ANNUAL REPORT 2023

TRAJAN





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Our vision is to enrich personal health through scientific tools and solutions. We deliver value by focusing on customer centric outcomes and leading areas of specialisation through best practice solutions. By protecting the integrity of biological, environmental and pharmaceutical samples with our products and services, we ensure the resultant data is both authentic and actionable.

BUSINESS PERFORMANCE OVERVIEW

↑ **$162.2M**

Net Revenue

Up 50.7%

↑ **$21.1M**

Normalised EBITDA

Up 67.9%

↑ **14.5%**

Strong organic net revenue growth continues on PCP

↑ **43.2%**

Proforma Gross Profit Margin

Up from 41.9%

↓ **29.0%**

Gearing Ratio

Down 7.0%

↓ **$37.6M**

Net Debt

Down 9.8%

CHAIR'S REPORT

Dear Shareholders,

I am delighted to present the 2023 Annual Report and share our strengthened position as a global healthcare company, making a tangible impact on human health through the design, manufacture, and supply of specialty scientific and medical products. Our influence extends across providing insight into the food we consume, the water we drink, and the environment we live in, aiding in the process of early disease diagnosis and the prevention of future illnesses.

One of the primary drivers behind our achievements has been our consistent commitment to collaboration, which has allowed us to leverage resources, expertise, and capability through partners. We believe that collaboration provides great depth and capacity to drive innovation, action, and progress at Trajan, and it has played a pivotal role in our accomplishments.

Recently, Trajan ranked second in *The Australian* newspaper's presentation of the top Australian business collaborators, surpassed only by CSL. This recognition comes as no surprise to us at Trajan, as collaboration is ingrained in our ethos. However, it may have come as a surprise to others given our relative size to those included in the list.

Through partnerships with esteemed academic institutions, research organisations, and our customers, we have harnessed collective knowledge and expertise, accelerating our research and development efforts. This approach is enabling us to expand our business beyond our own capabilities, informing the evolution of our technology and products, establishing pathways to new markets, and fostering long-term customer relationships based on invaluable insights and a partnered approach to their product development.

Noteworthy examples of these partnerships include our collaboration with The Baker Institute since 2019 on an AI-based tool that can help measure an individual's blood microsample for the risk of heart disease and guide intervention. Another example is our Sprockhövel-based team working on an environmental testing program with a leading European institute measuring mineral oil contaminants in food or the work with ADE Consulting in Australia, trialing a portable and compact "point of sampling" measurement platform for the analysis of soil pollutants to enable timely and decisive action for managing the contamination.

In 2015, Stephen and the team considered Trajan's core competency and landed on Trajan's capacity and capability to collaborate. Why? Because Trajan is independent. We develop and deliver industry solutions. We are seamlessly global, and our technology and fabrication capabilities are highly translatable to other verticals, meaning we can control, evolve, and modify products to continue to meet the demands of our customers and their customers. If we were to ask this identical question today, the answer would be the same.

Our team has embraced collaboration as a guiding principle. They work cohesively across departments and functions, applying their passion, expertise, and collaborative spirit to drive our collective goals.

Our commitment to business growth is evident in our commercial achievements, with revenues of $162.2 million, at the upper end of our guidance, and $21.1 million EBITDA, up 67.9% on the previous year. This is the 12th year of continuous growth – an incredible achievement for any business, demonstrating our consistency and ability to navigate inevitable factors outside of our control and maintain a fierce focus on the execution of our business strategy.

While we remain focused on developing an operational model that can capitalise on Trajan's substantial growth opportunities worldwide, we acknowledge that it can take time to develop a deep understanding of Trajan's unique business. We want to bring our investors closer to our business, so in this report, our CEO and Managing Director, Stephen Tomisich, addresses the commonly asked questions and highlights the company's achievements.

I'd like to thank Stephen and his global leadership team, our partners, and every Trajan employee around the world. Together, we are forging new frontiers in analytical science, especially in how it relates to human health. I am excited about the future and confident that our collective efforts will continue to drive our success.

And finally, thank you to our shareholders. We are confident that this coming year will see continued growth across our business in line with the strong global operational progress of Trajan.

John Eales
Chairman

CEO AND MANAGING DIRECTOR'S REPORT

Dear Shareholders,

Over the last decade an essential input to the Trajan business planning has been to consider the global landscape, and the underlying themes, and trends in our sector of analytical science. We observe those most closely related to human health and consider how they might impact our plans. Things like the growing use of data in health-decision making, the personalisation of diagnosis and treatment, an ageing population, a growing middle class with an expectation of a cleaner environment and reliable safe food supply and the emergence of preventative rather than reactive health strategies.

These trends provide Trajan with strong tailwinds and a pathway to rapidly scale our business based on a solid foundation; more than 8000 products, 1000 plus customers, hundreds of collaborators, and a global team of more than 650. These factors compound to form a robust business base with significant growth potential.

By design our business is not singularly focused, rather it is strategically diverse in terms of our product portfolio, the geographies in which we operate, our customer set, and the industries we touch.

This approach has profound advantages, enabling us to establish ourselves as a top-tier global healthcare business that is resilient to external forces, while also ensuring predictable near-term success. However, I acknowledge that aspects of our business may appear complex and challenging to fully comprehend, appreciate, and simplify.

I am asked a broad range of questions by the investment community as they develop their understanding of our business, and we thought sharing some of the frequently asked questions would be valuable. I invite you to refer to the following pages.

Thank you for your ongoing support and trust.

Stephen Tomisich

“This is the twelfth consecutive year of growth for Trajan as we deliver on our strategy to build a global business of scale to have a positive impact on human health. We can observe in those areas where we have focused on being best practice that market adoption and growth follows. As we execute that strategy in the areas of Environmental, Clinical, Pharmaceutical, and Food applications, we know our work is underpinning the quality of analytical data being generated. That leads to better decisions to impact human health.”

ABOUT TRAJAN

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

TRAJAN IS AN ANALYTICAL SCIENCE COMPANY WITH A STRONG FOCUS ON THOSE MEASUREMENTS THAT IMPACT HUMAN HEALTH. WE TARGET AREAS THAT DELIVER THE GREATEST IMPACT. WE ARE NOT A COMMODITIES BUSINESS.

How is Trajan positioned to take advantage of the global themes driving the future of healthcare?

There is growing demand for improvements in the analytical workflow by our customers looking to harness the power of data effectively, gain a competitive edge, adapt to rapidly changing business environments, and make data-driven decisions that lead to better health outcomes.

Trajan's role is multi-dimensional. We deliver physical analytical tools and devices to our customers across Clinical, Pharmaceutical, Environmental and Food applications. Secondly, we are collaborating with those customers at every stage of their workflows to better translate and realise the impact of our products. From both perspectives, we are well positioned, and the current business model continues to deliver consistent commercial, customer and operational results.

What are Trajan's points of differentiation?

From a technology perspective, we have focused on the physical product properties that deliver analytical sensitivity and robustness, require precision manufacturing, and have reproducible quality and consistency. This aligns with what our customers are asking for.

Importantly, Trajan has the production infrastructure to be able to deliver that on scale. Our IP is embedded in that underlying capability and is unique to Trajan – which means it is difficult for others to replicate.

This comes to life through:

Industry-Leading Technology: Trajan is a go-to partner to develop best of breed products for our customers, as well as investing in its own product innovation for the analytical and life sciences industries. Our portfolio includes analytical instruments, consumables, and components that are recognised for their precision, reliability, and performance.

Integration of Solutions: Trajan connects its expertise with customer need to improve the process of laboratory research and clinical applications and to protect the quality of the data produced.

Being a partner of choice: For a company of our size, we behave on a global level like no other, providing our customers with seamless global connectivity, logistical connection and supplying our products around the world every day in a responsive manner.

Global Reach: Trajan has a strong international presence, with operations and distribution networks across multiple continents. This global reach enables us to serve customers worldwide and stay at the forefront of emerging trends and market demands.

Strategic Acquisitions and Partnerships: Having acquired 12 companies, Trajan has a strong track record of not only acquiring but more importantly integrating these complementary businesses. These acquisitions have expanded our capabilities, product offerings, and market presence, and make us stronger across our entire network.

Customer-Centric Approach: We place a strong emphasis on understanding and meeting the needs of our customers who are large scientific Original Equipment Manufacturers (OEMs), commercial, academic, and government laboratories, pharmaceutical companies, and research institutes. We build long-term relationships that enable us to be trusted partners of choice.

Diverse Portfolio: We have a diverse portfolio of products and services, catering to a wide range of applications in research, diagnostics, and pathology settings targeting Clinical, Pharmaceutical, Food and Environmental sector pillars.

Describe what you mean by the analytical workflow and the benefits of Trajan touching each part of the workflow?

To reveal the composition of a sample, for example a drop of blood, it must be collected, then prepared, introduced into the analytical system, processed, and then analysed to generate data that reveals a result. All of that is the "workflow". As Trajan develops or acquires core capabilities in the product platforms required for each step, we build the potential to deliver customer workflows in the areas that impact human health, meaning higher value, higher performing product combinations delivering that vital information.

Given the number of products you manufacture, how should investors view Trajan – a healthcare business or commodities producer?

Trajan is an analytical science company with a strong focus on those measurements that impact human health. We target areas that deliver the greatest impact. We are not a commodities business.

How does Trajan organise its product portfolio and what market share do you currently have?

Within Trajan we have a range of product families, each with a core focus. They range from microsampling to precision fluidics to chromatography consumables through to workflow automation. We cover a broad range of very

ABOUT TRAJAN CONTINUED

specialised segments. We are already a global leader with a leading market share with some products, while others we are just getting started. What remains true though is that in each case when we develop or acquire "best practice" that delivers measurable impact, we start to gain market share.

How does Trajan split its focus to maintain and grow established products and markets, while also defining future areas of healthcare?

In many ways we don't because our long-term view is that the line between them will become increasingly blurred. Proactive health monitoring is going to screen for many analytes and become increasingly sensitive. Our expertise in maintaining sample integrity is going to give us an advantage in providing the tools and solutions to support this evolution.

What areas or products are you most excited about that will deliver future benefit?

Accelerating our focus on customised workflows. This is where we start to see complexity unravel and the manifestation of the Trajan vision. Utilising our expertise will support all of the market segments as they advance human health.

You now have seven manufacturing facilities, each established as a centre of excellence, why is this important?

The size of our manufacturing footprint has been influenced by our acquisition history. Once we complete an acquisition, we place importance on ensuring we protect the value of the IP that has been acquired. We then build "expertise" around that new capability to enable scalability.

Can you explain precision manufacturing and how it relates to Trajan?

For the majority of Trajan products, physical precision, sometimes down to the atomic level, is incredibly important. It is the physical consistency from one product to the next that ultimately ensures analytical reproducibility in the lab. It is this attention to detail and the quality that it provides that set us apart.

How is it different to other manufacturing and does this give Trajan a unique industry advantage?

What is special about Trajan is that we are a manufacturer that understands the end scientific application of our products. That means that we are mindful of the materials and processes we use to ensure that they don't compromise the analytical performance when that product is deployed.

Trajan currently operates at lower margins than peers. What is your future expectation?

That's true today due to legacy costs; the processes that we've acquired and our overhead investment to drive and support growth. We are now in a period of consolidation and stablisation of costs, and as such we continue to see margin improvement as we scale processes, introduce automation, and reduce the costs of labour-intensive practices. All these initiatives give us confidence of reaching industry peer margins in the short-to-medium term.

To what extent do you think overstocking in the supply chain will suppress future sales growth?

We are confident that the majority of overstocking actions for our product ranges have passed already. There will be minor remaining destocking in the first half of FY24.

Have the supply chain issues of the pandemic been resolved?

Yes.

The share price has not performed well this year, why do you think that is?

I will admit that it has at times been perplexing, frustrating even, to see the value of the business reduce, while at the same time we have more than doubled both our revenue and EBITDA since listing. However, I am focused on continuing to drive the Trajan business to scale, to execute a strategy that will deliver future shareholder value, and that will allow us to capture new opportunities in the future. My view is that if we continue to step Trajan up year on year, the market revaluation will happen.

Finally, what role do you play in Trajan's success?

As a CEO it's part of your role to think about the "what ifs". Being focused on these things is an important part of the job description and is essential in moving something from risk to resolve. The reality is that we are now 12 years into the Trajan journey, and we've built a diverse business across product, industry, and geographies. We have created a resilience to stand the test of time through a range of challenges and we have strong confidence in our future success. Leading our business is a partnership that benefits from the support and accountability of every person at Trajan to do their job well, and a Board that has the right skills and experience to enable the next phase of growth. Our success is the sum of our entire operations.

“FROM A TECHNOLOGY PERSPECTIVE, WE HAVE FOCUSED ON THE PHYSICAL PRODUCT PROPERTIES THAT DELIVER ANALYTICAL SENSITIVITY AND ROBUSTNESS, REQUIRE PRECISION MANUFACTURING, AND HAVE REPRODUCIBLE QUALITY AND CONSISTENCY.”

OUR IMPACT

HOW TRAJAN'S INTERNAL COLLABORATION DRIVES RETENTION

While Trajan often showcases its collaborative model through its work with customers, leading research institutes, and global laboratories, internal collaboration is also key to the company's success.

Why? Because it not only ensures knowledge and expertise is shared between staff and business units, but it also helps Trajan retain the best people by providing them with opportunities to explore different fields. After all, it is the people behind Trajan that drive the company's mission of delivering science that benefits people.

Senior Vice President of Trajan's Analytical Consumables business, Kayte Parlevliet shares her experience growing her career with Trajan.

Kayte joined Trajan with the acquisition of SGE Analytical Science in 2013 and represents the career pathway of many people at Trajan, who initially start in a graduate position, to develop and become a valued leader within the business.

Q. How has Trajan's approach to people contributed to job satisfaction?

A. For Trajan, keeping good talent means nurturing and investing in them so they are empowered to contribute to the overall success of the business. Trajan is continuously open to opportunities for staff to up-or multi-skill and we do this by leaning on people's strengths. In the past 20 years, I have tried my hand across the business, progressing from an R&D based Materials Specialist to Production Supervisor at our facility in Ringwood, into Continuous Improvement, leading Global Quality, Product Management, Marketing, and becoming a Business Unit General Manager and then into my current role as Senior VP of Analytical Consumables.

TRAJAN HAS A STRONG TRACK RECORD OF RETAINING TALENT. OVER 70 STAFF MEMBERS HAVE WORKED WITH TRAJAN FOR 5+ YEARS, AND OVER 125 EMPLOYEES HAVE WORKED WITH TRAJAN FOR 10+ YEARS, MOST OF WHOM JOINED THROUGH OUR VARIOUS ACQUISITIONS.

Q. How does Trajan support staff to remain at the forefront of analytical science?

A. Trajan is passionate about developing staff and ensures all of us have a career plan defined with support mechanisms to pursue it. This is tailored to the individual, and considers their passions, skillsets and isn't defined by geography. An example of this for me was Trajan supporting my executive MBA and my desire to move overseas. As an Australian native, I have been based in the northern hemisphere for 8 years now, with an amazing tapestry of experiences and roles that would not have been possible without Trajan supporting my desire to learn, challenge and drive change across the business.

"When it comes to Trajan's technology, we always ask ourselves, "how can we think outside the box?". The same applies to our people – what opportunities are there across the business to share expertise, learn new things, and understand each other better?"

Kayte Parlevliet, Senior Vice President of Trajan Analytical Consumables

IT'S ALL ABOUT GETTING PASSIONATE PEOPLE TOGETHER, GIVING THEM THE OWNERSHIP AND A HIGH-LEVEL PURPOSE AROUND SCIENCE THAT BENEFITS PEOPLE AND A CLEAR VISION TO WORK TOWARDS.

