

Plant and equipment		208	166
Inventory		-	645
Employee benefits		2,089	2,151
Right-of-use assets		(1,458)	(3,147)
Leases		1,734	3,366
Accrued expenses		27	128
Business capital costs		726	1,074
Borrowing costs		33	80
R&D capitalisation		-	863
Foreign related party interest unpaid		-	1,198
Carried forward tax losses	(i)	1,294	-
Others		15	25
		4,668	6,549

Amounts recognised in equity:

Transaction costs on share issue		2	62
		2	62
		4,670	6,611

16. NON-CURRENT – DEFERRED TAX ASSETS AND LIABILITIES (CONTINUED)

a) Deferred tax assets (continued)

	Consolidated	
	2024	2023
	\$'000	\$'000
Movement		
Opening balance	6,611	4,514
Credited to profit or loss	(3,237)	2,035
Credited to carried forward tax losses (i)	1,294	-
Credited to equity	2	62
Closing balance	4,670	6,611

- (i) During the year, the Group recognised a deferred tax assets of \$1.3M (2023: \$nil) relating to carried forward tax losses that are considered to be able to be offset against the Group's taxable profits expected to arise in the future periods. The Group has concluded that the deferred tax assets will be recoverable using the estimated future taxable income based on the approved budget for the Australia group. The Australia group is expected to generate stable income from 2025 onwards. The losses can be carried forward indefinitely and have no expiry date.

b) Deferred tax liabilities

Deferred tax liabilities comprise temporary differences attributable to:

Amounts recognised in profit or loss:

Intangible assets	(1,380)	(7,414)
Plant and equipment	(4)	(1,564)
Unrealised gain on foreign exchange	(1,040)	(1,246)
	(2,424)	(10,224)

Movement

Opening balance	(10,224)	(7,093)
Credited to profit or loss	7,800	(2,856)
Business combination: Measurement period adjustment	-	(275)
Closing balance	(2,424)	(10,224)

c) Unrecognised deferred tax assets

As of 30 June 2024, US subsidiary has \$3.4M (2023: \$nil) of unrecognised deferred tax assets in respect of deductible temporary differences. The deferred tax assets have been derecognised because at the reporting date, based on the historical cumulative pre-tax book losses of the US subsidiary, it is deemed not probable that future taxable profit will be available against which the US subsidiary can use the benefit therefrom. The US subsidiary assesses the recognition of deferred tax assets on annual basis. In assessing the recognition of deferred tax assets, the US subsidiary considers all positive and negative evidence, including scheduled reversals of deferred tax liabilities, projected future taxable income, and past financial performance.

17. FINANCIAL LIABILITIES

	Consolidated	
	2024	2023
	\$'000	\$'000
Current liability		
Foreign exchange contracts	321	-
Total	321	-
Non-current liability		
Foreign exchange contracts	-	269
Total	-	269

18. LOANS AND BORROWINGS

Current liability		
Loan HSBC – secured and interest bearing	43,149	9,419
Bank overdraft	785	328
Deferred consideration – secured	168	181
	44,102	9,927
Non-current liability		
Loan HSBC – secured and interest bearing	-	38,539
Deferred consideration – secured	-	167
	-	38,706
Total	44,102	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. Refer to Note 24 for further information on financial instruments.

Loan facilities

	2024	2023
	\$'000	\$'000
Amount utilised	44,111	48,285
Unused loan facility	990	1,453
Loan facilities	45,101	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 \$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 \$0.3M (US\$0.2M). Interest is calculated as BBSY or LIBOR plus a margin,
- Amortised Loan facility of \$37.6M. Interest is calculated as BBSY or LIBOR plus a margin, and
- HSBC Corporate Credit Cards facility of \$0.2M.

18. LOANS AND BORROWINGS (CONTINUED)

Loan facilities (continued)

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 (\$1.1M). At 30 June 2024, the facility was drawn €0.5M (\$0.8M).

Covenant breach

The HSBC facilities are provided subject to the provision of customary financial covenants, including shareholders' equity being equal or higher than 85.0% of the shareholders' equity as at the immediately preceding financial year end. The required threshold for FY2024 is \$110.1M (85% of 2023 reported shareholder equity of \$129.5M).

At the reporting date, Trajan reported total shareholders' equity of \$102.8M. The reduction in shareholders' equity is primarily as a result of the impairment expenses of \$26.7M (refer Note 4h Impairment Expenses). The impairment expense is one-off, non-cash in nature and a non-operating item. The breach was resolved immediately on the start of the new financial on 1 July, with no implications on debt arrangements. The company has received a no action letter from HSBC.

Due to the breach of the covenant clauses, the bank could be contractually entitled to request immediate repayment of the outstanding loan facility amount of \$29.4M. The bank has not requested early repayment of the loan. The outstanding loan facility balance is therefore presented as a current liability as at 30 June 2024.

Changes in liabilities arising from financing activities

	2024	2023
	\$'000	\$'000
Opening balance	48,633	54,842
(Repayment of)/ net proceeds from borrowings	(4,531)	(6,209)
Closing balance	44,102	48,633

19. EQUITY – ISSUED CAPITAL

	2024 Shares	2023 Shares	2024 \$'000	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	30 Jun 2024	152,216,085		101,470

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Share buy-back

There is no current on-market share buy-back (2023: none).

Capital risk management

The Group's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Group would look to raise capital when an opportunity to invest in a business or Group was seen as value adding.