OUR IMPACT CONTINUED

"IN THE EARLY DAYS OF TRAJAN, IT DAWNED ON US THAT THE WAY TO ACHIEVE SCALE WAS TO LEVERAGE COLLABORATION. SO, WE WENT OUT AND ACTIVELY SOUGHT PARTNERSHIPS WHERE WE COULD ACCESS FUNDING, RESOURCES, AND EXPERTISE TO ACCELERATE OUR TECHNOLOGY DEVELOPMENT. TODAY, TRAJAN HAS MADE 12 ACQUISITIONS AND PARTNERS IN OVER 30 COLLABORATIONS AROUND THE WORLD, ALL OF WHICH HAVE CONTRIBUTED TO OUR GROWTH."

Stephen Tomisich, Trajan CEO and Managing Director

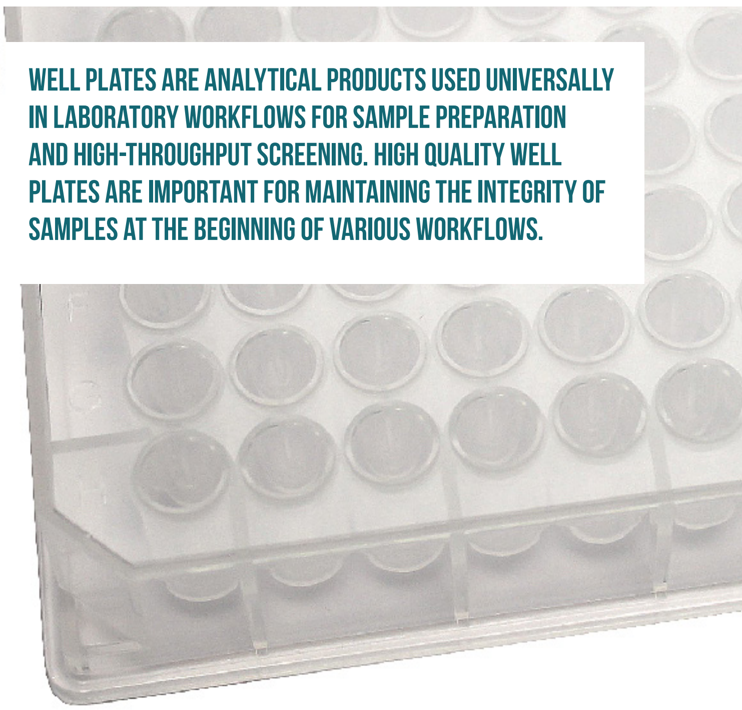
PUZZLE PIECES MAKING A WHOLE – TRAJAN'S APPROACH TO ACQUISITION INTEGRATION

For Trajan, finding the right businesses to acquire or collaborate with has always started by being tuned in to the industry. Knowing who has complementary products, expertise and capability has allowed Trajan to identify opportunities to join forces and achieve scale.

Take Trajan's acquisition of Chromatography Research Supplies (CRS) in 2022. Now known as Trajan Louisville, it is one of the sites supporting Trajan's sample preparation and separation science product portfolios under the Analytical Consumables Business.

Trajan's sample preparation and separation science products manufactured in Louisville include well plates, sealing mats, gas purifiers, GC Septa, O-rings, and ferrules, and are used in laboratories globally to support clinical, pharmaceutical, food and environmental workflows.

From previous work together, Trajan knew CRS' products complemented its existing portfolio, and that CRS had expertise which elevated Trajan's ability to provide complete and best-in-class workflow solutions to customers. An example of this was CRS' emerging capability in well plates.



WELL PLATES ARE ANALYTICAL PRODUCTS USED UNIVERSALLY IN LABORATORY WORKFLOWS FOR SAMPLE PREPARATION AND HIGH-THROUGHPUT SCREENING. HIGH QUALITY WELL PLATES ARE IMPORTANT FOR MAINTAINING THE INTEGRITY OF SAMPLES AT THE BEGINNING OF VARIOUS WORKFLOWS.

Prior to the acquisition by Trajan, CRS had a proprietary well plate coating technology that enhanced the integrity of samples. The well plate coating could protect a sample by creating a barrier between it and the well plate, or the coating could deliberately introduce a substance chemists need to expose the sample to. When a coating wasn't required at all, the purity of the well plate meant sample integrity was protected.

The beauty of the well plate coating technology – and an advantage that is core to Trajan's overarching business model – is that it could be specifically tailored to customer applications and solve problems for sample types across every laboratory workflow.

It sounds simple but having the best well plate coating technology on the market under the Trajan product portfolio means we can offer laboratories and OEM partners reassurance of sample integrity. The company is now exploring opportunities for the technology to improve other workflows where value can be added, such as HDX (Hydrogen Deuterium Exchange).

"We knew CRS' well plates were best in class, but we never had access to the technology that made the product perform better than anything else on the market. Now that CRS has been integrated with Trajan, we understand the technology and can apply it to other workflows and components to improve sample and data integrity. A year on from the acquisition we are still discovering opportunities to improve our engineering, product design, and manufacturing, utilising the expertise that has come across from CRS."

Kayte Parlevliet, Senior Vice President - Analytical Consumables, Trajan

"With acquisitions, our goal hasn't ever been to build a standalone business. Rather, we look at how the new business complements the rest of Trajan and vice versa. The acquisitions we have made to date have delivered on our expectations of what they could help us achieve, but as we pull back the layers as each business becomes part of the Trajan whole, we are finding even more opportunities to grow our capabilities and deliver best in class products to our customers."

Stephen Tomisich, Trajan CEO and Managing Director

OUR IMPACT CONTINUED

BRINGING PERSONALISED, PREVENTATIVE HEALTHCARE TO LIFE THROUGH TRAJAN'S MONITORYOU® SERVICE

In 2021, Trajan acquired the assets of MyHealthTest Pty Ltd – a company that offered consumer testing for a range of biomarkers so people could monitor their health from home. From the acquisition, Trajan's MonitorYou® service was born and now operates from Trajan's Global Headquarters in Ringwood.

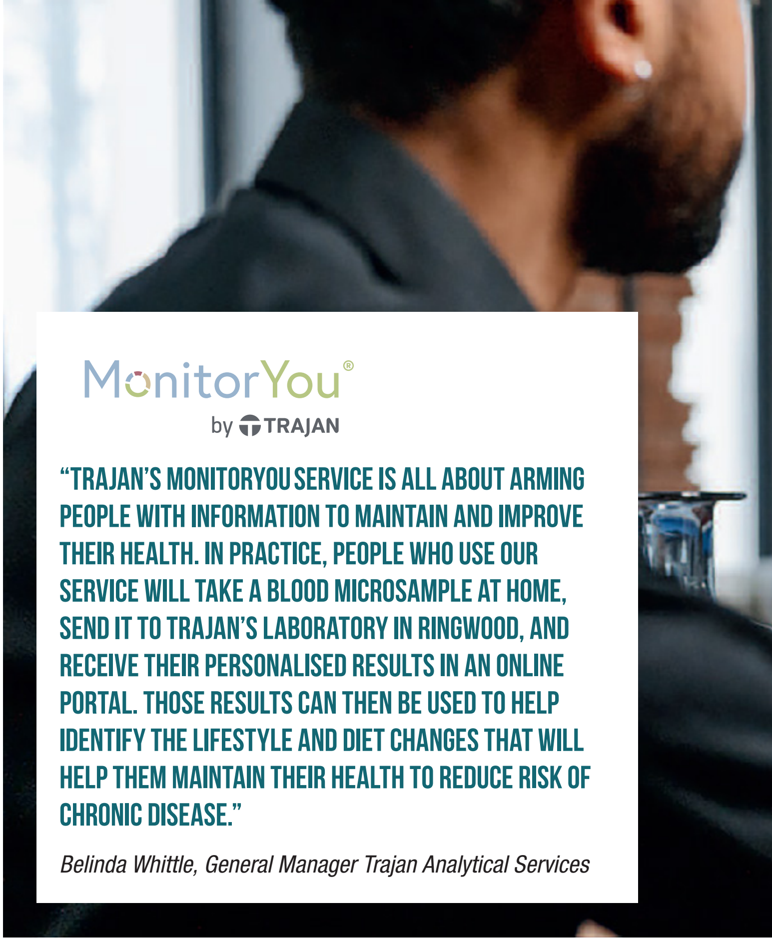
Trajan's MonitorYou service is focused on empowering people to actively monitor their health and wellbeing through a range of biomarker measurements. Recently, Trajan launched the MonitorYou Healthy Heart Program, specifically looking at prevention of cardiovascular disease.

Healthy Heart for healthy living

Despite 80 percent of cases being preventable through adjustments to diet and exercise, cardiovascular disease is the leading cause of death in Australia and globally.

Trajan's Healthy Heart biomarker panel is based on several cardiovascular risk measurements. The panel assesses measurements that can be impacted by nutrition intake and lifestyle choices to give people regular insight into their health. Trajan is now exploring the next phase of its cardiovascular health monitoring capability through a collaboration with The Baker Heart and Diabetes Institute – just one example of Trajan's collaboration model coming to life.

A BIOMARKER IS AN OBJECTIVE MEASURE THAT CAN SERVE AS AN EARLY WARNING SYSTEM FOR YOUR HEALTH. STANDARD MEASUREMENTS TAKEN IN THE CLINIC – WEIGHT, BLOOD PRESSURE, PULSE – ARE EXAMPLES OF BIOMARKERS. ROUTINE BLOOD DRAWS, WHETHER THEY ARE LOOKING AT BLOOD SUGAR, HORMONES, OR CELL COUNTS, ARE ALSO ASSESSING BIOMARKERS.



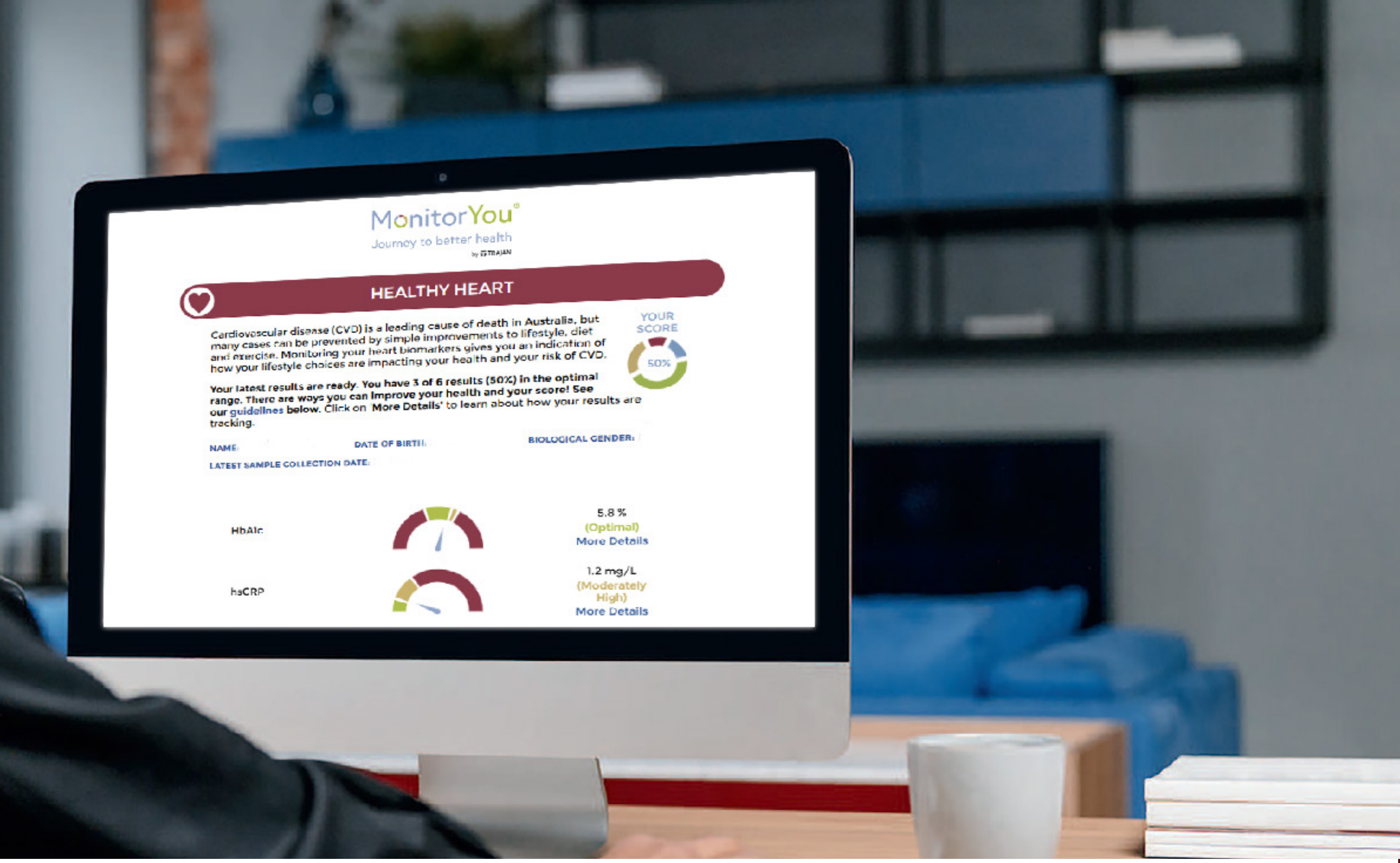
MonitorYou®
by TRAJAN

"TRAJAN'S MONITORYOU SERVICE IS ALL ABOUT ARMING PEOPLE WITH INFORMATION TO MAINTAIN AND IMPROVE THEIR HEALTH. IN PRACTICE, PEOPLE WHO USE OUR SERVICE WILL TAKE A BLOOD MICROSAMPLE AT HOME, SEND IT TO TRAJAN'S LABORATORY IN RINGWOOD, AND RECEIVE THEIR PERSONALISED RESULTS IN AN ONLINE PORTAL. THOSE RESULTS CAN THEN BE USED TO HELP IDENTIFY THE LIFESTYLE AND DIET CHANGES THAT WILL HELP THEM MAINTAIN THEIR HEALTH TO REDUCE RISK OF CHRONIC DISEASE."

Belinda Whittle, General Manager Trajan Analytical Services

"Understanding early on what can be done to prevent cardiovascular disease can help improve people's health and reduce one of the largest burdens on the healthcare system. That's why our initial focus has been on the Healthy Heart Program, however with Trajan's MonitorYou laboratory recently receiving NATA ISO 15189 accreditation for medical testing, this opens the door to many opportunities to expand the service to other health areas."

Belinda Whittle, General Manager Trajan Analytical Services



Addressing a growing market

Trajan's primary focus for the MonitorYou service is the corporate wellness market, and the company has had practice with the Healthy Heart Program being rolled out internally with staff in 2023.

Through MonitorYou corporate wellness partnerships, Trajan can facilitate programs for businesses to provide their employees with education around priority health areas. A sample kit sent quarterly allows staff to track and monitor their personal results over time.

Trajan then provides businesses with a de-identified report based on employees' results, allowing them to understand the general health of their workforce to inform ongoing wellness initiatives.

"Corporate wellness programs are an essential offering in any organisation today. Employees have an expectation beyond just salary, they want to be part of an organisation that has their mental and physical health at heart. Launching the Healthy Heart Program internally with our Australian-based staff means we can offer employees this added benefit and helps us to attract and retain the best talent."

Helene Lajoie, Chief Human Resources Officer at Trajan

The Corporate Wellness Services industry in Australia has grown 5.5% per year on average between 2017 and 2022. Source: IBIS World

Internal collaboration driving quality and adoption

Trajan is all about producing products that improve the quality, specificity, and sensitivity of data gleaned from scientific tests to inform human health.

The MonitorYou service uses Trajan's microsampling devices, high precision consumables and automation solutions throughout its workflow to maintain the integrity of the sample and provide the highest quality data to consumers using the service.

"Our business model focuses on creating personalised and decentralised data for individuals to promote preventative healthcare action. This relies on convenient and accessible sample collection and accurate analysis which Trajan's products are primed for."