The HSBC facilities are provided subject to the provision of customary financial covenants, including shareholders' equity being equal or higher than 85.0% of the shareholders' equity as at the immediately preceding financial year end. The required threshold for FY2024 is \$110.1M (85% of 2023 reported shareholder equity of \$129.5M).

At the reporting date, Trajan reported total shareholders' equity of \$102.8M. The reduction in shareholders' equity is primarily as a result of the impairment expenses of \$26.7M (refer Note 4h Impairment Expenses). The impairment expense is one-off, non-cash in nature and a non-operating item. The breach was resolved immediately on the start of the new financial on 1 July, with no implications on debt arrangements. The company has received a no action letter from HSBC.

Due to the breach of the covenant clauses, the bank could be contractually entitled to request immediate repayment of the outstanding loan facility amount of \$29.4M. The bank has not requested early repayment of the loan. The outstanding loan facility balance is therefore presented as a current liability as at 30 June 2024.

The capital risk management policy remains unchanged from the 30 June 2023 Annual Report.

20. EQUITY – RESERVES AND RETAINED EARNINGS

	Note	2024 \$'000	2023 \$'000
Foreign currency translation reserve	(a)	6,043	7,714
Share-based payment reserve	(b)	2,045	1,944
Retained earnings	(c)	(7,537)	17,792
General reserve	(d)	828	828
		<u>1,379</u>	<u>28,278</u>

a) Foreign currency translation reserve

Movement in reserve			
Opening balance		7,714	1,020
Exchange differences on translation of foreign operation		(1,671)	6,694
Closing balance		<u>6,043</u>	<u>7,714</u>

The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars.

b) Share-based payment reserve

Movement in reserve			
Opening balance		1,944	1,899
Share-based payments expensed during the year		452	542
Exercised of share option during the year		(225)	(467)
Option lapsed		(126)	(30)
Closing balance		<u>2,045</u>	<u>1,944</u>

This reserve is used to record the fair value of options issued to employees as part of their remuneration.

c) Retained earnings

Movement in retained earnings			
Opening balance		17,792	16,731
Dividends declared during the year	21	-	-
Transfer to General Reserve	20(d)	-	(828)
Net (loss)/ profit for the year		(25,329)	1,889
Closing balance		<u>(7,537)</u>	<u>17,792</u>

d) General Reserve

Movement in general reserve			
Opening balance		828	-
Transfer from Retained earnings	20(c)	-	828
Closing balance		<u>828</u>	<u>828</u>

This reserve is an amount appropriated from retained earnings and represent an allocation of capital for meeting any business needs, such as meeting unforeseeable risks or contingencies, paying dividends to the shareholders, enhancing the working capital, etc.

21. EQUITY – DIVIDENDS

The Directors do not propose to make any recommendation for dividends for the year ended 30 June 2024 (2023: nil).

Franking credits

	2024	2023
	\$'000	\$'000
Franking credits available for subsequent financial years based on a tax rate of 30%	2,440	1,544

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:

- franking credits that will arise from the payment of the amount of the provision for income tax at the reporting date
- franking debits that will arise from the payment of dividends recognised as a liability at the reporting date
- franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date

22. EARNINGS PER SHARE

(Loss)/profit after income tax	(25,329)	1,889
	\$	\$
Basic earnings per share	(0.166)	0.012
Diluted earnings per share	(0.166)	0.012

Weighted average number of ordinary shares

	2024	2023
	Number	Number
Weighted average number of ordinary shares used in calculating earnings per share	152,200,790	151,938,600
Adjustment for calculation of diluted earnings per share:		
Options over ordinary shares	-	1,356,373
Weighted average number of ordinary shares used in calculating diluted earnings per share	152,200,790	153,294,973

1,245,607 options could potentially dilute basic earnings per share in the future but were not included in the calculation of diluted earnings per share because they are antidilutive for current year.

23. SHARE-BASED PAYMENTS

A share option plan has been established by the Group and approved by shareholders at a general meeting, whereby the Group may, at the discretion of the Remuneration and Nomination Committee, grant options over ordinary shares in the Company to certain key management personnel of the Group. The options are issued and are granted in accordance with performance guidelines established by the Remuneration and Nomination Committee. Set out below are summaries of options granted under the plan:

Tranche	Grant date	Expiry date	Exercise price	Opening balance	Granted \$	Exercised \$	Expired/ Forfeited/ Other \$	Closing balance \$
1	7 Jun 21	7 Jun 26	\$1.24	203,082	-	-	-	203,082
2	7 Jun 21	7 Jun 26	\$1.68	75,055	-	-	(20,560)	54,495
3	7 Jun 21	7 Jun 26	\$1.59	19,049	-	-	-	19,049
4	7 Jun 21	7 Jun 26	\$1.67	77,363	-	-	(20,560)	56,803
5	7 Jun 21	7 Jun 26	\$1.70	60,400	-	-	(13,570)	46,830
5a	7 Jun 21	7 Jun 26	\$1.70	31,112	-	-	(6,990)	24,122
5b	7 Jun 21	7 Jun 26	\$0.00	570,002	-	-	-	570,002
6	7 Jun 21	7 Jun 26	\$1.70	29,702	-	-	-	29,702
6a	7 Jun 21	7 Jun 26	\$0.00	99,899	-	(41,576)	-	58,323
7	7 Jun 21	7 Jun 26	\$1.70	33,063	-	-	-	33,063
7a	7 Jun 21	7 Jun 26	\$0.00	224,774	-	(146,325)	-	78,449
8	7 Jun 21	7 Jun 26	\$1.70	33,063	-	-	-	33,063
8a	7 Jun 21	7 Jun 26	\$0.00	225,452	-	-	-	225,452
9	1 May 22	1 May 27	\$3.30	35,004	-	-	(11,002)	24,002
10	1 May 22	1 May 27	\$3.30	35,000	-	-	(10,999)	24,001
11	1 May 22	1 May 27	\$3.30	34,997	-	-	(10,999)	23,998
12	1 May 22	1 May 27	\$3.30	12,250	-	-	-	12,250
13	1 May 22	1 May 27	\$3.30	12,250	-	-	-	12,250
14	1 May 22	1 May 27	\$3.30	12,250	-	-	-	12,250
15	28 Feb 22	1 Jul 27	\$1.70	4,293	-	-	-	4,293
16	28 Feb 22	1 Jul 27	\$1.70	4,293	-	-	-	4,293
17	28 Feb 22	1 Jul 27	\$1.70	4,293	-	-	-	4,293
18	7 Sep 22	7 Sep 27	\$2.21	149,150	-	-	(47,891)	101,259
19	7 Sep 22	7 Sep 27	\$2.21	149,426	-	-	(47,882)	101,544
20	7 Sep 22	7 Sep 27	\$2.21	149,420	-	-	(47,877)	101,543
21	1 Jul 23	1 Jul 28	\$1.81	-	100,015	-	(27,305)	72,710
22	1 Jul 23	1 Jul 28	\$1.81	-	100,004	-	(27,298)	72,706
23	1 Jul 23	1 Jul 28	\$1.81	-	99,988	-	(27,296)	72,692
				2,284,642	300,007	(187,901)	(320,229)	2,076,519

The weighted average option value during the financial year was \$0.91 (2023: \$1.08). The weighted average remaining contractual life of options outstanding at the end of the financial year was 2.4 years (2023: 3.2 years).

23. SHARE-BASED PAYMENTS (CONTINUED)

Set out below are the options exercisable at the end of the financial year:

Tranche	Grant date	Expiry date	2024 Number	2023 Number
1	7 Jun 2021	7 Jun 2026	260,028	260,028
2	7 Jun 2021	7 Jun 2026	114,901	126,996
3	7 Jun 2021	7 Jun 2026	30,236	30,236
4	7 Jun 2021	7 Jun 2026	117,927	130,022
5	7 Jun 2021	7 Jun 2026	95,797	103,781
5a	7 Jun 2021	7 Jun 2026	49,344	53,456
5b	7 Jun 2021	7 Jun 2026	335,295	335,295
6	7 Jun 2021	7 Jun 2026	51,034	51,034
6a	7 Jun 2021	7 Jun 2026	29,382	58,764
7	7 June 2021	7 June 2026	56,810	-
7a	7 June 2021	7 June 2026	29,382	-
9	1 May 2022	1 May 2027	16,668	20,002
10	1 May 2022	1 May 2027	16,667	-
12	1 May 2022	1 May 2027	7,000	-
15	28 Feb 2022	1 Jul 2027	2,025	2,025
16	28 Feb 2022	1 Jul 2027	2,025	-
18	7 Sep 2022	7 Sep 2027	148,012	-
			1,362,533	1,171,639

For the options granted during the current financial year, the valuation model inputs used to determine the fair value at the grant date, are as follows.

	Option granted
Grant date	1 July 2023
Expiry date	1 July 2028
Strike price	\$1.82
Expected volatility	35%
Weighted average risk-free interest rate	3.97%
Dividend yield	-

24. FINANCIAL INSTRUMENTS

Financial risk management objectives

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk. The Board has adopted a risk management policy appropriate for its business. This policy highlights the risks relevant to the Group's operations and the Group's commitment to designing and implementing systems and methods appropriate to minimise and control its risks.

The Board is responsible for overseeing and approving risk management strategy and policies, monitoring risk management, and establishing procedures which seek to provide assurance that major business risks are identified, consistently assessed and appropriately addressed. The Board may delegate these functions to the Audit and Risk Committee or a separate risk committee in the future. The Board will regularly undertake reviews of its risk management procedures to ensure that it complies with its legal obligations.

The Board has in place a system whereby management is required to report as to its adherence to policies and guidelines approved by the Board for the management of risks.

Market risk

Foreign currency risk

While Trajan incurs labour, input and other production costs in various currencies due to its global operations, a large proportion of Corporate Services costs are incurred in AUD. However, the majority of Trajan's revenue is received in USD and other currencies. Accordingly, Trajan is exposed to foreign exchange movements generally and, in particular, movements in the USD: AUD exchange rate.

Trajan uses Foreign Exchange Contracts to protect against the fluctuation of the USD against the AUD. Trajan's hedging strategy is to hold contracts 15 to 24 months out, depending on given economic circumstances. Trajan currently holds contracts to exchange USD which settle between July 2024 and December 2025.