Belinda Whittle, General Manager Trajan Analytical Services

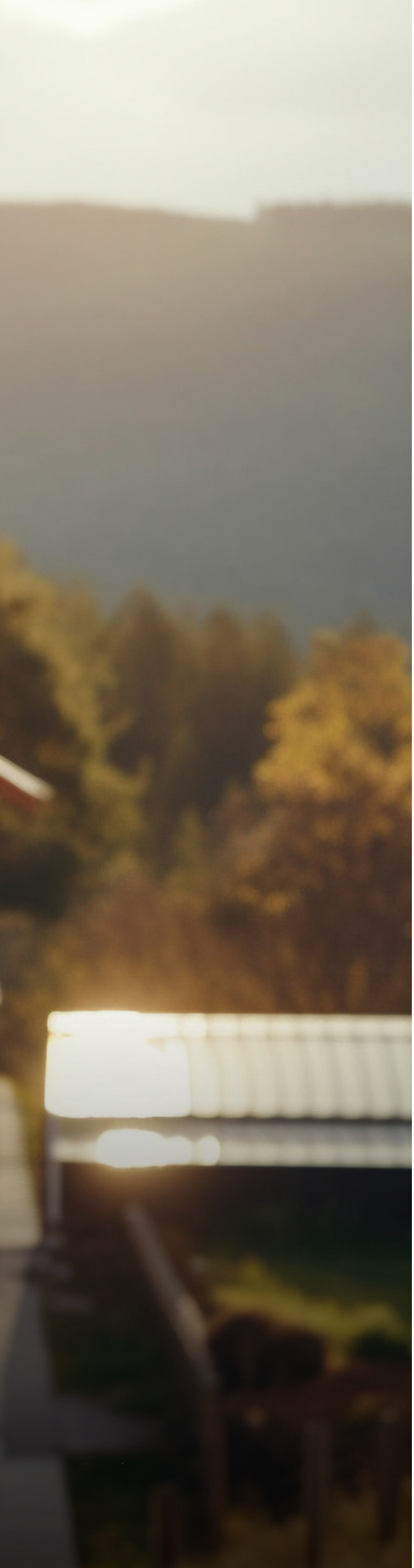
The Trajan Analytical Services Business Unit, responsible for the MonitorYou service, works very closely with the Trajan Microsampling Business Unit to demonstrate the value of microsampling in a decentralised health model. Internal collaboration between business units means Trajan can deliver a full clinical workflow package to laboratories globally, from microsampling and automation to sample preparation and data analysis.

"Trajan's MonitorYou service allows us to realise the potential of what it means to empower Australians to actively participate in managing their health."

Belinda Whittle, General Manager Trajan Analytical Services

OUR VISION:

TO ENRICH PERSONAL HEALTH THROUGH SCIENTIFIC TOOLS AND SOLUTIONS



ENVIRONMENTAL, SOCIAL AND GOVERNANCE

FORMALISING OUR APPROACH TO ESG

This last year Trajan has brought together a cross functional team to formalilse its Environmental, Social, and Governance (ESG) framework. As a business, our purpose of "Science that benefits people" is at the centre of both our culture and operations. This means many of the components that contribute to our ESG program are already established.

As we navigate the challenges and opportunities of a rapidly evolving business landscape and the nature of our work as a global manufacturer, we recognise the significance of responsible corporate citizenship and the crucial role it plays in shaping a prosperous and equitable future for all.

We firmly believe that our success goes beyond financial performance; it is intrinsically tied to the positive impact we create on the world around us. We are committed to being a force for good, fostering sustainability, empowering our workforce, and contributing to the industries in which we operate.

In this Annual Report, we share our early-stage journey of our forming ESG program, outlining our key areas of focus, initiatives and progress made across each pillar. We recognise that our ESG strategy is not a destination but an ongoing expedition towards a more sustainable future. As we continue to learn, adapt, and evolve, your valuable feedback and collaboration remain essential to the success of our commitment.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE CONTINUED

ESG Policy

Trajan recognises that responsibilities are long-term. Our Policy documents the relevance of 'ESG' and 'sustainability considerations' on our daily operations and considers the factors that are in the best interests of our customers, shareholders, employees and society in the future.

Principles and Approach

Trajan's approach is guided by a set of principles to ensure we deliver on our commitments:

1. We seek to integrate ESG issues and sustainable practices within our global operations, processes, and systems.
2. We aim to support our customers, collaborators, and partners in meeting their ESG objectives by being a sustainably responsible partner.
3. We recognise that even the smallest of improvements can be beneficial and will focus on the areas of our business that have the largest impact.
4. We are committed to transparency and will report on our progress towards addressing our longer-term ESG challenges.
5. We seek to empower Trajan staff to lead by example and pursue sustainability initiatives both at their local Trajan sites and the communities in which they live.

Climate Change

Trajan is committed to doing our part in reducing our impact on the environment and mitigating the impacts of climate change guided by the following activity:

- The promotion and implementation of energy efficiency practices across all our sites.
- The responsible management of water resources and waste.
- The monitoring of our GHG and carbon emissions and steps to reduce them.
- Climate change is a financial risk within our risk management framework.

Workplace Conditions

Trajan provides a healthy and inclusive work environment, respecting labor rights in each of its locations around the world, promoting diversity and inclusion, and fostering employee well-being.

Supply Chain

Trajan is committed to responsible and sustainable sourcing and supports efforts to identify and eliminate modern slavery through our global procurement and supply chain operations.

Governance

Trajan's Board and Executives are skilled and committed to their duty of care and diligence to establish and implement a robust ESG policy framework.

Prosperity

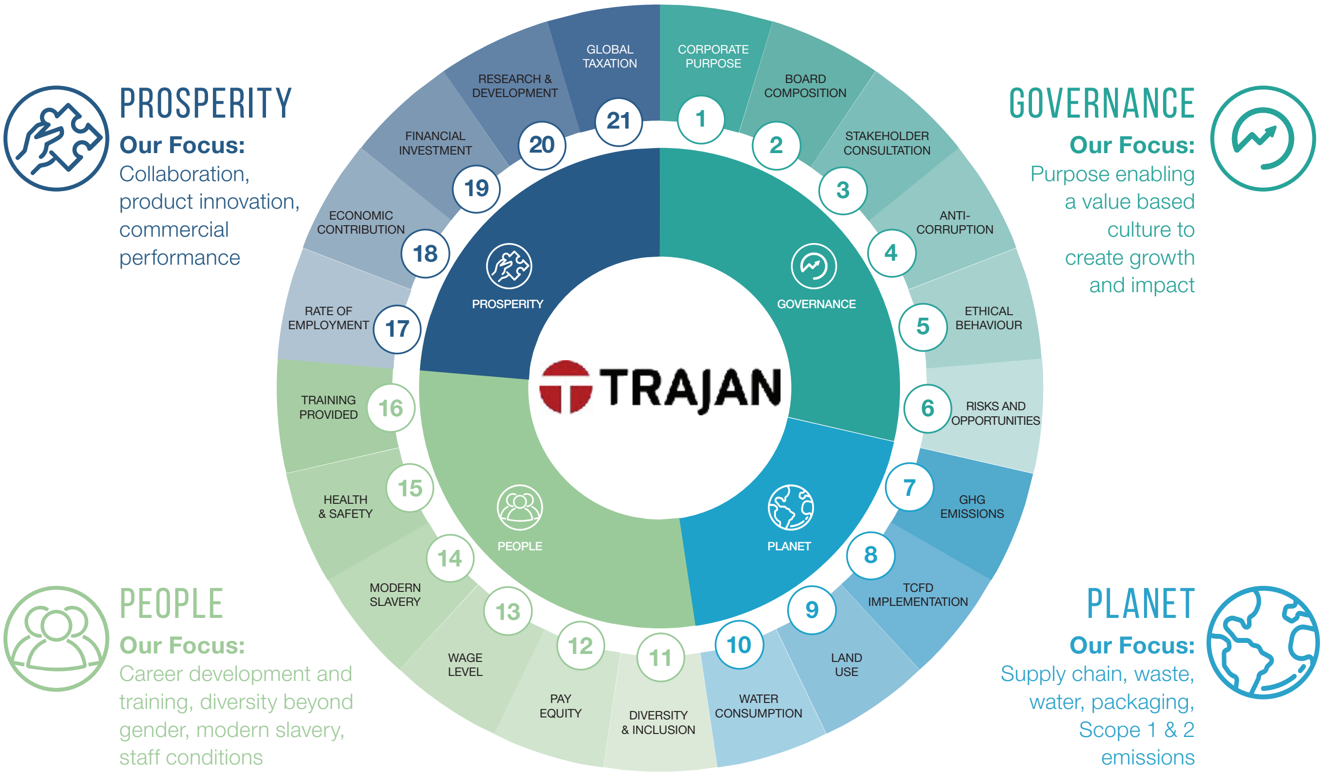
Trajan's established research and development collaborations lead to innovative sustainable products and work practices that support our vision and purpose.

Reporting

As part of this policy, Trajan is committed to regularly communicating our ESG metrics and activities through the Annual Report.

Trajan's ESG Framework

Trajan has worked with Socialsuite to identify and prioritise the areas of ESG where Trajan can have the biggest impact on minimising its sustainability footprint and strengthening its influence on positive impact.



ESG in Action

Planet – Waste management an area where the smallest of change can have collective impact

Waste reduction is a fundamental pillar of sustainable business practices. By minimising waste generation throughout the value chain, Trajan can actively contribute to the preservation of natural resources, the reduction of greenhouse gas emissions, and the mitigation of pollution.

Trajan is seeking to reduce waste from within its operations and throughout its production processes through the following initiatives:

- Seeking to implement more sustainable choices for its packaging and in-process packaging materials, with a priority on new product packaging.
- Continuing to capture rainwater at its Ringwood facility, which we're currently using for garden irrigation and aiming to reduce our reliance on city water supplies.
- Encouraging and enabling employees across Trajan's global operations to promote a sustainable culture within our offices, factories, and facilities but also the communities in which we live. Examples of this include initiatives to improve recycling, waste free lunches, and local community waste collection. In many cases, our staff are taking the initiative to introduce these ideas which are encouraged and supported.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE CONTINUED

People – Our female workforce is large and diverse supporting our work in STEM

At Trajan we value diversity and inclusion in the people we work with, in the products we offer, and in the impact we make.

As an example of our people diversity, we considered the vast skill set we have in our STEM (science, technology, engineering and mathematics) professionals from across the globe. These include many women (more than 50% of Trajan employees are women) with formal qualifications in diverse STEM specialties including:

SCIENCE	TECHNOLOGY	ENGINEERING	MATHEMATICS
Molecular Genetics	Information Systems	Chemical	Pure Mathematics
Molecular Biology	Biotechnology	Material	
Analytical Chemistry	Computer Science	Environmental	
Physiology	Data Science	Bio	
Cell Biology		Biomedical	
Biochemistry		Microfluidics	
Physics			
Food Science			

and the list goes on….

The creativity, productivity and results we achieve from these diverse and talented colleagues help us to support our purpose and create impact.

People – Modern Day Slavery Statements Continues to Evolve

Our approach to modern day slavery goes beyond a policy required by law. It guides our decisions around how we remunerate our employees, where we source components and raw materials for our products, and ensuring our customers are aligned with our commitments.

Our first Modern Day Slavery Statement was published last year (Statement #2022-2384 (modernslaveryregister.gov.au)) and will be updated in December 2023.

We consider our products and services to have a lower risk of modern slavery contraventions based on the geography of our top suppliers, the sophistication of these suppliers (being large companies), the sector we operate in and the level of control and oversight we maintain through our centralised manufacturing function.

However, we are committed to deep consideration of our supply chain risks, particularly as it relates to procurement and suppliers, and as such have engaged DLA Piper to undertake a risk assessment of our entire operations. We are also in the process of expanding supplier onboarding and contractual processes and training of key leadership, operations, and business unit staff.

THE MANY FACES OF DIVERSITY AT TRAJAN

AS AN EXAMPLE OF OUR PEOPLE DIVERSITY, WE CONSIDERED THE VAST SKILL SET WE HAVE IN OUR STEM PROFESSIONALS FROM ACROSS THE GLOBE.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE CONTINUED

Prosperity – Expanding our R&D efforts through the spirit of collaboration

Collaboration with industry and academic partners underpins Trajan's strategic product development pipeline focused on the key market segments of Clinical, Food, Environmental and Pharmaceuticals. Our collaborators have a deep understanding of their market segment and often the technical challenges that impact the quality of the scientific measurement.

Collaboration is at the heart of how Trajan enables science that benefits people, and as a business, was ranked recently second in *The Australian* newspaper's ranking of the top Australian industry collaborators, surpassed only by CSL. Examples of our partnered programs include:

- A European institute (de-identified due to confidentiality agreement) – considered global leaders in understanding the challenges of measuring mineral oil contaminants in food – collaborated with Trajan's Sprockhövel team in developing a fully automated workflow for measuring mineral oils in food and packaging. Called the "CHRONECT Workstation MOSH/MOAH" it is now the global standard in MOSH/MOAH analysis in more than 150 customer laboratories.
- The Baker Heart and Diabetes Institute is a global leader in the field of cardiovascular disease and has developed a unique algorithm based on the measurement of hundreds of lipids in a tiny blood microsample to understand an individual's risk of heart disease. In collaboration with Trajan's clinical teams in Melbourne and Torrance (CA, USA) the combined effort is focused on translating the research into a regulated assay for the broader clinical community to enable clinicians' early intervention options in the risk management of their CVD patients.
- ADE Consulting Group is an Australian team of environmental consultants and in collaboration with Trajan's emerging technologies team is trialling a portable and compact "point of sampling" measurement platform for the analysis of soil pollutants to enable timely and decisive action on the next steps for managing the contamination.
- Trajan's Raleigh (NC, USA) team is a global leader in the field of automation and data analysis for a protein structure platform called Hydrogen Deuterium Exchange Mass Spectrometry (HDX-MS). In collaboration with key scientists at the University of Calgary, the Raleigh team is developing the next generation HDX-MS system to enable pharmaceutical researchers improved resolution of their drug targets.

What's next?

We are committing to keeping our customers, employers, and shareholders across our progress on ESG annually. With a focus on impact over activity, we will continue to prioritise areas of our business that are most important including providing visibility to Scope 1 & 2 emissions.

FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2023

CONTENTS

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 2023.

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

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

The breadth and quality of Trajan's products, combined with global operations across the USA, Europe and Asia Pacific has allowed Trajan to establish trusted relationships with key participants in analytical science, pathology, and research and development in the pharmaceutical industry.

These relationships are poised to develop further through Trajan's emerging technology pipeline which includes microsampling devices and miniaturised, modular instrument systems. The development of Trajan's existing and emerging product portfolio has been informed by Trajan's industry expertise, customer insights across the sector and partnerships with academic institutions. Trajan believes its next generation product portfolio has significant commercialisation potential.

Trajan is a global organisation of 653 people with seven manufacturing sites across the USA, Australia, Europe and Malaysia, and operations in Australia, the USA, Asia and Europe. Trajan's global footprint is scaled and strategically organised to provide capacity for growth, capacity to ensure reliable and flexible responsiveness, and to deliver proximity to key customers. The Ringwood, Australia site remains Trajan's global headquarters. Trajan has invested significantly into the Penang, Malaysia manufacturing site which both compliments and extends upon the Company's existing operations in Australia and USA. The Malaysia manufacturing site provides Trajan with a lower cost footprint and the capacity to meet forecast growth.

Trajan separates its business into the following two segments covering Trajan's range of product and solution categories:

- Analytical Products – includes a diverse range of analytical products that are focused on biological, food and environmental testing applications.
- Life Science Solutions – includes Trajan's Automation solutions along with a range of products and services directly targeting human health and thus enabling the potential of personalised care.

Review of financial performance

Profit/Loss

The Group reports revenue for the year ended 30 June 2023 was $162.2M (2022: $107.6M), up by 50.7%, delivering a normalised EBITDA for the period of $21.1M (2022: $12.5M), up by 67.9%.

Operating revenue

During the year, the Group's total operating revenue increased by 50.7% to $162.2M (2022: $107.6M). The key factors driving the uplift in operating revenue included organic growth and full year impact of acquisitions.