If the foreign currency exchange rate for Trajan's primary foreign currencies were to move by 2.50%, with all other variables held constant, the impact to Earnings before Income Tax Depreciation and Amortisation (EBITDA) and Retained Earnings are as follows:

	2024 AUD \$'000 EBITDA	2023 AUD \$'000 EBITDA	2024 AUD \$'000 Retained Earnings	2023 AUD \$'000 Retained Earnings
+2.50%	(1,272)	(1,429)	(1,130)	(1,211)
-2.50%	1,272	1,429	1,130	1,211

The impact on changes to the variables presented has been considered in isolation from changes in other variables. In practice, a change to one variable is likely to have a flow on impact to other variables and may also impact the decision making of management. Management has operational options it can exercise to adapt to changes in currency rates. These include shifting greater production volumes to different geographies.

24. FINANCIAL INSTRUMENTS(CONTINUED)

Market risk (continued)

Interest rate risk

The Group's main interest rate risk arises from HSBC loans. HSBC loans obtained at variable rates expose the Group to interest rate risk.

The Group's HSBC loans outstanding, totalling \$43.1M (2023: \$48.0M), were principal and interest payment loans. The average monthly cash outlays of approximately \$272,813 (2023: \$265,038) were made to service the interest payments. The average monthly principal repayments of \$536,523 (2023: \$539,965) were made for the year ended 30 June 2024. An official increase/decrease in interest rates of 100 (2023: 100) basis points would have an adverse/favourable effect on profit/(loss) before tax of \$431,478 (2023: \$479,572) per annum. The percentage change is based on the interest rate volatility in historical perspective.

Credit risk

The Group's maximum exposure to credit risk at balance date is the carrying amount of financial assets, net of any provisions for impairment and excluding the value of any collateral or other security.

Receivables are managed on an ongoing basis. The Group does not have any material credit risk exposure to any single debtor or group of debtors. Ageing analysis and ongoing collectability reviews are performed and, where appropriate, an expected credit loss provision is raised. Historically, the Group has not had any significant write-offs in its trade receivables.

The Group minimises concentrations of credit risk in relation to trade receivables by undertaking transactions with a large number of customers. Credit quality of a customer is assessed based on a variety of factors, including their credit ratings and financial position. The gross trade receivables balance as at 30 June 2024 was \$20.2M (2023: \$23.5M). The ageing analysis of trade and other receivables is provided in Note 7. As the Group undertakes transactions with a large number of customers and regularly monitors payment in accordance with credit terms, the financial assets that are past due but not impaired are expected to be received.

Liquidity risk

Vigilant liquidity risk management requires the Group to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The Group's approach is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group reviews its minimum levels of cash and cash equivalents on an ongoing basis, and closely monitors rolling cash flow forecasts based on its view on the nature and timing of expected receipts and payments. The Group has historically been able to generate and retain strong positive cash flows. Additionally, multi-currency borrowing facilities have been arranged with the Group's financiers to provide increased capacity for strategic growth objectives.

24. FINANCIAL INSTRUMENTS(CONTINUED)

Liquidity risk (continued)

The table below categorises the Group's financial liabilities into their relevant contractual maturities. Amounts included represent undiscounted cash flows.

Note 18 provides additional details on the Group's borrowing arrangements.

	1 year or less	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
2024					
Trade payables	10,380	-	-	-	10,380
Other payables - Accruals	5,251	-	-	-	5,251
Interest bearing loans and borrowings	44,102	-	-	-	44,102
Lease liabilities	1,873	3,539	4,052	2,597	12,061
Total	61,606	3,539	4,052	2,597	71,794
	1 year or less	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
2023					
Trade payables	9,578	-	-	-	9,578
Other payables - Accruals	4,743	-	-	-	4,743
Interest bearing loans and borrowings	9,927	38,706	-	-	48,633
Lease liabilities	1,835	1,722	4,442	4,673	12,672
Total	26,083	40,428	4,442	4,673	75,626

25. 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

25. FAIR VALUE MEASUREMENT (CONTINUED)

Fair value hierarchy (continued)

2024	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Assets				
Unlisted ordinary shares in LBPR Pty Ltd	-	-	137	137
	-	-	137	137
Liabilities				
Forward foreign exchange contract	-	321	-	321
	-	321	-	321
2023				
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 Ventures 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 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.

Assets and liabilities held for sale are measured at fair value on a non-recurring basis.

Movement in level 3 assets during the financial year is set out below:

	Unlisted ordinary shares \$'000	Total \$'000
Balance at 30 June 2023	1,550	1,550
Additions during the year	-	-
Impaired during the year (Note 4(h))	(1,419)	(1,419)
Exchange rate impact	6	6
Balance at 30 June 2024	137	137

26. KEY MANAGEMENT PERSONNEL DISCLOSURES

Compensation

The aggregate compensation made to Directors and other members of key management personnel of the Group is set out below:

	2024	2023
	\$'000	\$'000
Short-term employee benefits	2,442	2,490
Post-employment benefits	166	161
Long-term benefits	48	50
Share-based payments	110	218
	2,766	2,919

27. 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	
		2024 %	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%
Trajan Scientific and Medical Inc	United States	100%	100%
Neoteryx LLC	United States	100%	100%
Chromatography Research Supplies LLC	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 ²	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	77%	77%

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

² Previously known as Axel Semrau GmbH & Co. KG.

28. RELATED PARTY TRANSACTIONS

Parent entity

Trajan Group Holdings Limited is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in Note 27.

Key management personnel

Disclosures relating to key management personnel are set out in Note 26 and the remuneration report included in the Directors' report.