Organic growth was driven by several factors including expanded distribution and expanded usage of Trajan's products and solutions with existing customers achieved through upselling, cross selling activity of Trajan's products to new customers from acquisitions, and price increases during the financial year which led to an increased revenue per customer and enhanced margins and profits.

During the year, gross profit increased by 57.4% to $67.1M (2022: $42.6M). The Group's overall revenue growth, increased efficiency gains from the transfers of additional manufacturing capability to Penang, and price changes, drove an increase in margins.

Analytical Product segment

Analytical Product revenue grew by $24.7M (up 41.0%) from $60.3M to $85.0M, driven by the addition of CRS, price changes and growth in market share.

As a result, the gross profit also grew by $12.0m (up 51.4%). Pre-normalisations, the Analytical Product segment EBITDA was $28.8M (2022: $21.1M).

Life Science Solutions segment

The Life Science Solutions business includes a range of automated workflow solutions along with products focused on areas directly related to human health. Currently, the segment represents 47.6% of the Group's total revenues.

Life Science Solutions revenue grew by $29.9M (up 63.2%) from $47.3M to $77.2M, driven by the addition of Neoteryx LLC and LEAP PAL Parts.

The gross profit improved from $19.4M (40.9%) to $31.9M (41.3%). The Life Science Solutions segment made a pre normalisation EBITDA of $12.2M (2022: $7.2M).

Operating expenses

During the year, the Group's total expenses (excluding finance expenses, depreciation and amortisation) increased by 39.0% to $53.1M (2022: $38.2M). The increases are mainly due to:

- Investment of $6.2M in research and development (R&D), an increase of $1.3M (25.8%) that 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 will provide strong foundations for sustainable growth.
- Full year operating cost impacts from acquired businesses not fully recognised in prior financial year cost base.

Impact of supply chain cost pressures

The costs to manufacture and distribute products are influenced by the costs of raw materials, finished goods, labour, and freight movements. The Group experienced a significant increase of these costs during the period. The impact was offset through product price changes.

FINANCIAL REPORT
DIRECTORS' REPORT CONTINUED

The normalised EBITDA for the year ended 30 June 2023 was $21.1M (2022: $12.5M).

A summary of the Group's financial results from its continuing operations for the financial year ending 30 June 2023 and the prior comparative year is set out below.

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

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

	CONSOLIDATED	
RECONCILIATION OF STATUTORY EBITDA TO NORMALISED EBITDA	**2023 $'000**	**2022 $'000**
Statutory EBITDA	**17,370**	**7,212**
Normalised items added back to statutory EBITDA		
Strategic investment and acquisition expenses (non-recurring)[1]	753	2,790
Accelerate investment in manufacturing infrastructure (Project Neptune)	93	220
Accelerate commercialisation of new products	2,083	2,074
Non-recurring restructuring costs[2]	765	247
Total normalised items added back to statutory EBITDA	3,694	5,331
Normalised EBITDA	**21,064**	**12,543**
Other add backs		
Losses on Forward Exchange Contracts (FECs) translations	559	65
Normalised EBITDA (FX adjusted)	**21,623**	**12,608**

1. Strategic Investment and Acquisition expenses.

	2023 $'000	**2022 $'000**
Travel and entertainment expenses	–	32
Professional fees	753	2,758
Total	**753**	**2,790**

2. 2023 non-recurring restructuring costs include $0.3M costs incurred in consolidating two sites in North Carolina into a single new site.

Strategic Asset Acquisition – HD Examiner

On 13 February 2023, the Group through its US-based subsidiary acquired Sierra Analytics Inc's HDExaminer software for US$0.4M ($0.6M). The acquisition allows the Group to invest in the future development and enhancement of its analytical platform.

Key operating and financial metrics (consolidated)

$'000	2023	2022
Sales – Analytical Products	84,981	60,288
Sales – Life Science Solutions	77,173	47,286
Sales – Total	162,154	107,574
Sales Growth % – Analytical Products	41.0%	15.0%
Sales Growth % – Life Science Solutions	63.2%	95.8%
Sales Growth % – Total	50.7%	40.5%
Gross Profit – Analytical Products	35,237	23,281
Gross Profit – Life Science Solutions	31,852	19,350
Gross Profit – Total	67,089	42,631
GP margin % – Analytical Products	41.5%	38.6%
GP margin % – Life Science Solutions	41.3%	40.9%
GP margin % – Total	41.4%	39.6%
EBITDA	17,370	7,212
Normalised EBITDA	21,064	12,543
EBITDA margin %	10.7%	6.7%
Normalised EBITDA margin %	13.0%	11.7%
EBITDAR&DC margin %	14.5%	11.3%
Normalised EBITDAR&DC margin %	16.8%	16.2%
R&DC expenses (% revenue)	3.8%	4.6%
Total operating expenses (% revenue)[1]	32.7%	35.5%

1. The total operating expenses (% revenue) for FY2023, when excluding commercialisation costs, strategic investment and acquisition costs, would be 31.0% (FY2022: 31.0%).

Financial Position

The Group's net assets for the year ended 30 June 2023 was $129.5M (2022: $115.9M).

The Group's balance sheet remains in a strong position with net assets of $129.5M (2022: $115.9M). In September 2022, the Group acquired a new warehouse in Germany for a consideration of €1.1M ($1.6M), resulting in an increase in the Group's property, plant and equipment.

Current liabilities decreased by $40.8M when compared to June 2022. The Group met all loan covenant requirements as at 30 June 2023. As a result, $38.7M of bank loans were reclassified as non-current liabilities in accordance with loan repayment schedule.

The Group's gearing ratio (net debt to equity ratio) decreased from 36.0% to 29.0%. The Group has a total of $1.5M of unutilised debt facility and $11.0M of cash reserves available to support the Group's execution of strategy and projects and to extend production and manufacturing capability.

FINANCIAL REPORT
DIRECTORS' REPORT CONTINUED

Strategy and Outlook

Our priorities are to:

- Continue to execute on our commercial strategy to deliver meaningful impact through best practice analytical solutions related to human well-being.
- Drive growth to global scale through enabling the Company's activities and revenue growth.
- Expand EBITDA margins through cost and scale efficiencies and investment in production processes.
- Achieve 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 for FY24 include:

- Complete the current phase of Project Neptune initiatives and plan for the next phase of the program.
- Continuing to leverage acquisitions while maintaining key relationship that provide potential future M&A opportunities.
- Invest in operational resources to drive the commercialisation of selected new technologies.
- Accelerate investment in manufacturing infrastructure in Melbourne (Australia), Penang (Malaysia) and Austin (US) to continue to drive productivity, quality, and responsiveness gains.

Significant changes in the state of affairs

Acquisition of Warehouse

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

Share Purchase Plan

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

Acquisition of HDExaminer Software

On 13 February 2023, the Group, through its US-based subsidiary, entered into an Agreement to acquire from Sierra Analytics Inc all aspects of Sierra's HDExaminer software for US$0.4M ($0.6M). The acquisition will allow the Group to invest in the future development and enhancement of its analytical platform.

No other matter or circumstance has arisen since 30 June 2023 that has significantly affected or is expected to significantly affect the operations, the results of operations or state of affairs of the Group in future years.

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 nearly 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. The company's data management software became a leader in transitioning the analytical instrument industry to automated system control and data analysis, before being acquired by Waters Corporation in 1986. 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 Corporation at the end of 2017 but remains closely connected to the industry, participating on several Boards and providing strategic advisory services.
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 (Psychology) 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:	1,099,135 ordinary shares
Interests in options:	88,280 share options
Contractual rights to shares:	None

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 Practicing 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 Non-Executive Director and Chair of Audit and Risk Committee of Nuix Ltd
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:	47,546 ordinary shares
Interests in options:	58,853 share options
Contractual rights to shares:	None

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:	**Tiffiny Lewin**
Title:	Non-Executive Director
Qualifications:	Bachelor of Arts from Sydney University Graduate of the Australian Institute of Company Directors
Experience and expertise:	Tiffiny brings operational, risk and strategy expertise gained over a 30-year career spanning consumer goods, manufacturing, professional services and the finance sectors. Tiffiny is currently a senior leader at Westpac Group where she has served since 2015. Prior to Westpac, Tiffiny 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:	81,092 ordinary shares
Interests in options:	88,235 share options
Contractual rights to shares:	None

Meetings 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 2023 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]
Executive Directors						
Robert Lyon	11	11	–	–	–	–
Stephen Tomisich	11	11	–	–	–	–
Non-Executive Directors						
Dr Rohit Khanna	11	11	2	2	5	5
John Eales AM	11	11	2	2	5	5
Sara Watts	11	11	2	2	5	5
Tiffiny Lewin	11	11	2	2	5	5

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

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.

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, consisting of dividends and growth in share price, and delivering constant or increasing return on assets as well as focusing the executive 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. The Chairman is not present at any discussions relating to the determination of his own remuneration.

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 13 May 2021, where the Board approved a maximum annual aggregate remuneration of $450,000.

The Non-Executive Directors elected to take part of their remuneration at the IPO and for FY22, FY23 and FY24 in share options.

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 remuneration and reward framework have four components:

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

The combination of these comprises the executive's total remuneration.

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 17 June 2022, the Remuneration and Nomination Committee approved the offer of 519,666 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 7 September 2022.
- 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.

Group performance and link to remuneration

Remuneration for certain individuals is directly linked to the performance of the Group. Cash bonus 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
- Tiffiny 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.

2023	Short-term benefits					Share-based payments		
	Salary and fees $	Bonus $	Non-monetary $	Post-employment benefits $	Long-term benefits $	Equity-settled shares $	Equity-settled options $	Total $
Non-Executive Directors:								
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
Tiffiny Lewin	36,199	–	–	3,801	–	–	40,636	80,636
Executive Directors:								
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
Other Key Management Personnel:								
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**

	Short-term benefits					Share-based payments		
2022	Salary and fees $	Bonus $	Non-monetary $	Post-employment benefits $	Long-term benefits $	Equity-settled shares $	Equity-settled options $	Total $
Non-Executive Directors:								
Dr Rohit Khanna[2]	40,000	–	–	–	–	–	87,375	127,375
John Eales AM	63,636	–	–	6,364	–	–	131,063	201,063
Sara Watts	54,545	–	–	5,455	–	–	87,375	147,375
Tiffiny Lewin	36,364	–	–	3,636	–	–	87,375	127,375
Executive Directors:								
Robert Lyon	306,240	–	–	23,568	7,971	–	4,491	342,270
Stephen Tomisich	438,000	62,081	–	25,000	9,310	–	–	534,391
Other Key Management Personnel:								
Alister Hodges	241,113	18,344	–	23,568	15,329	–	4,491	302,845
Dr Andrew Gooley	269,503	27,338	–	23,568	13,062	–	–	333,471
Nigel Gilligan	324,605	24,696	–	23,568	4,829	–	21,585	399,283
Sam Evans[2]	327,187	24,898	–	27,211	–	–	15,971	395,267
Total	**2,101,193**	**157,357**	**–**	**161,938**	**50,501**	**–**	**439,726**	**2,910,715**

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

FINANCIAL REPORT
DIRECTORS' REPORT CONTINUED

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

NAME	FIXED REMUNERATION 2023 %	FIXED REMUNERATION 2022 %	SHORT-TERM INCENTIVE[3] 2023 %	SHORT-TERM INCENTIVE[3] 2022 %	LONG-TERM INCENTIVE 2023 %	LONG-TERM INCENTIVE 2022 %
Non-Executive Directors:						
Dr Rohit Khanna	50%	31%	–	–	50%	69%
John Eales AM	53%	35%	–	–	47%	65%
Sara Watts	60%	41%	–	–	40%	59%
Tiffiny Lewin	50%	31%	–	–	50%	69%
Executive Directors:						
Robert Lyon	100%	99%	–	–	–	1%
Stephen Tomisich	88%	88%	10%	12%	2%	–
Other Key Management Personnel						
Alister Hodges	95%	92%	5%	6%	–	2%
Dr Andrew Gooley	93%	92%	7%	8%	–	–
Nigel Gilligan	91%	88%	5%	6%	4%	6%
Sam Evans	94%	90%	5%	6%	1%	4%

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

NAME	SHORT-TERM INCENTIVE PAID 2023 %	SHORT-TERM INCENTIVE PAID 2022 %	SHORT-TERM INCENTIVE FORFEITED 2023 %	SHORT-TERM INCENTIVE FORFEITED 2022 %
Executive Directors				
Stephen Tomisich	41.7%	50.7%	58.3%	49.3%
Other Key Management Personnel				
Alister Hodges	41.7%	50.7%	58.3%	49.3%
Dr Andrew Gooley	41.7%	50.7%	58.3%	49.3%
Nigel Gilligan	41.7%	50.7%	58.3%	49.3%
Sam Evans	41.7%	50.7%	58.3%	49.3%

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 $489,600 (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 $315,427 (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
Name:	**Alister Hodges**
Title:	Chief Financial Officer and Company Secretary
Contract duration	Ongoing
Notice by individual/ company	3 months
Details:	Annual fixed remuneration of $285,116 (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 $292,411 (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:	**Nigel Gilligan**
Title:	Chief Operations Officer
Contract duration	Ongoing
Notice by individual/ company	3 months
Details:	Annual fixed remuneration of $340,835 (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$244,730 (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 $210,000 is currently utilised.

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

	2023 $	2022 $
Board fees		
Chairman	60,000	60,000
Other Non-Executive Directors	40,000	40,000
Committee fees		
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.

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 2023 (2022: 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
Non-Executive Directors							
John Eales	44,074	44,074	7 June 2021	1 July 2022	7 June 2026	–	$1.70
John Eales	44,074	–	7 June 2021	1 July 2023	7 June 2026	–	$1.70
John Eales	44,206	–	7 June 2021	1 July 2024	7 June 2026	–	$1.70
Tiffiny Lewin	29,382	29,382	7 June 2021	1 July 2022	7 June 2026	–	$1.70
Tiffiny Lewin	29,382	–	7 June 2021	1 July 2023	7 June 2026	–	$1.70
Tiffiny 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	–	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	29,382	29,382	7 June 2021	1 July 2022	7 June 2026	–	$1.70
Sara Watts	29,382	–	7 June 2021	1 July 2023	7 June 2026	–	$1.70
Sara Watts	29,471	–	7 June 2021	1 July 2024	7 June 2026	–	$1.70
Executive Directors							
Robert Lyon	8,224	8,224	7 June 2021	1 July 2022	7 June 2026	$1.70	$0.58
Stephen Tomisich	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

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
Other Key Management Personnel							
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	–	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	–	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
Sam Evans	15,718	15,718	7 June 2021	1 July 2022	7 June 2026	$1.70	$0.58
Sam Evans	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

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 2023 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 $	REMUN-ERATION CONSISTING OF OPTIONS FOR THE YEAR %
Directors				
Dr Rohit Khanna	40,636	–	–	50%
John Eales AM	60,954	74,925	–	47%
Sara Watts	40,636	49,950	–	40%
Stephen Tomisich	14,366	–	–	2%
Tiffiny Lewin	40,636	–	–	50%
Robert Lyon	12	340,000	–	–
Other Key Management Personnel				
Alister Hodges	12	–	–	–
Dr Andrew Gooley	–	–	–	–
Nigel Gilligan	16,585	–	–	4%
Sam Evans	4,598	–	–	1%

The financial performance of the Group for the five years to 30 June 2023 are summarised below:

	2023 $'000	2022 $'000	2021 $'000	2020 $'000	2019 $'000
Revenue	162,154	107,574	76,568	71,852	67,766
EBITDA	17,370[4]	7,212[4]	5,473[4]	6,614	4,932
Profit after income tax	1,889[4]	1,108[4]	1,880[4]	2,608	2,142

4. 2023 includes non-recurring acquisition and restructuring costs of $1.5M and investment in commercialisation and infrastructure of $2.2M.
2022 includes non-recurring acquisition and restructuring costs of $3.0M and investment in commercialisation and infrastructure of $2.3M.
2021 Inclusive of IPO related cost expenses of $4.4M, share-based payment expenses of $2.1M, and PPP loan forgiveness of $1.3M.

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

	2023 $	2022 $
Share price at financial year end	1.81	2.00
Total dividends declared	–	–
Basic earnings per share	0.01	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
Non-Executive Directors					
Dr Rohit Khanna	117,647	–	–	–	117,647
John Eales AM	992,941	–	106,194	–	1,099,135
Sara Watts	3,164	–	44,382	–	47,546
Tiffiny Lewin	71,092	–	10,000	–	81,092
Executive Directors					
Robert Lyon	267,715	–	215,000	–	482,715
Stephen Tomisich	76,470,588	–	363,157	–	76,833,745
Other Key Management Personnel					
Alister Hodges	700,000	–	–	–	700,000
Dr Andrew Gooley	58,824	–	15,000	–	73,824
Nigel Gilligan	23,529	–	41,700	–	65,229

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:

OPTIONS OVER ORDINARY SHARES	BALANCE AT THE START OF THE YEAR	GRANTED	EXERCISED	EXPIRED/ FORFEITED/ OTHER	BALANCE AT THE END OF THE YEAR
Directors					
Dr Rohit Khanna	88,235	–	–	–	88,235
John Eales AM	132,354	–	(44,074)	–	88,280
Robert Lyon	439,250	–	(200,000)	–	239,250
Sara Watts	88,235	–	(29,382)	–	58,853
Stephen Tomisich	–	30,000	–	–	30,000
Tiffiny Lewin	88,235	–	–	–	88,235
Other Key Management Personnel					
Alister Hodges	143,320	–	–	–	143,320
Dr Andrew Gooley	210,002	–	–	–	210,002
Nigel Gilligan	77,296	25,000	–	–	102,296
Sam Evans	47,060	–	–	–	47,060

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	
	2023 $'000	2022 $'000
Transactions with related parties		
Depreciation expense – Ringwood Facility Property Lease – Bass Park Investments	549	549
Interest expense – Ringwood Facility Property Lease – Bass Park Investments	350	369
Legal fees – Hive Legal Pty Ltd	–	76
	899	**994**

In 2023, Trajan Australia made lease payments of $0.7M (2022: $0.7M) to Bass Park Investment for Ringwood Facility Property lease.

	CONSOLIDATED	
	2023 $'000	**2022 $'000**
Balances with related parties		
Right-of-use assets – Ringwood Facility Property Lease – Bass Park Investments	5,214	5,762
	5,214	**5,762**
Trade payables – Hive Legal Pty Ltd	–	7
Trade payables – Bass Park Investments	65	62
Lease liabilities – Ringwood Facility Property Lease – Bass Park Investments	5,805	6,145
	5,870	**6,214**

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 and Robert Lyon served as a Director of Bass Park Investments Pty Ltd during the prior year, resigning as a Director on 1 April 2022.

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.

Hive Legal Pty Ltd is partly owned by a trust of which Robert Lyon is a beneficiary. Hive Legal provided legal advisory services to Trajan in the prior year. All transactions are made at arm's length terms.

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.

FINANCIAL REPORT
DIRECTORS' REPORT CONTINUED

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	126,996
7 June 2021	7 June 2026	7 June 2021	$1.59	30,236
7 June 2021	7 June 2026	7 June 2021	$1.67	130,022
7 June 2021	7 June 2026	7 June 2021	$1.70	103,781
7 June 2021	7 June 2026	1 July 2022	$1.70	53,456
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	–	58,764
7 June 2021	7 June 2026	1 July 2023	$1.70	56,810
7 June 2021	7 June 2026	1 July 2023	–	132,220
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	20,002
1 May 2022	1 May 2027	1 May 2024	$3.30	20,000
1 May 2022	1 May 2027	1 May 2025	$3.30	19,998
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	169,682
7 September 2022	7 September 2027	25 July 2024	$2.21	169,996
7 September 2022	7 September 2027	25 July 2025	$2.21	169,988

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 2023 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	–	200,000
7 June 2021	–	29,382
7 June 2021	$1.70	3,000

Dividends

The Directors do not propose to make any recommendation for dividends for the year ended 30 June 2023 (2022: nil).

Indemnification and insurance of Directors and officers

During or since the end of the financial year, the Group paid $594,300 (2022: $553,050) 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.

FINANCIAL REPORT
DIRECTORS' REPORT CONTINUED

Events after the reporting date

No circumstance 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	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. 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.
Dependence on key suppliers and partners	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 the production line. 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. The Group partners with reputable suppliers and performs due diligence on key partners. Significant contracts have minimum service level agreement written into them. Where possible multiple partners are used. The Group continues to develop internal capability to achieve specification and reduce level of dependency.
Infrastructure and technology failure	The Group's consumable business is heavily dependent on the efficiency of major equipment for the production of 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. The Group continues to deploy in production equipment to drive efficiency gains through scale, scrap reduction and utilisation of its existing manufacturing facilities (i.e., Project Neptune).
Loss or corruption of IP	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 protections, 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 products. 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.
Macroeconomic factors	Threat of domestic and global recession, ongoing impacts of COVID and investor sentiment are some of the primary macroeconomic considerations that may impact the business. The Group continually monitors these factors, however, ultimately, they are often beyond the Group's control.

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.

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

28 August 2023

AUDITOR'S INDEPENDENCE DECLARATION

RSM Australia Partners

Level 21, 55 Collins Street Melbourne VIC 3000
PO Box 248 Collins Street West VIC 8007

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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 2023, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

RSM AUSTRALIA PARTNERS

B Y CHAN
Partner

Date: 28 August 2023
Melbourne, Victoria

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2023

		CONSOLIDATED	
	NOTES	2023 $'000	2022 $'000
Revenue			
Sale of goods	4a	162,154	107,574
Cost of sales		(95,065)	(64,943)
Gross profit		67,089	42,631
Other income	4b	800	683
Employee and Directors' benefits expenses	4c	(38,799)	(27,499)
Occupancy expenses	4e	(1,576)	(1,040)
General admin and marketing expenses	4d	(11,922)	(6,840)
Acquisition-related expenses		(753)	(2,790)
Finance expenses	4f	(4,002)	(1,265)
Depreciation and amortisation	4g	(5,362)	(2,226)
Profit before income tax		**5,475**	**1,654**
Income tax expense	5	(3,586)	(546)
Profit for the year after income tax		**1,889**	**1,108**
Other comprehensive income for the year			
Items that will not be reclassified subsequently to profit or loss		–	–
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		6,694	606
Total other comprehensive income for the year, net of tax		**6,694**	**606**
Total comprehensive income for the year		**8,583**	**1,714**
Profit for the year after income tax is attributable to:			
Equity holders of the parent		1,889	1,108
Minority interests		–	–
		1,889	**1,108**
Comprehensive income for the year is attributable to:			
Equity holders of the parent		8,583	1,714
Minority interests		–	–
		8,583	**1,714**
		$	$
Basic earnings per share	22	0.012	0.008
Diluted earnings per share	22	0.012	0.008

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 2023

	NOTES	CONSOLIDATED 2023 $'000	CONSOLIDATED 2022 $'000
ASSETS			
Current assets			
Cash and cash equivalents	6	11,038	13,164
Trade and other receivables	7	23,521	20,347
Inventories	8	31,934	28,337
Financial assets	10	275	142
Other assets	9	2,940	3,022
Total current assets		**69,708**	**65,012**
Non-current assets			
Financial assets	10	1,550	1,460
Property, plant and equipment	12	25,313	19,635
Right-of-use assets	13	11,605	10,608
Goodwill and intangibles	11	114,254	111,869
Deferred tax assets	16	6,611	4,514
Total non-current assets		**159,333**	**148,086**
TOTAL ASSETS		**229,041**	**213,098**
LIABILITIES			
Current liabilities			
Trade and other payables	14	16,781	15,202
Lease liabilities		1,835	1,538
Provisions	15	9,196	8,179
Income tax payable		1,457	212
Loans and borrowings	18	9,927	54,842
Total current liabilities		**39,196**	**79,973**
Non-current liabilities			
Lease liabilities		10,837	9,800
Financial liabilities	17	269	–
Provisions	15	280	324
Loans and borrowings	18	38,706	–
Deferred tax liabilities	16	10,224	7,093
Total non-current liabilities		**60,316**	**17,217**
TOTAL LIABILITIES		**99,512**	**97,190**
NET ASSETS		**129,529**	**115,908**
EQUITY			
Issued capital	19	101,251	96,258
Retained earnings	20	17,792	16,731
Foreign currency translation reserve	20	7,714	1,020
Share-based payment reserve	20	1,944	1,899
General reserve	20	828	–
TOTAL EQUITY		**129,529**	**115,908**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2023

	NOTES	CONTRIBUTED EQUITY $'000	FOREIGN CURRENCY TRANSLATION RESERVE $'000	SHARE-BASED PAYMENT RESERVE $'000	GENERAL RESERVE $'000	RETAINED EARNINGS $'000	TOTAL $'000
2023							
Balance at 1 July 2022	33d	**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**
2022							
Balance at 1 July 2021		**48,171**	**414**	**1,874**	**–**	**15,623**	**66,082**
Profit after income tax expense for the year		–	–	–	–	1,108	1,108
Other comprehensive income for the year, net of tax		–	606	–	–	–	606
Total comprehensive income for the year		**–**	**606**	**–**	**–**	**1,108**	**1,714**
Transactions with owners in their capacity as owners							
Issue of share capital (net of transaction costs)	19	47,311	–	–	–	–	47,311
Share option exercised		776	–	(474)	–	–	302
Share-based payment costs	20	–	–	499	–	–	499
Balance at 30 June 2022		**96,258**	**1,020**	**1,899**	**–**	**16,731**	**115,908**

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 2023

		Consolidated	
	Notes	2023 $'000	2022 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		160,730	107,267
Payments to suppliers and employees (inclusive of GST)		(145,514)	(98,621)
Income tax paid		(914)	(2,068)
Interest income		12	2
Finance expenses		(4,010)	(1,656)
Investment and acquisition expenses		(753)	(2,790)
Net cash flows from operating activities	30	**9,551**	**2,134**
Cash flows from investing activities			
Net (payment for purchase)/proceeds from disposal of property plant and equipment		(8,553)	(3,415)
Payment for Investment in Humankind Venture Ltd		–	(1,313)
Purchase of business combination		–	(111,654)
Net cash flows used in investing activities		**(8,553)**	**(116,382)**
Cash flows from financing activities			
Proceeds from issue of shares		4,708	29,971
Payment of share issue costs		(181)	(857)
Proceeds from borrowings		–	49,215
Repayment of borrowings		(6,209)	(1,697)
Repayment of lease liabilities		(1,682)	(1,339)
Net cash flows (used in)/from financing activities		**(3,364)**	**75,293**
Net decrease in cash and cash equivalents		(2,366)	(38,955)
Net foreign exchange difference		240	402
Cash and cash equivalents at beginning of the year		13,164	51,717
Cash and cash equivalents at end of the year	6	**11,038**	**13,164**

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

1. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements 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 28 August 2023.

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.

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 2023 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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

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.

Business combinations

Business combinations occur where the Group obtains control over one or more businesses and results in the consolidation of its assets and liabilities. A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is attained, whereby the fair value of the identifiable assets acquired, and liabilities (including contingent liabilities) assumed are recognised (subject to certain limited exceptions).

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability is remeasured each reporting date to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date. All transaction costs incurred in relation to the business combination other than those associated with the issue of a financial instrument are recognised as expenses in profit or loss when incurred. The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

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.

Government grants

Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

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

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.

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.

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.

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.

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.

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.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

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.

Comparative figures

Comparative figures have been adjusted to conform to changes in presentation for the current financial year where required by Accounting Standards or as a result of changes in accounting policy.

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 2023. 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, the impact of the Coronavirus (COVID-19) pandemic 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.

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.

Business combinations

As discussed in Note 1, business combinations are initially accounted for on a provisional basis. The fair value of assets acquired, liabilities and contingent liabilities assumed are initially estimated by the consolidated entity taking into consideration all available information at the reporting date. Fair value adjustments on the finalisation of the business combination accounting are retrospective, where applicable, to the period the combination occurred and may have an impact on the assets and liabilities, depreciation and amortisation reported.

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 relates to the transactions with any of the Group's other components.

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Financial Officer ('CFO'). All operating segments' results are reviewed regularly by the Group's CFO and Managing Director to make decisions about resources to be allocated to the segment and to assess its performance.

The Group reports in two operating segments based on differences in products and services provided: Analytical Products and Life Science Solutions.

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

Types of products and services

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

Analytical Products	the design, manufacture, distribution and sale of Analytical components and consumables
Life Science Solutions	the design, manufacture, distribution and sale of pathology, automation workflow solutions, microsampling devices, testing and data analysis

Intersegment receivables, payables and loans

There are no intersegment receivables, payables and loans.

Transfer between segments

All transactions and transfers between segments are generally determined on an arm's length basis and are included within the relevant categories of income and expense. These transactions eliminate on consolidation.

Major customers

During the year ended 30 June 2023, approximately $31.2M (2022: $20.9M) of the Group's external revenue was derived from the sales to an analytical instrumentation manufacturing company.

No other single customers contributed 10% or more to the Group's revenue for the 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 $'000	USA $'000	EMEA $'000
30 June 2023			
Revenue from external customers	26,148	83,125	52,881
Non-current assets[5]	15,341	104,819	31,012
30 June 2022			
Revenue from external customers	20,967	52,569	34,038
Non-current assets[5]	13,018	102,579	27,436

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

CONSOLIDATED – 2023	ANALYTICAL PRODUCTS $'000	LIFE SCIENCE SOLUTIONS $'000	CORPORATE SERVICES $'000	TOTAL $'000
Revenue				
Sales to external customers	84,981	77,173	–	162,154
Total sales revenue	**84,981**	**77,173**	**–**	**162,154**
Other revenue	–	–	–	–
Total segment revenue	**84,981**	**77,173**	**–**	**162,154**
Intersegment eliminations				
Unallocated revenue:				
Realised/unrealised foreign currency gains/(losses)				(32)
Rental Income				145
Gains/(losses) on financial instruments				230
Sundry income				457
Total other income				**800**
EBITDA	**28,780**	**12,192**	**(23,602)**	**17,370**
Depreciation	(3,142)	(983)	(696)	(4,821)
Amortisation	(1,894)	(488)	(694)	(3,076)
Interest revenue	6	6	–	12
Interest expense	(779)	(209)	(3,022)	(4,010)
Profit before income tax expense				**5,475**
Income tax expense				(3,586)
Profit after income tax expense				**1,889**
Assets				
Segment assets	9,488	9,837	12,609	31,934
Intersegment eliminations				
Unallocated assets:				
Cash and cash equivalents				11,038
Trade and other 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				
Unallocated liabilities:				
Trade and other payables				16,781
Lease liabilities				12,672
Financial liabilities				269
Provisions				9,476
Income tax payable				1,457
Loans and borrowings				48,633
Deferred tax liabilities				10,224
Total liabilities				**99,512**

CONSOLIDATED – 2022	ANALYTICAL PRODUCTS $'000	LIFE SCIENCE SOLUTIONS $'000	CORPORATE SERVICES $'000	TOTAL $'000
Revenue				
Sales to external customers	60,288	47,286	–	107,574
Total sales revenue	**60,288**	**47,286**	**–**	**107,574**
Other revenue	–	–	–	–
Total segment revenue	**60,288**	**47,286**	**–**	**107,574**
Intersegment eliminations				–
Unallocated revenue:				
Realised/unrealised foreign currency gains/(losses)				421
Rental income				58
Sundry income				204
Total other income				**683**
EBITDA	**21,136**	**7,240**	**(21,164)**	**7,212**
Depreciation	(2,211)	(800)	(633)	(3,644)
Amortisation	–	(596)	–	(596)
Interest revenue	–	–	2	2
Interest expense	(584)	(493)	(243)	(1,320)
Profit before income tax expense				**1,654**
Income tax expense				(546)
Profit after income tax expense				**1,108**
Assets				
Segment assets	3,420	10,702	14,215	28,337
Intersegment eliminations				
Unallocated assets:				
Cash and cash equivalents				13,164
Trade and other receivables				20,347
Other assets				3,022
Financial assets				1,602
Property, plant and equipment				19,635
Right-of-use assets				10,608
Goodwill and Intangibles				111,869
Deferred tax assets				4,514
Total assets				**213,098**
Liabilities				
Unallocated liabilities:				
Trade and other payables				15,202
Lease liabilities				11,338
Provisions				8,503
Income tax payable				212
Loans and borrowings				54,842
Deferred tax liabilities				7,093
Total liabilities				**97,190**

4. Revenue and expenses

	CONSOLIDATED	
	2023 $'000	2022 $'000
a. Revenue		
Rendering of services (over time)	2,042	1,945
Sale of goods (at a point in time)	160,112	105,629
Total revenue	**162,154**	**107,574**

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.