Transactions with related parties

The following transactions occurred with related parties:

	Consolidated	
	1 July 2024 to 30 May 2024 \$'000	1 July 2022 to 30 June 2023 \$'000
Depreciation expense – Ringwood Facility Property Lease - Bass Park Investments	513	549
Interest expense – Ringwood Facility Property Lease - Bass Park Investments	305	350
	818	899

The Ringwood Facility property was sold by Bass Park Investments to an independent third party and the sale was settled on 21 May 2024. Transactions up to May 2024 are disclosed. In 2024, Trajan Australia made lease payments of \$0.5M (2023: \$0.7M) to Bass Park Investments for Ringwood Facility Property lease.

Receivable from and payable to related parties

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

	30 June 2024	30 June 2023
Assets		
Right-of-use assets - Ringwood Facility Property Lease - Bass Park Investments	-	5,214
	-	5,214
Liabilities		
Trade payables – Bass Park Investments	217	65
Lease liabilities - Ringwood Facility Property Lease - Bass Park Investments	-	5,805
	217	5,870

Terms and conditions

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

29. REMUNERATION OF AUDITORS

During the financial year the following fees were paid or payable for services provided by RSM Australia Partners, the auditor of the Group, its network firms and unrelated firms:

	2024	2023
	\$'000	\$'000
Audit services – RSM Australia		
Audit or review of the financial statements	192	167
Other services – RSM Australia		
Tax services	76	35
Transfer Pricing services	53	48
Tax consulting services	16	-
Due diligence review (non-recurring)	-	84
	337	334
Audit services – RSM network firms		
Audit or review of the financial statements	139	265
Other services –RSM network firms		
Tax services	267	117
Post acquisition restructuring (non-recurring)	-	40
Due diligence review (non-recurring)	-	148
Others	-	53
	406	623
Total	743	957
Audit services – unrelated firms		
Audit or review of the financial statements	82	17
	82	17

30. CASH FLOW INFORMATION

Reconciliation of cashflow from operations with profit after income tax

	Consolidated	
	2024	2023
	\$'000	\$'000
(Loss)/profit after income tax	(25,329)	1,889
Adjustments for:		
- Depreciation and amortisation	9,010	7,897
- Net loss on disposal of assets	74	74
- Foreign exchange contracts	327	136
- Foreign exchanges impacts	(2,186)	902
- Share based payments	452	542
- Lapsed of options	(126)	(30)
- Bad debts & impairments	213	(10)
- Impairment expenses	26,658	-
Net (increase) / decrease in operating assets		
- Trade and other receivables	3,112	(3,174)
- Inventory	4,007	(3,597)
- Deferred tax assets	(5,857)	1,034
- Other assets	805	91
Net increase / (decrease) in operating liabilities		
- Trade and other payables	1,310	881
- Provisions	(73)	973
- Contract liabilities	(1,252)	698
- Income tax payable	(1,670)	1,245
Net cash provided by operating activities	9,475	9,551

31. NON-CASH INVESTING AND FINANCING ACTIVITIES

	2024	2023
	\$'000	\$'000
Additions to the right-of-use assets	1,208	4,115
Shares option issued under employee share plan	452	542
	1,660	4,657

32. PARENT ENTITY INFORMATION

The following information has been extracted from the books and records of the parent and has been prepared in accordance with Accounting Standards.

	2024	2023
	\$'000	\$'000
STATEMENT OF FINANCIAL POSITION		
Assets		
Current assets	-	-
Non-current assets	105,326	106,247
Total assets	105,326	106,247
Liabilities		
Current liabilities	-	915
Non-current liabilities	2,000	2,000
Total liabilities	2,000	2,915
Equity		
Share capital	101,467	101,248
Retained earnings	140	140
Capital reserve	1,719	1,944
Total equity	103,326	103,332
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME		
Total comprehensive income for the year	-	-

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2024 and 30 June 2023.

Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2024 and 30 June 2023.

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the Group, as disclosed in note 1, except for investments in subsidiaries, that are accounted for at cost, less any impairment, in the parent entity.

33. DEED OF CROSS GUARANTEE

Pursuant to ASIC Corporations (Wholly owned Companies) Instrument 2016/785 the wholly-owned subsidiaries listed below are relieved from the Corporations Act 2001 requirements for preparation, audit and lodgement of financial reports, and Directors' reports. Trajan Group Holdings Limited remains party to the Deed of Cross Guarantee ("DOCG") for the financial year ended 30 June 2024.

It is a condition of the Instrument that the Company and each of the subsidiaries enter into a Deed of Cross Guarantee. The effect of the Deed is that the Company guarantees to each creditor payment in full of any debt in the event of winding up of any of the subsidiaries under certain provisions of the Corporations Act 2001. If a winding up occurs under other provisions of the Act, the Company will only be liable in the event that after six months any creditor has not been paid in full. The subsidiaries have also given similar guarantees in the event that the Company is wound up.

The subsidiaries subject to the Deed are:

- Trajan Scientific Australia Pty Ltd
- Trajan Scientific and Medical Pty Ltd
- Grale Scientific Pty Ltd
- Trajan Accelerator Pty Ltd

Set out below is a consolidated statement of profit or loss and other comprehensive income and statement of financial position for Trajan Group Holdings Ltd and its related subsidiaries.