	2023 $'000	2022 $'000
b. Other income		
Realised/unrealised foreign currency (losses)/gains	(32)	421
Rental income	145	58
Gains/(losses) on financial instruments	230	–
Other income	457	204
Total other income	**800**	**683**
c. Employee and Directors' benefits expenses		
Salaries and wages	(54,533)	(41,174)
Post-employment benefits	(4,109)	(3,161)
Provision for long-term incentive plan	(512)	(498)
Salaries and wages, post-employment benefits and taxes allocated to cost of sales	28,843	23,235
Taxes, insurance and amenities	(8,488)	(5,901)
Total employee and Directors' benefits expenses	**(38,799)**	**(27,499)**
d. General admin and marketing expenses		
Travel and entertainment expenses	(1,831)	(805)
Professional and license fees	(4,600)	(2,870)
Advertising expenses	(817)	(689)
Operational expenses	(3,842)	(1,967)
Communication expenses	(832)	(509)
Total general admin and marketing expenses	**(11,922)**	**(6,840)**

	CONSOLIDATED	
	2023 $'000	2022 $'000
e. Occupancy expenses		
Short-term and low-value assets lease payments	(212)	(95)
Repairs and maintenance	(1,407)	(574)
Utilities and cleaning	(1,463)	(951)
Building costs	(415)	(357)
Property taxes	(448)	(186)
Occupancy expenses allocated to cost of goods sold	2,369	1,123
Total occupancy expenses	**(1,576)**	**(1,040)**
f. Finance expenses		
Interest and finance charges paid/payable on borrowings	(3,316)	(716)
Interest income	12	2
	(3,304)	(714)
Interest and finance charges paid/payable on lease liabilities	(694)	(604)
Interest expenses allocated to cost of sales	381	392
Interest expenses	(3,617)	(926)
Bank and sundry charges	(395)	(336)
Bad debts and impairments	10	(1)
Impairment of GST	–	(2)
Total finance expenses	**(4,002)**	**(1,265)**
g. Depreciation and amortisation		
Depreciation	(2,802)	(1,972)
Depreciation on right-of-use assets	(2,019)	(1,672)
Amortisation	(3,076)	(596)
Minor assets expensed	(10)	(10)
	(7,907)	**(4,250)**
Depreciation on assets allocated to cost of sales	1,600	1,052
Depreciation on right-of-use assets allocated to cost of sales	945	972
Total depreciation and amortisation	**(5,362)**	**(2,226)**

5. Income tax expense

	Consolidated 2023 $'000	Consolidated 2022 $'000
Income tax expense		
Current tax (expense)/income	(2,515)	(520)
Deferred tax (expense)/income	(821)	(10)
(Under)/overprovision of tax in prior periods	(250)	(16)
Total income tax (expense)/income	**(3,586)**	**(546)**

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

	Consolidated 2023 $'000	Consolidated 2022 $'000
Prima facie income tax payable on profit before income tax	5,475	1,654
At Australia's income tax rate of 30% (2022: 30%)	(1,643)	(496)
Add/(less) tax effect of:		
(Under)/overprovision of tax in prior periods	(250)	(16)
Changes in recognised temporary differences[6]	(1,760)	(179)
Research and development tax benefit	535	457
Non-deductible expenses	(88)	(221)
Employee share options	(154)	(150)
Effect of different tax rates in overseas entities	(163)	29
Other non-allowable items	(63)	30
Income tax expense attributable to profit	**(3,586)**	**(546)**

6. 2023 temporary differences include intercompany foreign exchange revaluations of $1.5M.

6. Current assets – cash and cash equivalents

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

	Consolidated 2023 $'000	Consolidated 2022 $'000
Cash at bank and in hand	10,370	12,278
Cash equivalents[7]	668	886
Total cash and cash equivalent	**11,038**	**13,164**

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

7. Current assets – trade and other receivables

	CONSOLIDATED	
	2023 $'000	2022 $'000
Trade receivables	23,521	20,347
Total trade and other receivables	**23,521**	**20,347**

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 2023 (2022: $nil).

During the year, the Group has considered the impact of the COVID-19 pandemic on the amount of ECLs and has determined from its assessment that there has been no significant change to the recovery of the customers' debts.

Ageing of trade receivables

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

	CARRYING AMOUNT	
	2023 $'000	2022 $'000
0-30 Days	19,491	14,628
31-60 Days	2,481	3,478
61-90 Days	1,192	1,493
Over 90 Days	357	748
	23,521	**20,347**

8. Current assets – inventories

	CONSOLIDATED	
	2023 $'000	2022 $'000
Raw materials	10,283	8,573
Work in progress – Manufacturing	8,283	6,877
Work in progress – Automation	768	531
Finished goods	15,441	14,616
Provision for stock obsolescence	(3,824)	(2,834)
Stock for demonstrations	983	574
Total inventories	**31,934**	**28,337**

9. Current assets – other assets

	Consolidated	
	2023 $'000	2022 $'000
Prepayments	2,150	2,216
Prepaid insurance on retirement – Japan	99	301
Other receivables	549	–
GST (or equivalent) receivables	86	479
Deposits on purchases	56	26
Total other assets	**2,940**	**3,022**

10. Financial assets

	Consolidated	
Current financial assets	2023 $'000	2022 $'000
Foreign exchange contracts	275	142
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	69
Unlisted ordinary shares in Humankind Ventures Ltd	1,344	1,254
Total non-current financial assets	**1,550**	**1,460**
Total financial assets	**1,825**	**1,602**

11. Non-current assets – goodwill and intangibles

	CONSOLIDATED	
	2023 $'000	2022 $'000
Goodwill – MyHealthTest	239	239
Goodwill – Grale	765	765
Goodwill – Axel Semrau GmbH	20,914	19,350
Goodwill – Neoteryx LLC	23,316	22,423
Goodwill – LEAP PAL Parts (LPP)	5,328	5,124
Goodwill – Chromatography Research Supplies (CRS)	30,012	28,864
Total goodwill	**80,574**	**76,765**
Patents	307	201
Customer relationships	29,078	30,087
Trademark	147	176
Marketing relationships	1,073	1,393
Technology	3,075	3,247
Total goodwill and intangibles	**114,254**	**111,869**

Impairment testing

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 projections, 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 30%.

- 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.

	2023	2022
MyHealthTest		
Pre-tax discount rate	25.6%	25.6%
Terminal value	3.0%	3.0%
Grale		
Pre-tax discount rate	25.6%	25.6%
Terminal value	3.0%	3.0%
Axel Semrau		
Pre-tax discount rate	12.6%	12.6%
Terminal value	3.0%	3.0%
Neoteryx LLC		
Pre-tax discount rate	18.2%	18.2%
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	17.2%	–
Terminal value	3.0%	–

Compared to prior years, management have reduced their estimation of the increase in operating costs and overheads, and also an effort by the Group to contain costs.

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:

MyHealthTest

- Revenue would need to decrease by more than 6.0% for MyHealthTest before goodwill would need to be impaired, with all other assumptions remaining constant.
- The margin would be required to decrease by more than 6.0% points for the MyHealthTest before goodwill would need to be impaired, with all other assumptions remaining constant.

Grale

- Revenue would need to decrease by more than 6.4% for Grale before goodwill would need to be impaired, with all other assumptions remaining constant.
- The margin would be required to decrease by more than 6.4% points for the Grale before goodwill would need to be impaired, with all other assumptions remaining constant.

Axel Semrau

- Revenue would need to decrease by more than 10.5% 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 15.0% points for Axel Semrau before goodwill would need to be impaired, with all other assumptions remaining constant.

Neoteryx LLC

- Revenue would need to decrease by more than 13.7% for Neoteryx LLC before goodwill would need to be impaired, with all other assumptions remaining constant.
- The margin would be required to decrease by more than 26.7% points for Neoteryx LLC before goodwill would need to be impaired, with all other assumptions remaining constant.

LPP

- Revenue would need to decrease by more than 8.4% 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 8.3% 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 3.6% 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 2.6% points for CRS before goodwill would need to be impaired, with all other assumptions remaining constant.

Other than as noted above, no reasonably possible change in a key assumption used in the determination of the recoverable value of CGUs would result in a material impairment to the Group.

12. Non-current assets – property, plant and equipment

2023	LAND AND BUILDING $'000	PLANT AND EQUIPMENT $'000	FURNITURE AND FITTINGS $'000	COMPUTER SOFTWARE AND EQUIPMENT $'000	MOTOR VEHICLES $'000	LEASEHOLD IMPROVE-MENT $'000	CAPITAL IN PROGRESS $'000	TOTAL $'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**

2022	LAND AND BUILDING $'000	PLANT AND EQUIPMENT $'000	FURNITURE AND FITTINGS $'000	COMPUTER SOFTWARE AND EQUIPMENT $'000	MOTOR VEHICLES $'000	LEASEHOLD IMPROVE-MENT $'000	CAPITAL IN PROGRESS $'000	TOTAL $'000
Cost at 1 July 2021	**–**	**7,918**	**615**	**2,136**	**–**	**1,562**	**626**	**12,857**
Additions	–	1,540	112	378	–	671	1,569	4,270
Adjustment from business combination	7,914	573	4,177	280	153	(63)	–	13,034
Disposals	–	(341)	–	(58)	(149)	–	(794)	(1,342)
Exchange rate impact	(87)	538	2	7	143	(190)	28	441
Balance at 30 June 2022	**7,827**	**10,228**	**4,906**	**2,743**	**147**	**1,980**	**1,429**	**29,260**
Depreciation and impairment as at 1 July 2021	**–**	**(4,321)**	**(383)**	**(1,744)**	**–**	**(1,089)**	**–**	**(7,537)**
Depreciation charge	(56)	(1,156)	(102)	(354)	(16)	(288)	–	(1,972)
Disposals	–	30	–	53	12	–	–	95
Exchange rate impact	9	(332)	(11)	(14)	–	137	–	(211)
Balance at 30 June 2022	**(47)**	**(5,779)**	**(496)**	**(2,059)**	**(4)**	**(1,240)**	**–**	**(9,625)**
Cost at 30 June 2022	**7,827**	**10,228**	**4,906**	**2,743**	**147**	**1,980**	**1,429**	**29,260**
Accumulated depreciation and impairment	**(47)**	**(5,779)**	**(496)**	**(2,059)**	**(4)**	**(1,240)**	**–**	**(9,625)**
Net carrying value at 30 June 2022	**7,780**	**4,449**	**4,410**	**684**	**143**	**740**	**1,429**	**19,635**

13. Non-current assets – right-of-use assets

	CONSOLIDATED 2023 $'000	CONSOLIDATED 2022 $'000
Land and buildings – right-of-use assets	15,995	14,231
Less: Accumulated depreciation	(4,831)	(3,837)
	11,164	10,394
Plant and equipment – right-of-use assets	684	389
Less: Accumulated depreciation	(243)	(175)
	441	214
Total	**11,605**	**10,608**

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 $4.1M (2022: $2.7M).

14. Current liabilities – trade and other payables

	CONSOLIDATED 2023 $'000	CONSOLIDATED 2022 $'000
Trade payables	9,578	8,570
Accruals	4,743	4,870
Contract liabilities	2,460	1,762
Total	**16,781**	**15,202**

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 2023 $'000	CONSOLIDATED 2022 $'000
Current liability		
Annual leave	5,460	4,738
Long service leave – Australia	3,736	3,441
	9,196	**8,179**
Non-current liability		
Long service leave – Australia	280	324
	280	**324**
Total provisions	**9,476**	**8,503**

16. Non-current – deferred tax assets and liabilities

	NOTE	CONSOLIDATED 2023 $'000	CONSOLIDATED 2022 $'000
Deferred tax assets		6,611	4,514
Deferred tax liabilities		(10,224)	(7,093)
Total net deferred tax assets/(liabilities)		**3,613**	**2,579**
a. Deferred tax assets			
Deferred tax asset comprises temporary differences attributable to:			
Amounts recognised in profit or loss:			
Plant and equipment		166	177
Inventory		645	364
Employee benefits		2,151	1,997
Right-of-use assets		(3,147)	(1,729)
Leases		3,366	1,844
Accrued expenses		128	171
Business capital costs		1,074	1,289
Borrowing costs		80	101
R&D capitalisation		863	–
Foreign related party interest unpaid		1,198	–
Others		25	(67)
		6,549	4,147
Amounts recognised in equity:			
Transaction costs on share issue		62	367
		62	367
		6,611	**4,514**
Movement			
Opening balance		4,514	4,310
Credited to profit or loss		2,035	(163)
Credited to equity		62	367
Closing balance		**6,611**	**4,514**
b. Deferred tax liabilities			
Deferred tax liabilities comprise temporary differences attributable to:			
Amounts recognised in profit or loss:			
Intangible assets		(7,414)	(6,918)
Plant and equipment		(1,564)	–
Unrealised gain on foreign exchange		(1,246)	(175)
		(10,224)	**(7,093)**
Movement			
Opening balance		(7,093)	(326)
Credited to profit or loss		(2,856)	151
Business combination: Measurement period adjustment	33(d)	(275)	(6,918)
Closing balance		**(10,224)**	**(7,093)**

17. Non-current liabilities – financial liabilities

	CONSOLIDATED	
	2023 $'000	2022 $'000
Foreign exchange contracts	269	–
Total financial liabilities	**269**	**–**

18. Loans and borrowings

	CONSOLIDATED	
	2023 $'000	2022 $'000
Current liability		
Loan HSBC – secured and interest bearing	9,419	54,307
Bank overdraft	328	535
Deferred consideration – secured	181	–
	9,927	**54,842**
Non-current liability		
Loan HSBC – secured and interest bearing	38,539	–
Deferred consideration – secured	167	–
	38,706	**–**
Total	**48,633**	**54,842**

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

	2023 $'000	2022 $'000
Amount utilised	48,285	54,842
Unused loan facility	1,453	1,774
Loan facilities	**49,738**	**56,616**

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 $0.4M (US$0.3M). Interest is calculated as BBSY or LIBOR plus a margin,
- Amortised Loan facility of $42.4M. Interest is calculated as BBSY or LIBOR plus a margin, and
- HSBC Corporate Credit Cards facility of $0.2M.

The above facilities are provided subject to the provision of customary financial covenants from Trajan and are otherwise provided on terms and conditions that the Group considers to be customary for financing arrangements of a similar nature. The facilities are secured by unlimited guarantees and general security agreements from Trajan Group entities.

Axel Semrau GmbH have access to an on demand, unsecured, bank overdraft facility provided by HypoVereinsbank Germany of €0.5M ($0.9M). At 30 June 2023, the facility was drawn €0.2M ($0.3M).

Covenants on financing facilities

As of 30 June 2023, Trajan was in compliance with all covenants under its debt arrangement. As a result, the outstanding loan facility balance is presented as in accordance with the loan repayment schedule.

Changes in liabilities arising from financing activities

	CONSOLIDATED	
	2023 $'000	2022 $'000
Opening balance	54,842	7,293
(Repayment of)/net proceeds from borrowings	(6,209)	47,549
Closing balance	**48,633**	**54,842**

19. Equity – issued capital

	2023 SHARES	2022 SHARES	2023 $'000	2022 $'000
Ordinary shares – fully paid	152,083,865	149,456,159	101,251	96,258

DETAILS	DATE	SHARES	ISSUE PRICE	$'000
Balance	30 Jun 2022	149,456,159		96,258
Exercise of share options	4 Jul 2022	44,074	1.70	75
Issuance of shares	19 Jul 2022	2,351,250	2.00	4,702
Capital raising cost		–	–	(181)
Exercise of share options	11 Aug 2022	200,000	1.70	340
Exercise of share options	2 Sep 2022	29,382	1.70	50
Exercise of share options	20 Dec 2022	3,000	2.28	7
Balance	**30 Jun 2023**	**152,083,865**		**101,251**

As at 7 June 2021, a voluntary escrow arrangement pursuant to a voluntary escrow deed between the Tomisich Family Trust, the Company and Stephen Tomisich (being one of the effective controllers of the Tomisich Family Trust) came into effect. 76.5M of ordinary shares issued were placed in escrow. Twenty-five percent (25%) of the escrowed shares were released upon the publication of Trajan's annual report for FY2022. The remaining seventy-five percent (75%) will be released upon the publication of Trajan's annual report for FY2023.

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 (2022: 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 Group is subject to certain financing arrangements covenants and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year.

The capital risk management policy remains unchanged from the 30 June 2022 Annual Report.

20. Equity – reserves and retained earnings

	NOTES	2023 $'000	2022 $'000
Foreign currency translation reserve	(a)	7,714	1,020
Share-based payment reserve	(b)	1,944	1,899
Retained earnings	(c)	17,792	16,731
General reserve	(d)	828	–
		28,278	**19,650**

a. Foreign currency translation reserve

Movement in reserve		
Opening balance	1,020	414
Exchange differences on translation of foreign operation	6,694	606
Closing balance	**7,714**	**1,020**

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

	NOTES	2023 $'000	2022 $'000
b. Share-based payment reserve			
Movement in reserve			
Opening balance		1,899	1,874
Share-based payments expensed during the year		542	499
Exercised of share option during the year		(467)	(474)
Option lapsed		(30)	–
Closing balance		**1,944**	**1,899**

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

	NOTES	2023 $'000	2022 $'000
c. Retained earnings			
Movement in retained earnings			
Opening balance		16,731	15,623
Dividends declared during the year	21	–	–
Transfer to General Reserve	20(d)	(828)	–
Net profit for the year		1,889	1,108
Closing balance		**17,792**	**16,731**
d. General Reserve			
Movement in general reserve			
Opening balance		–	–
Transfer from Retained earnings	20(c)	828	–
Closing balance		**828**	**–**

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 2023 (2022: nil).

Franking credits

	2023 $'000	2022 $'000
Franking credits available for subsequent financial years based on a tax rate of 30%	1,544	791

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

	2023 $'000	2022 $'000
Earnings per share for profit		
Profit after income tax attributable to Trajan Group Holdings Limited	1,889	1,108
	$	$
Basic earnings per share	0.012	0.008
Diluted earnings per share	0.012	0.008

Weighted average number of ordinary shares

	NUMBER	NUMBER
Weighted average number of ordinary shares used in calculating earnings per share	151,938,600	134,326,734
Adjustment for calculation of diluted earnings per share:		
Options over ordinary shares	1,356,373	1,533,971
Weighted average number of ordinary shares used in calculating diluted earnings per share	153,294,973	135,860,705

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 June 2021	7 June 2026	$1.24	203,082	–	–	–	203,082
2	7 June 2021	7 June 2026	$1.68	78,629	–	–	(3,574)	75,055
3	7 June 2021	7 June 2026	$1.59	22,859	–	–	(3,810)	19,049
4	7 June 2021	7 June 2026	$1.67	88,158	–	–	(10,795)	77,363
5	7 June 2021	7 June 2026	$1.70	65,047	–	–	(4,647)	60,400
5a	7 June 2021	7 June 2026	$1.70	33,505	–	–	(2,393)	31,112
5b	7 June 2021	7 June 2026	–	910,002	–	(340,000)	–	570,002
6	7 June 2021	7 June 2026	$1.70	31,448	–	(1,746)	–	29,702
6a	7 June 2021	7 June 2026	–	224,774	–	(124,875)	–	99,899
7	7 June 2021	7 June 2026	$1.70	33,063	–	–	–	33,063
7a	7 June 2021	7 June 2026	–	224,774	–	–	–	224,774
8	7 June 2021	7 June 2026	$1.70	33,063	–	–	–	33,063
8a	7 June 2021	7 June 2026	–	225,452	–	–	–	225,452
9	1 May 2022	1 May 2027	$3.30	35,004	–	–	–	35,004
10	1 May 2022	1 May 2027	$3.30	35,000	–	–	–	35,000
11	1 May 2022	1 May 2027	$3.30	34,997	–	–	–	34,997
12	1 May 2022	1 May 2027	$3.30	12,250	–	–	–	12,250
13	1 May 2022	1 May 2027	$3.30	12,250	–	–	–	12,250
14	1 May 2022	1 May 2027	$3.30	12,239	11	–	–	12,250
15	28 Feb 2022	1 Jul 2027	$1.70	4,293	–	–	–	4,293
16	28 Feb 2022	1 Jul 2027	$1.70	4,293	–	–	–	4,293
17	28 Feb 2022	1 Jul 2027	$1.70	4,293	–	–	–	4,293
18	7 Sep 2022	7 Sep 2027	$2.21	–	152,080	–	(2,930)	149,150
19	7 Sep 2022	7 Sep 2027	$2.21	–	152,356	–	(2,930)	149,426
20	7 Sep 2022	7 Sep 2027	$2.21	–	152,350	–	(2,930)	149,420
				2,328,475	456,797	(466,621)	(34,009)	2,284,642
	Weighted average option value			$1.20	–	–	–	$1.08

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

TRANCHE	GRANT DATE	EXPIRY DATE	2023 NUMBER	2022 NUMBER
1	7 June 2021	7 June 2026	260,028	260,028
2	7 June 2021	7 June 2026	126,996	133,044
3	7 June 2021	7 June 2026	30,236	36,284
4	7 June 2021	7 June 2026	130,022	148,165
5	7 June 2021	7 June 2026	103,781	111,765
5a	7 June 2021	7 June 2026	53,456	57,568
5b	7 June 2021	7 June 2026	335,295	535,295
6	7 June 2021	7 June 2026	51,034	54,034
6a	7 June 2021	7 June 2026	58,764	132,220
9	1 May 2022	1 May 2027	20,002	–
15	28 Feb 2022	1 Jul 2027	2,025	–
			1,171,639	**1,468,403**

The weighted average option value during the financial year was $1.08 (2022: $1.20). The weighted average remaining contractual life of options outstanding at the end of the financial year was 3.2 years (2022: 4.0 years).

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	7 September 2022
Expiry date	7 September 2027
Strike price	$2.21
Expected volatility	48%
Weighted average risk-free interest rate	3.26%
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 6 to 18 months out, depending on given economic circumstances. Trajan currently holds contracts to exchange USD which settle between July 2023 and December 2024. 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:

	2023 AUD $'000 EBITDA	2022 AUD $'000 EBITDA	2023 AUD $'000 RETAINED EARNINGS	2022 AUD $'000 RETAINED EARNINGS
+2.50%	(1,429)	(978)	(1,211)	(901)
-2.50%	1,429	978	1,211	901

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.

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 $48.0M (2022: $54.3M), are principal and interest payment loans. The average monthly cash outlays of approximately $265,038 (2022: $50,685) are made to service the interest payments. The average monthly principal repayments of $539,965 (2022: $163,015) are made for the year ended 30 June 2023. An official increase/decrease in interest rates of 100 (2022: 100) basis points would have an adverse/favourable effect on profit before tax of $479,572 (2022: $543,069) 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 our 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 2023 was $23.5M (2022: $20.3M). 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.

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 $'000	BETWEEN 1 AND 2 YEARS $'000	BETWEEN 2 AND 5 YEARS $'000	OVER 5 YEARS $'000	TOTAL $'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**
2022					
Trade payables	8,570	–	–	–	8,570
Other payables – Accruals	4,870	–	–	–	4,870
Interest bearing loans and borrowings	54,842	–	–	–	54,842
Lease liabilities	1,538	1,433	3,291	5,076	11,338
Total	**69,820**	**1,433**	**3,291**	**5,076**	**79,620**

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

2023	LEVEL 1 $'000	LEVEL 2 $'000	LEVEL 3 $'000	TOTAL $'000
Assets				
Forward foreign exchange contract	–	275	–	275
Unlisted ordinary shares in LBPR Pty Ltd	–	–	137	137
Unlisted ordinary shares in Healthier Delivery Pty Ltd	–	–	69	69
Unlisted ordinary shares in HumanKind Venture Ltd	–	–	1,344	1,344
	–	**275**	**1,550**	**1,825**
Liabilities				
Forward foreign exchange contract	–	269	–	269
	–	**269**	**–**	**269**

2022	LEVEL 1 $'000	LEVEL 2 $'000	LEVEL 3 $'000	TOTAL $'000
Assets				
Forward foreign exchange contract	–	142	–	142
Unlisted ordinary shares in LBPR Pty Ltd	–	–	137	137
Unlisted ordinary shares in Healthier Delivery Pty Ltd	–	–	69	69
Unlisted ordinary shares in HumanKind Venture Ltd	–	–	1,254	1,254
	–	**142**	**1,460**	**1,602**

Valuation techniques for fair value measurements categorised within level 2 and level 3. Derivative financial instruments have been valued using quoted market rates. This valuation technique maximises the use of observable market data where it is available and relies as little as possible on Group's specific estimates.

Due to their short-term nature, the fair value of trade and other receivables and trade and other payables are assumed to approximates 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.

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

	UNLISTED ORDINARY SHARES $'000	TOTAL $'000
Balance at 30 June 2022	1,460	1,460
Additions during the year	–	–
Exchange rate impact	90	90
Balance at 30 June 2023	1,550	1,550

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:

	2023 $'000	2022 $'000
Short-term employee benefits	2,490	2,259
Post-employment benefits	161	161
Long-term benefits	50	51
Share-based payments	218	440
	2,919	**2,911**

27. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries:

		Ownership interest	
Name	Principal place of business/ country of incorporation	2023 %	2022 %
Grale Scientific Pty Ltd	Australia	100%	100%
Scientific Glass Manufacturing (UK) Ltd	United Kingdom	100%	100%
Trajan Accelerator Pty Ltd	Australia	100%	100%
Trajan Nutrition Pty Ltd	Australia	100%	100%
Trajan Scientific Americas Inc	United States	100%	100%
Neoteryx LLC	United States	100%	100%
Chromatography Research Supplies Inc	United States	100%	100%
Trajan Scientific and Medical Pty Ltd	Australia	100%	100%
Trajan Scientific Australia Pty Ltd	Australia	100%	100%
Trajan Scientific Europe Ltd[1]	United Kingdom	100%	100%
Trajan Scientific Germany GmbH	Germany	100%	100%
Trajan Scientific Germany Holdings GmbH	Germany	100%	100%
Trajan Scientific Germany Property GmbH[2]	Germany	100%	100%
Axel Semrau GmbH[3]	Germany	100%	100%
Trajan Scientific Japan Inc	Japan	100%	100%
Trajan Scientific Malaysia Sdn Bhd	Malaysia	100%	100%
Trajan Scientific Switzerland Sarl	Switzerland	100%	100%
Biopsy Solutions Pty Ltd	Australia	75%	100%

1. Trajan Scientific Europe Ltd includes a branch in France, Trajan Scientific France.
2. During the year, Semrau Immobilien GmbH & Co. KG was merged into Trajan Scientific Germany Property GmbH.
3. 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	
	2023 $'000	2022 $'000
Depreciation expense – Ringwood Facility Property Lease – Bass Park Investments	549	549
Interest expense – Ringwood Facility Property Lease – Bass Park Investments	350	369
Legal fees – Hive Legal Pty Ltd	–	76
	899	**994**

In 2023, Trajan Australia made lease payments of $0.7M (2022: $0.7M) to Bass Park Investment 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:

	2023 $'000	2022 $'000
Assets		
Right-of-use assets – Ringwood Facility Property Lease – Bass Park Investments	5,214	5,762
	5,214	**5,762**
Liabilities		
Trade payables – Hive Legal Pty Ltd	–	7
Trade payables – Bass Park Investments	65	62
Lease liabilities – Ringwood Facility Property Lease – Bass Park Investments	5,805	6,145
	5,870	**6,214**

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.

	2023 $'000	2022 $'000
Audit services – RSM Australia		
Audit or review of the financial statements	167	129
Audit or review of the financial statements – Trajan Malaysia	–	12
Review of the financial statements – Trajan America	–	15
Other services – RSM Australia		
Tax services	35	10
Transfer Pricing services	48	48
Advisory services: Debt structuring (non-recurring)	–	25
Due diligence review (non-recurring)	84	164
	334	**403**
Audit services – RSM network firms		
Audit or review of the financial statements	265	304
Other services – RSM network firms		
Tax services	117	88
Post acquisition restructuring (non-recurring)	40	–
Due diligence review (non-recurring)	148	284
Others	53	12
	623	**688**
Total	**957**	**1,091**

30. Cash flow information

Reconciliation of cash flow from operations with profit after income tax

	CONSOLIDATED	
	2023 $'000	2022 $'000
Profit after income tax	**1,889**	**1,108**
Adjustments for:		
– Depreciation and amortisation	7,897	4,240
– Net loss on disposal of assets	74	214
– Foreign exchange contracts	136	1,511
– Foreign exchanges impacts	902	(421)
– Share-based payments	542	499
– Lapsed of options	(30)	–
– Bad debts and impairments	(10)	1
Net (increase)/decrease in operating assets		
– Trade and other receivables	(3,174)	(2,471)
– Inventory	(3,597)	(4,720)
– Deferred tax assets	1,034	(355)
– Other assets	91	74
Net increase/(decrease) in operating liabilities		
– Trade and other payables	881	1,772
– Provisions	973	1,432
– Contract liabilities	698	180
– Income tax payable	1,245	(930)
Net cash provided by/(used in) operating activities	**9,551**	**2,134**

31. Non-cash investing and financing activities

	2023 $'000	2022 $'000
Additions to the right-of-use assets	4,115	2,584
Shares option issued under employee share plan	542	499
Shares issued for business combination	–	18,500
	4,657	**21,583**

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.

	2023 $'000	2022 $'000
STATEMENT OF FINANCIAL POSITION		
Assets		
Current assets	104,247	98,396
Non-current assets	2,000	2,000
Total assets	**106,247**	**100,396**
Liabilities		
Current liabilities	915	102
Non-current liabilities	2,000	2,000
Total liabilities	**2,915**	**2,102**
Equity		
Share capital	101,248	96,255
Retained earnings	140	140
Capital reserve	1,944	1,899
Total equity	**103,332**	**98,294**
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 2023 and 30 June 2022.

Capital commitments – Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2023 and 30 June 2022.

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. Business combinations

a. Prior year acquisition – Neoteryx LLC

On 29 December 2021, Trajan Scientific Americas Inc acquired 100% of the shares in Neoteryx, LCC through a share swap and cash payment arrangement. Former shareholder of Neoteryx, Farrona LLC was issued 4,659,843 ordinary fully paid shares in Trajan Group Holdings and an initial cash payment of $3.9M (US$2.8M). An additional $2.5M (US$1.8M) was deposited into an escrow account, which is payable to Farrona LLC or to Trajan Scientific Americas Inc, as the case may be, in accordance with the Purchase Agreement. By 30 June 2023, the escrow funds were released.

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

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

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

At 30 June 2022, the allocation of the fair value to goodwill had been made on a provisional basis.

By 31 December 2022, the accounting for the business combination was finalised. Thus, the Group recognised adjustments to the provisional amounts as if the accounting for the business combination had been completed at the respective acquisition date.