	2024	2023
	\$'000	\$'000
Revenue		
Sale of goods	52,737	62,337
Cost of sales	(37,472)	(39,425)
Gross profit	<u>15,265</u>	<u>22,912</u>
Interest income	7,785	6,169
Other income	2,114	6,481
Employee and Directors' benefits expenses	(13,155)	(12,790)
Occupancy expenses	(193)	(180)
General admin and marketing expenses	(8,430)	(6,645)
Finance expenses	(3,772)	(3,184)
Depreciation and amortisation	(789)	(401)
(Loss)/profit before income tax	<u>(1,175)</u>	<u>12,362</u>
Income tax benefit/(expense)	745	(3,483)
(Loss)/profit for the year after income tax	<u>(430)</u>	<u>8,879</u>
Other comprehensive income for the year	-	-
Total comprehensive (loss)/income for the year	<u>(430)</u>	<u>8,879</u>
Equity – retained earnings		
Retained profits at the beginning of the year	19,469	10,590
(Loss)/profit after income tax benefit/(expense)	(430)	8,879
Retained profits at the end of the year	<u>19,039</u>	<u>19,469</u>

33. DEED OF CROSS GUARANTEE (CONTINUED)

	2024 \$'000	2023 \$'000
ASSETS		
Current assets		
Cash and cash equivalents	3,724	2,488
Trade receivables	38,471	43,000
Inventories	8,262	10,439
Financial assets	-	275
Other assets	1,291	1,258
Total current assets	51,748	57,460
Non-current assets		
Financial assets	119,171	119,240
Property, plant and equipment	7,699	6,674
Right-of-use assets	4,861	5,214
Goodwill and intangibles	1,108	1,294
Deferred tax assets	3,466	2,737
Total non-current assets	136,305	135,159
TOTAL ASSETS	188,053	192,619
LIABILITIES		
Current liabilities		
Trade and other payables	9,668	8,106
Financial liabilities	321	-
Lease liabilities	484	381
Provisions	6,437	6,751
Income tax payables	-	915
Loans and borrowings	43,148	6,530
Total current liabilities	60,058	22,683
Non-current liabilities		
Financial liabilities	-	269
Lease liabilities	5,205	5,424
Provisions	239	154
Loans and borrowings	-	41,428
Total non-current liabilities	5,444	47,275
TOTAL LIABILITIES	65,502	69,958
NET ASSETS	122,551	122,661
EQUITY		
Issued capital	101,467	101,248
Reserve	2,045	1,944
Retained earnings	19,039	19,469
TOTAL EQUITY	122,551	122,661

34. COMMITMENTS

	2024 \$'000	2023 \$'000
<i>Capital commitments committed at the reporting date but not recognised as liabilities:</i>		
Not later than 12 months	229	600
Between 12 months and 5 years	-	-
Later than 5 years	-	-
Total capital commitments	229	600
<i>Lease commitments committed at the reporting date but not recognised as lease liabilities:</i>		
Not later than 12 months	14	3
Between 12 months and 5 years	5	3
Later than 5 years	-	-
Total lease commitments	19	6
Total commitments	248	606

35. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

The Directors of the Group are not aware of contingent liabilities which require disclosure in the financial year ended 30 June 2024 (2023 nil).

36. EVENTS AFTER THE REPORTING DATE

At the reporting date, the Group reported a breach of HSBC loan covenant. The breach was resolved in the financial year beginning on 1 July 2024. The Group received a no action letter from HSBC on 31 July 2024, signalling no implication on debt arrangements.

Other than that, there has not been any matter or circumstance which has arisen since the end of financial year that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

CONSOLIDATED ENTITY DISCLOSURE STATEMENT

As at 30 JUNE 2024

Name	Entity type	Body corporates		Tax residency	
		Principal place of business or incorporated	% of share capital held	Australian or foreign	Foreign jurisdiction
Trajan Group Holdings Limited	Body corporate	Australia	N/A	Australia (i)	NA
Trajan Scientific Australia Pty Ltd	Body corporate	Australia	100%	Australia (i)	NA
Grale Scientific Pty Ltd	Body corporate	Australia	100%	Australia (i)	NA
Trajan Accelerator Pty Ltd	Body corporate	Australia	100%	Australia (i)	NA
Trajan Nutrition Pty Ltd	Body corporate	Australia	100%	Australia (i)	NA
Trajan Scientific and Medical Pty Ltd	Body corporate	Australia	100%	Australia (i)	NA
Trajan Scientific Japan Inc	Body corporate	Japan	100%	Foreign	Japan
Trajan Scientific Malaysia Sdn Bhd	Body corporate	Malaysia	100%	Foreign	Malaysia
Trajan Scientific Europe Ltd	Body corporate	United Kingdom	100%	Foreign	United Kingdom, France & Finland
Scientific Glass Manufacturing (UK) Ltd	Body corporate	United Kingdom	100%	Foreign	United Kingdom
Trajan Scientific Switzerland Sarl	Body corporate	Switzerland	100%	Foreign	Switzerland
Trajan Scientific Germany GmbH	Body corporate	Germany	100%	Foreign	Germany
Trajan Scientific Americas Inc	Body corporate	United States	100%	Foreign	United States
Trajan Scientific and Medical Inc	Body corporate	United States	100%	Foreign	United States
Chromatography Research Supplies LLC	Body corporate	United States	100%	Foreign	United States
Neoteryx LLC	Body corporate	United States	100%	Foreign	United States
Trajan Scientific Germany Holdings GmbH	Body corporate	Germany	100%	Foreign	Germany (ii)
Axel Semrau GmbH	Body corporate	Germany	100%	Foreign	Germany (ii)
Trajan Scientific Germany Property GmbH	Body corporate	Germany	100%	Foreign	Germany (ii)
Biopsy Solutions Pty Ltd	Body corporate	Australia	77%	Australia	NA

(i) Trajan Group Holdings Limited and its wholly owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime.

(ii) Trajan Scientific Germany Holdings GmbH and its wholly owned Germany subsidiaries have formed an income tax consolidated group under the tax consolidation regime.

DIRECTORS' DECLARATION

In the opinion of the Directors:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2024 and of its performance for the financial year ended on that date;
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- at the date of this declaration, there are reasonable grounds to believe that the members of the Trajan Group Holdings Limited will be able to meet any obligations or liabilities to which they are, or may become.
- the information disclosed in the attached consolidated entity disclosure statement is true and correct.

There are reasonable grounds to believe that the Company and the group entities identified in Note 33 will be able to meet any obligations or liabilities to which they are or may become subject to by virtue of the Deed of Cross Guarantee between the Company and those group entities pursuant to ASIC Corporations (Wholly owned Companies) Instrument 2016/785.

The Directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of Directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the Directors



John Eales
Chair
Melbourne
29th August 2024

INDEPENDENT AUDITOR'S REPORT

To the Members of Trajan Group Holdings Limited

Opinion

We have audited the financial report of Trajan Group Holdings Limited ("the Company") and its subsidiaries ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2024, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information, the consolidated entity disclosure statement and the directors' declaration.

In our opinion the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- i. giving a true and fair view of the Group's financial position as at 30 June 2024 and of its financial performance for the year then ended; and
- ii. complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group 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 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 the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters (Continued)

Key Audit Matter	How our audit addressed this matter
<p>Recognition of Revenue</p> <p>Refer to Note 4 in the financial statements</p>	
<p>Revenue for the year ended 30 June 2024 was \$155 million.</p> <p>Revenue recognition was considered a key audit matter due to the materiality and significance of the balance.</p>	<p>Our audit procedures in relation to the recognition of revenue included:</p> <ul style="list-style-type: none"> • Assessing whether the Group's revenue recognition policies were in compliance with AASB 15 <i>Revenue from Contracts with Customers</i>; • Evaluating and testing the operating effectiveness of the Group's internal controls related to revenue recognition; • Performing tests of detail on a sample basis to test the validity and accuracy of revenue transactions, including the inspection of sales contracts and delivery documentation; • Performing cut-off testing to ensure that revenues were recorded in the appropriate period; and • Assessing the appropriateness of the disclosures in the financial report.
<p>Valuation of Inventory</p> <p>Refer to Note 8 in the financial statements</p>	
<p>The Group has inventory with a carrying value of \$27.9 million as at 30 June 2024.</p> <p>The existence and valuation of inventory is considered a key audit matter, due to the materiality of the balance, and the significant judgments involved in:</p> <ul style="list-style-type: none"> • Valuing finished goods, including assumptions about the conversion costs of direct labour, overheads, utilities, raw materials and other variable costs; • Assessing the net realisable value of inventories; and • The determination of a provision for obsolescence. 	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> • Performing analytical procedures on the inventory balance; • Testing inventory costing by verifying the key inputs in the costing calculations against supporting documentation and evaluating the reasonableness of management's estimates; • Verifying that inventory is being held at the lower of cost and net realisable value; • Assessing the reasonableness of the Group's inventory methodology for determining the provision for obsolescence and its application; and • Evaluating management assumptions and estimates applied to the provision for obsolescence through analysis of historical sales levels by inventory product.

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Key Audit Matters (Continued)

Key Audit Matter	How our audit addressed this matter
<p><i>Impairment of goodwill and other intangible assets</i> Refer to Note 4(h) and Note 11 in the financial statements</p>	
<p>The Group has goodwill and intangible assets of \$86.2 million as at 30 June 2024. The Group has recognized an impairment expense of \$25.2 million for the year-ended 30 June 2024.</p> <p>Management is required to assess the intangible assets for impairment in accordance with AASB 136 <i>Impairment of Assets</i>, with a value in use cashflow model needing to be prepared for each identified cash-generating-unit (CGU). There is an inherent risk that the future cash flows of each CGU do not support the carrying value of intangible assets.</p> <p>Managements' assessment of the 'value in use' of the CGU involves judgements about the future underlying cash flows of the CGU and the discount rates applied to them.</p> <p>For the year ended 30 June 2024 management have performed impairment assessments over the Intangibles and Goodwill by:</p> <ul style="list-style-type: none"> • Identifying the CGUs to which the intangible asset and goodwill belong; • Calculating the value in use for the CGU using a discounted cash flow model. These models used cash flows (revenues, expenses and capital expenditure) for the CGU for 5 years; • The model includes a terminal growth rate applied to the 5th year; • These cash flows were then discounted to net present value using CGU specific weighted average cost of capital ("WACC"); and • Comparing the resulting value in use of the CGU to the respective book values and processing impairments where appropriate. 	<p>Our audit procedures in relation to impairment of intangibles and goodwill included:</p> <ul style="list-style-type: none"> • Assessing management's determination of the CGU applied to the goodwill and other intangible assets based on the nature of the Group's business and the manner in which results are monitored and reported; • Assessing the overall valuation methodology used to determine the value in use; • Checking the mathematical accuracy of the discounted cash flow models and reconcile input data to supporting evidence; • Considering and challenging the reasonableness of key assumptions, including the cash flow projections, budgets, revenue growth rated, discount rates and sensitivities used; • Reviewing management's decision to impairing the entire goodwill and intangible asset balance of the Neoteryx CGU, and assessing whether this was reasonable based on the discounted cash flow model prepared; and • Reviewing the accuracy of disclosures of critical estimates and assumptions in the financial statements in relation to the valuation methodologies.