The Group also revised comparative information for prior periods presented in financial statements as needed. Refer Note 33(d) for further details. The following table shows the changes made to revise the comparative financial information pursuant to measurement period adjustments:

Details of the acquisition are as follows:

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

b. Prior year acquisition – LEAP PAL Parts

Trajan Scientific America entered into an Asset Purchase Agreement on 7 December 2021, for the acquisition of the assets used in or related to the operation of the Business. The total consideration for the acquisition is $10.6M (US$7.7M). The effective date of the acquisition is 30 December 2021.

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

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

At 30 June 2022, the allocation of the fair value to goodwill had been made on a provisional basis.

By 31 December 2022, the accounting for the business combination was finalised. Thus, the Group recognised adjustments to the provisional amounts as if the accounting for the business combination had been completed at the respective acquisition date.

The Group also revised comparative information for prior periods presented in financial statements as needed. Refer Note 33(d) for further details. The following table shows the changes made to revise the comparative financial information pursuant to measurement period adjustments:

Details of the acquisition are as follows:

	30 DEC 2021 LEAP PAL PARTS FAIR VALUE $'000	MEASURE-MENT PERIOD ADJUSTMENT $'000	POST MEASURE-MENT FAIR VALUE $'000
Trade and other receivables	1,576	(18)	1,558
Inventories	1,521	–	1,521
Property, plant and equipment	83	(15)	68
Customer relationships	–	2,637	2,637
Marketing relationships	–	439	439
Trade and other payables	(690)	91	(599)
Net assets acquired	**2,490**	**3,134**	**5,624**
Goodwill arising on acquisition	8,136	(3,259)	4,877
Total cash consideration paid	**10,626**	**(125)**	**10,501**

c. Prior year acquisition – Chromatography Research Supplies

On 16 June 2022, Trajan Scientific Americas Inc entered into a Share Purchase Agreement for the acquisition of 100% of the shares in Chromatography Research Supplies Inc. The acquisition also includes the property associated with the operations of Chromatography Research Supplies (CRS). The total consideration for the acquisition is $63.8M (US$44.0M). The acquisition was funded via a fully underwritten $29.7M (before fees) institutional placement, $20.0M in acquisition debt financing through a facility with HSBC and $15.1M from existing cash reserve. The effective date of the acquisition is 24 June 2022.

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

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

At 30 June 2022, the allocation of the fair value to goodwill had been made on a provisional basis.

By 30 June 2023, the accounting for the business combination was finalised. Thus, the Group recognised adjustments to the provisional amounts as if the accounting for the business combination had been completed at the respective acquisition date.

The Group also revised comparative information for prior periods presented in financial statements as needed. Refer Note 33(d) for further details. The following table shows the changes made to revise the comparative financial information pursuant to measurement period adjustments:

Details of the acquisition are as follows:

	24 JUNE 2022 CRS FAIR VALUE $'000	MEASURE-MENT PERIOD ADJUSTMENT $'000	POST MEAS-UREMENT FAIR VALUE $'000
Cash and cash equivalent	146	–	146
Trade and other receivables	2,741	81	2,822
Inventories	3,745	66	3,811
Property, plant and equipment	6,224	2,432	8,656
Patents	–	27	27
Prepayments	621	–	621
Other assets	10	–	10
Trade and other payables	(567)	176	(391)
Deferred tax liabilities	–	(6,918)	(6,918)
Customer relationships	–	25,419	25,419
Marketing relationships	–	747	747
Net identifiable assets acquired	**12,920**	**22,030**	**34,950**
Goodwill arising on acquisition	50,893	(22,030)	28,863
Total cash consideration paid	**63,813**	**–**	**63,813**

d. Measurement period adjustment

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

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

Condensed consolidated statement of financial position

	30 JUNE 2022 REPORTED IN PRIOR YEAR $'000	30 JUNE 2022 CURRENT COMPARATIVE $'000	CHANGE $'000
Trade and other receivables	20,266	20,347	81
Inventories	28,271	28,337	66
Property, plant and equipment	18,096	19,635	1,539
Goodwill	*103,430*	*76,765*	*(26,665)*
Patent	*174*	*201*	*27*
Trademark	*200*	*176*	*(24)*
Customer relationships	*1,977*	*30,087*	*28,110*
Marketing relationships	–	*1,393*	*1,393*
Technology	*1,630*	*3,247*	*1,617*
Goodwill and intangibles	107,411	111,869	4,458
Total non-current assets	**141,914**	**148,086**	**6,172**
TOTAL ASSETS	**206,779**	**213,098**	**6,319**
Trade and other payables	15,378	15,202	(176)
Total current liabilities	**80,149**	**79,973**	**(176)**
Deferred tax liabilities	175	7,093	6,918
Total non- current liabilities	**10,124**	**17,217**	**7,093**
TOTAL LIABILITIES	**90,273**	**97,190**	**6,917**
Foreign currency translation reserve	1,022	1,020	(2)
Retained earnings	17,327	16,731	(596)
TOTAL EQUITY	**116,506**	**115,908**	**(598)**

Condensed consolidated statement of profit or loss and other comprehensive income

	30 JUNE 2022 REPORTED IN PRIOR YEAR $'000	30 JUNE 2022 CURRENT COMPARATIVE $'000	CHANGE $'000
Depreciation and amortisation	(1,630)	(2,226)	596
Profit before income taxes	2,250	1,654	596
Income tax expense	(546)	(546)	–
Profit for the year after income tax	1,704	1,108	(596)

34. 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 to be a party to the Deed of Cross Guarantee ('DOCG') for the financial year ended 30 June 2023.

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.

	2023 $'000	2022 $'000
Revenue		
Sale of goods	62,337	52,605
Cost of sales	(39,425)	(36,426)
Gross profit	22,912	16,179
Interest income	6,169	612
Other income	6,481	2,519
Employee and Directors' benefits expenses	(12,790)	(11,235)
Occupancy expenses	(180)	(235)
General admin and marketing expenses	(6,645)	(6,085)
Finance expenses	(3,184)	(882)
Depreciation and amortisation	(401)	(484)
Profit before income tax	12,362	389
Income tax expense	(3,483)	(42)
Profit for the year after income tax	**8,879**	**347**
Other comprehensive income for the year	–	–
Total comprehensive income for the year	**8,879**	**347**
Equity – retained earnings		
Retained profits at the beginning of the year	10,590	10,243
Profit after income tax expenses	8,879	347
Retained profits at the end of the year	**19,469**	**10,590**

	2023 $'000	2022 $'000
ASSETS		
Current assets		
Cash and cash equivalents	2,488	6,719
Trade and other receivables	43,000	46,346
Inventories	10,439	9,310
Financial assets	275	142
Other assets	1,258	1,079
Total current assets	**57,460**	**63,596**
Non-current assets		
Financial assets	119,240	103,181
Property, plant and equipment	6,674	4,598
Right-of-use assets	5,214	5,762
Goodwill and intangibles	1,294	1,180
Deferred tax assets	2,737	4,608
Total non-current assets	**135,159**	**119,329**
TOTAL ASSETS	**192,619**	**182,925**
LIABILITIES		
Current liabilities		
Trade and other payables	8,106	6,969
Lease liabilities	381	340
Provisions	6,751	6,445
Income tax payables	915	102
Loans and borrowings	6,530	54,307
Total current liabilities	**22,683**	**68,163**
Non-current liabilities		
Financial liabilities	269	–
Lease liabilities	5,424	5,807
Provisions	154	211
Loans and borrowings	41,428	–
Total non-current liabilities	**47,275**	**6,018**
TOTAL LIABILITIES	**69,958**	**74,181**
NET ASSETS	**122,661**	**108,744**
EQUITY		
Issued capital	101,248	96,255
Reserve	1,944	1,899
Retained earnings	19,469	10,590
TOTAL EQUITY	**122,661**	**108,744**

35. Commitments

	2023 $'000	2022 $'000
Capital commitments committed at the reporting date but not recognised as liabilities:		
Not later than 12 months	600	1,893
Between 12 months and 5 years	–	–
Later than 5 years	–	–
Total capital commitments	600	1,893
Lease commitments committed at the reporting date but not recognised as lease liabilities:		
Not later than 12 months	3	47
Between 12 months and 5 years	3	15
Later than 5 years	–	–
Total lease commitments	6	62
Total commitments	**606**	**1,955**

36. 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 2023 (2022: nil).

37. Events after the reporting date

No matter or circumstance 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.

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 2023 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.

There are reasonable grounds to believe that the Company and the group entities identified in Note 34 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
This 28th day of August 2023

INDEPENDENT AUDITOR'S REPORT

RSM Australia Partners

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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 2023, 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 a summary of significant accounting policies, 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 2023 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* (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
Recognition of Revenue Refer to Note 4 in the financial statements	
Revenue for the year ended 30 June 2023 was $162.2 million. Revenue recognition was considered a key audit matter due to the materiality and significance of the balance.	Our audit procedures in relation to the recognition of revenue included: • Assessing whether the Group's revenue recognition policies were in compliance with AASB 15 *Revenue from Contracts with Customers*; • 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 over transactions recorded either side of the period end, to ensure that revenues were recorded in the appropriate period; and • Assessing the appropriateness of the disclosures in the financial report.
Valuation of Inventory Refer to Note 8 in the financial statements	
The Group has inventory with a carrying value of $31.9 million as at 30 June 2023. 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: • 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.	Our audit procedures included: • 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.

RSM

Key Audit Matters (continued)

Key Audit Matter	How our audit addressed this matter
Acquisition Accounting Refer to Note 33 in the financial statements	
During the year, the Group finalised the purchase-price-allocation ("PPA") on three acquisitions closed in the prior financial year, as described in Note 33 of the financial statements. The acquisition accounting was considered a key audit matter as the accounting for these transactions is complex and involves significant judgements in applying the accounting standard AASB 3 *Business Combinations*. This includes the recognition and valuation of consideration paid, the identification and valuation of intangible assets, and the determination of the fair value of the tangible assets acquired and liabilities assumed.	Our audit procedures to assess the accounting treatment of the acquisitions included: • Reviewing the accounting adjustments made by management in response to the finalised PPA in current financial year, based upon the acquisition accounting audited under provisional basis in the prior financial year; • Assessing the accuracy and completeness of the fair values of the identified assets and liabilities acquired; • Reviewing the work performed by management's experts on the valuation of the identified tangible and intangible assets and the reasonableness of underlying assumptions in their respective valuations; with reference to the requirements of ASA 500 *Audit Evidence,* which establishes mandatory requirements in relation to using the work of management's expert; • Assessing the Group's determination of the fair value of the remaining assets and liabilities, having regard to the completeness of assets and liabilities identified, and the reasonableness of any underlying assumptions in their respective valuations, including useful lives of the intangible and tangible assets acquired; and • Reviewing the disclosures in Note 33 to the financial statements in order to assess compliance with the disclosure requirements of AASB 3.

Key Audit Matters (continued)

<table>
<tr><th>Key Audit Matter</th><th>How our audit addressed this matter</th></tr>
<tr><td colspan="2">Impairment of goodwill and other intangible assets
Refer to Note 11 in the financial statements</td></tr>
<tr><td>The Group has goodwill and intangible assets of $114.3 million as at 30 June 2023.

Management is required to assess the intangible assets for impairment in accordance with AASB 136 Impairment of Assets, 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.

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.

For the year ended 30 June 2023 management have performed impairment assessments over the Intangibles and Goodwill by:
• 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.</td><td>Our audit procedures in relation to impairment of intangibles and goodwill included:
• 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; and
• Reviewing the accuracy of disclosures of critical estimates and assumptions in the financial statements in relation to the valuation methodologies.</td></tr>
</table>

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 2023, 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 the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material 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 35 to 47 of the directors' report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of Trajan Group Holdings Limited, for the year ended 30 June 2023, 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: 28 August 2023
Melbourne, Victoria

SHAREHOLDER INFORMATION

The shareholder information set out below was applicable as at 4 August 2023.

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	889	459,445	0.30
1,001 to 5,000	646	1,821,051	1.20
5,001 to 10,000	388	2,971,318	1.95
10,001 to 100,000	609	16,550,339	10.88
100,001 and over	53	130,281,712	85.66
Rounding			**0.01**
Total	**2,585**	**152,083,865**	**100.00**

	MINIMUM PARCEL SIZE	TOTAL HOLDERS	UNITS
Holding less than a marketable parcel	266	194	30,712

(Minimum $500.00 parcel at $1.88 per unit)

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	–	–	–
5,001 to 10,000	32	263,494	12.40
10,001 to 100,000	35	1,102,683	51.90
100,001 and over	5	758,635	35.70
Rounding			**0.00**
Total	**72**	**2,124,812**	**100.00**

SHAREHOLDER INFORMATION STATEMENTS CONTINUED

Ordinary Shareholders

Twenty-one largest quoted ordinary shareholders

		UNITS	% UNITS
1	TOMISICH FAMILY PTY LTD	76,833,745	50.52
2	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	15,289,848	10.05
3	NATIONAL NOMINEES LIMITED	8,124,087	5.34
4	CITICORP NOMINEES PTY LIMITED	6,270,900	4.12
5	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	5,204,732	3.42
6	FARRONA LLC	4,659,843	3.06
7	BNP PARIBAS NOMS PTY LTD <DRP>	1,127,919	0.74
8	TRUEBELL CAPITAL PTY LTD <TRUEBELL INVESTMENT FUND>	1,027,797	0.68
9	RUCK & MAUL PTY LTD <THE JOHN EALES FAMILY A/C>	951,553	0.63
10	TELUNAPA PTY LTD <TELUNAPA CAPITAL A/C>	914,990	0.60
11	BNP PARIBAS NOMS (NZ) LTD <DRP>	803,102	0.53
12	UBS NOMINEES PTY LTD	780,112	0.51
13	BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD <DRP A/C>	746,872	0.49
14	MR ALISTER JOHN HODGES	700,000	0.46
15	INVESTMENT HOLDINGS PTY LTD <INVESTMENT HOLDINGS UNIT A/C>	615,000	0.40
16	ZEN VENTURES PTY LTD <ZEN VENTURES A/C>	328,422	0.22
17	CERTANE CT PTY LTD <HAYBOROUGH OPP FUND>	310,000	0.20
18	NETWEALTH INVESTMENTS LIMITED <WRAP SERVICES A/C>	255,958	0.17
19	MILLBI INVESTMENTS PTY LTD <MILLBI SUPER FUND A/C>	255,000	0.17
20	ASTRA SUPER NOMINEES PTY LTD <ASTRA SUPERANNUATION A/C>	250,000	0.16
21	LUISTHAN PTY LTD <MORRIS S/F A/C>	250,000	0.16
Totals: Top 21 holders of ORD		**125,699,880**	**82.65**
Total Remaining Holders Balance		**26,383,985**	**17.35**

Substantial Holders

The following have disclosed a substantial shareholder notice in the period to 9 August 2023:

	UNITS	% OF VOTING POWER	DATE OF INTEREST NOTICE
AUSTRALIAN SUPER PTY LTD	9,958,728	6.55	30/05/2023
TRAJAN GROUP HOLDINGS LIMITED*	76,470,588	51.17	23/06/2022
TOMISICH FAMILY PTY LTD <TOMISICH FAMILY A/C>	76,470,588	51.17	23/06/2022

* Interest held under section 608(8) of the Corporations Act through voluntary escrow deed on behalf of Tomisich Family Pty Ltd <Tomisich Family A/C>.

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

CLASS	EXPIRY DATE	NUMBER OF SHARES
Employee 3 Year Restricted Ordinary shares	31 May 2024	139,944
		139,944

Securities subject to voluntary escrow

SECURITYHOLDER	CLASS	EXPIRY DATE	NUMBER OF SHARES
TOMISICH FAMILY PTY LTD <TOMISICH FAMILY A/C>	Ordinary shares voluntarily escrowed until the next trading day after the date on which the Company releases to the ASX its preliminary final report (Appendix 4E) for the financial year ending 30 June 2023	2023	57,352,941
			57,352,941

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.

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CORPORATE INFORMATION

ACN
152 617 706

Directors
John Eales AM (Chairman)
Dr Rohit Khanna
Robert Lyon
Sara Watts
Stephen Tomisich
Tiffiny 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 21, 55 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 Holdings Limited 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