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Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2024, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of:

- a. the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*; and
- b. the consolidated entity disclosure statement that is true and correct in accordance with the *Corporations Act 2001*, and

for such internal control as the directors determine is necessary to enable the preparation of:

- i. the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- ii. the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 14 to 26 of the directors' report for the year ended 30 June 2024.

In our opinion, the Remuneration Report of Trajan Group Holdings Limited, for the year ended 30 June 2024, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



RSM AUSTRALIA PARTNERS



B Y CHAN
Partner

Date: 29 August 2024
Melbourne, Victoria

SHAREHOLDER INFORMATION

The shareholder information set out below was applicable as at 2 August 2024.

Distribution of equitable securities

Analysis of number of security holders by size of holding:

Distribution of Fully Paid Ordinary Shares

	Total Holders	Units	% Units
1 to 1,000	789	404,969	0.27
1,001 to 5,000	578	1,584,502	1.04
5,001 to 10,000	312	2,420,063	1.59
10,001 to 100,000	515	15,116,359	9.93
100,001 and over	51	132,690,192	87.17
Rounding			0.00
Total	2,245	152,216,085	100.00

	Minimum Parcel Size	Total Holders	Units
Holding less than a marketable parcel (Minimum \$500.00 parcel at \$1.04 per unit)	481	290	66,948

Distribution of Unlisted Options over Ordinary Shares

Unlisted Options with various vesting dates and exercise prices.

	Total Option holders	Units	% Units
1 to 1,000	-	-	-
1,001 to 5,000	10	50,000	2.18
5,001 to 10,000	30	267,901	11.70
10,001 to 100,000	42	1,182,270	51.65
100,001 and over	5	788,635	34.46
Rounding			0.00
Total	87	2,288,806	100.00

SHAREHOLDER INFORMATION (CONTINUED)

Ordinary Shareholders

Twenty largest quoted ordinary shareholders

Rank	Name	Units
1	TOMISICH FAMILY PTY LTD	76,833,745
2	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	13,691,141
3	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	12,775,823
4	CITICORP NOMINEES PTY LIMITED	11,542,715
5	FARRONA LLC	4,659,843
6	TELUNAPA PTY LTD <TELUNAPA CAPITAL A/C>	1,552,075
7	RUCK & MAUL PTY LTD <THE JOHN EALES FAMILY A/C>	1,151,553
8	BNP PARIBAS NOMS PTY LTD	867,706
9	MR ALISTER JOHN HODGES	700,000
10	INVESTMENT HOLDINGS PTY LTD <INVESTMENT HOLDINGS UNIT A/C>	615,000
11	MUTUAL TRUST PTY LTD	533,055
12	REDBROOK NOMINEES PTY LTD	450,000
13	BNP PARIBAS NOMINEES PTY LTD <HUB24 CUSTODIAL SERV LTD>	429,537
14	INVIA CUSTODIAN PTY LIMITED <MJ SHERWIN FAMILY A/C>	350,000
15	INVESTMENT SOCIETY ONE PTY LTD <INVESTMENT SOCIETY ONE A/C>	330,248
16	DEVONPORT CENTRAL PTY LTD <CHAS & ROBYN KELLY FAM A/C>	319,856
17	LYON SUPER FUND PTY LTD <LYON FAMILY SUPER FUND A/C>	316,470
18	PRINEAS SUPER PTY LTD <PRINEAS SUPER FUND A/C>	300,000
19	JUMMYSUE PTY LTD <SCURRY SUPERANNUATION A/C>	288,000
20	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT>	264,821
Totals: Top 20 holders of ORDINARY FULLY PAID SHARES (Total)		127,971,588
Total Remaining Holders Balance		24,244,497

Substantial Holders

The following have disclosed a substantial shareholder notice in the period to 2 August 2024.

	Units	% of voting power	Date of interest notice
TOMISICH FAMILY PTY LTD <TOMISICH FAMILY A/C>	76,470,588	51.17	23/06/2022
MA FINANCIAL GROUP LIMITED	11,392,080	7.48	29/07/2024
INVESTORS MUTUAL LIMITED	11,209,603	7.36	10/07/2024
AUSTRALIANSUPER PTY LTD	9,958,728	6.55	30/05/2023

SHAREHOLDER INFORMATION (CONTINUED)

Voting rights

The voting rights attached to equity securities are set out below:

Ordinary shares

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Unlisted Options

Options do not entitle the holders to vote in respect of that equity instrument, nor participate in dividends, if declared, until such time as the options are exercised and subsequently registered as ordinary shares.

There are no other classes of equity securities.

Restricted securities

There are currently no restricted securities.

On market buy-back

There is currently no on-market buy-back.

Other ASX required information

The Company has used the cash and assets in a form readily convertible to cash, that it had at the time of admission to the ASX, in a way consistent with its business objectives. This statement is made pursuant to ASX Listing Rule 4.10.19.