

IDT AUSTRALIA LIMITED
ACN 006 522 970



**HALF YEAR REPORT
FOR THE HALF YEAR ENDED
31 DECEMBER 2021**

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DIRECTORS' REPORT

The Directors of IDT Australia Limited ("IDT") submit herewith the financial report of the Company for the half year ended 31 December 2021. In order to comply with the provisions of the *Corporations Act 2001*, the Directors report as follows:

Directors

The Directors of the Company during or since the end of the half year are:

Alan Fisher, Non-Executive Chair	Hugh Burrill, Non-Executive Director
Michael Kotsanis, Non-Executive Director	Mary Sontrop, Non-Executive Director (retired 16 November 2021)
Jane Ryan, Non-Executive Director (appointed 28 January 2022)	

Principal Activities

The principal activities of the Company are the manufacture and supply of products and provision of research and development and other technical services for the pharmaceutical industry.

Review of Operations

Cash at 31 December 2021 was \$13.31 million (30 June 2021 \$6.93 million) and net cash inflow for the half year ended 31 December 2021 was \$6.39 million, compared to net cash inflow of \$0.46 million for the half year ended 31 December 2020. Cash inflows for the current period mainly consisted of receipts of \$13.64 million compared to \$6.83 million for the half year ended 31 December 2020.

Revenue for the half year ended 31 December 2021 was up 74% to \$8.56 million, compared to \$4.91 million for the half year ended 31 December 2020. The Company's profit after tax for the half year ended 31 December 2021 was \$1.21 million, compared to \$1.12 million for the same half in 2020.

Major highlights during the half year include:

- **Sterile Manufacturing Licence Secured From The Therapeutic Goods Administration**

During the half year in review IDT successfully executed on a Letter Agreement with the Australian Government, Department of Health; to bring the Company's cGMP sterile manufacturing facility into a state of readiness. IDT engaged with the Therapeutic Goods Administration (TGA) to recommission and re-activate the Company's flagship sterile manufacturing facility. The culmination of these activities, and the key deliverable under the Australian Government Letter Agreement, was the issue of a Sterile Manufacturing Licence (the Company's first ever sterile licence) by the TGA. IDT's sterile manufacturing facility is now being maintained in a state of sterile readiness.

- **IDT Manufactures Australia's First cGMP mRNA Drug Product**

IDT utilised its newly licenced sterile manufacturing facilities and capabilities to successfully manufacture Australia's first cGMP mRNA COVID-19 vaccine candidate, destined for clinical trials in 2022.

The Monash University / Doherty Institute developed mRNA COVID-19 receptor binding domain vaccine is Australia's first locally developed mRNA COVID-19 vaccine candidate. Thanks to experience gained from this project, IDT is currently the only manufacturing company in Australia with direct experience in developing downstream cGMP manufacturing processes to produce mRNA products.

- **IDT's Sovereign Manufacturing Initiatives**

Towards the end of the reporting period, IDT was disappointed to receive the news that its submission to the Australian Government's Approach-To-Market: Onshore mRNA Manufacturing Capability (ATM) had been unsuccessful. All applications to the Government's ATM were unsuccessful, with the Government electing to progress a deal with Moderna Inc. separate to the ATM process.

Despite the outcome of the ATM, IDT has ongoing support from industry and academia, including The Peter Doherty Institute for Infection and Immunity, Monash University, University of Melbourne and the Australian National University to build an mRNA manufacturing ecosystem in Australia. This support underpins IDT's submissions to the Australian Government's Modern Manufacturing Initiative Collaboration and Translation Stream grants (MMI). IDT's MMI (Collaboration and Translation Stream) funding opportunities remain live.

- **Medicinal Cannabis**

During the half year ended 31 December 2021, IDT continued to make good progress in advancing its Medicinal Cannabis Manufacturing Plan. Stability programs are ongoing for the Company's cGMP medicinal cannabis flower-in-bottle and oil-in-bottle products. Several of these products are now on market with more to follow. The Company's extraction and purification activities currently produce a range of cGMP medicinal cannabis resins and further refined APIs. IDT is also producing a range of cGMP finished dose form medicinal cannabis products which are suitable for both domestic and export markets.

IDT is advancing a pipeline of proprietary medicinal cannabis APIs and additional finished dosage form development opportunities. In addition, IDT continues to provide contract development and manufacturing services to our current and future medicinal cannabis customers.

Matters Subsequent to the End of the Financial Half Year

Dr Jane Ryan was appointed to the Board on 28 January 2022 as a Non-Executive Director.

Throughout the course of the reporting period the COVID-19 pandemic has continued to present challenges to day-to-day life as well as business and economic activity. The financial statements have been prepared based upon conditions existing at 31 December 2021, which included the impact of COVID on the business at that time. The Company considers the ongoing Government restrictions such as the restrictions on domestic and international travel and other State Government's border control and rolling lockdowns, as well as the present wave of COVID-19 Omicron variant cases Australia wide to be non-adjusting post balance sheet events. The scale and duration of the COVID-19 pandemic and its associated business and economic disruptions remain uncertain as at the date of this report. However they may have an impact on the Company's 2022 financial year earnings, cash flow and financial position.

Opportunities for IDT to provide further COVID-19 manufacturing services and mRNA product manufacturing services are being pursued. Further information has been provided in Future Developments below.

There are no other matters or circumstances occurring subsequent to the end of the half year that have significantly affected, or may significantly affect, the operations of the Company, the results of those operations or the state of affairs in future financial periods.

Future Developments

Future developments include the commencement of clinical trials associated with the Monash Institute of Pharmaceutical Sciences' (MIPS') / Doherty Institute developed Receptor Binding Domain mRNA COVID-19 vaccine, which was manufactured by IDT. IDT is also standing-by for any developments from the Australian Government in regards to the Company's submissions to the Modern Manufacturing Initiative Collaboration and Translation Stream grant funding rounds.

IDT continues to engage with the Government and industry to build awareness of Australia's lack of resilience in its pharmaceutical supply chain and to promote increased levels of sovereign vaccine and pharmaceutical manufacturing in Australia.

Subject to the foregoing, at the date of this report, there are no likely developments in the operations of this Company required to be reported in accordance with sub-section 299(1)(e) of the Corporations Act 2001.

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 on page 4.

Rounding of Amounts

The Company is a company of the kind referred to in *ASIC Corporations (Rounding in Financials / Directors' Reports) Instrument 2016/191*, dated 24 March 2016, and accordingly the amounts in the Directors' Report and the Half Year Financial Report are rounded off to the nearest thousand dollars, unless otherwise indicated.

Signed in accordance with a resolution of the Directors made pursuant to s306(3) of the *Corporations Act 2001*.

On behalf of the Directors



Alan Fisher
Chair
23 February 2022

Auditor's Independence Declaration

To the Directors of IDT Australia Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the review of IDT Australia Limited for the half-year ended 31 December 2021, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b no contraventions of any applicable code of professional conduct in relation to the review.



Grant Thornton Audit Pty Ltd
Chartered Accountants



M A Cunningham
Partner – Audit & Assurance

Melbourne, 23 February 2022

Independent Auditor's Review Report

To the Members of IDT Australia Limited

Report on the review of the half-year financial report

Conclusion

We have reviewed the accompanying half-year financial report of IDT Australia Limited (the Company), which comprises the condensed statement of financial position as at 31 December 2021, and the condensed statement of profit or loss and other comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half year ended on that date, a description of accounting policies, other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of IDT Australia Limited does not comply with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Company's financial position as at 31 December 2021 and of its performance for the half year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Directors' responsibility for the half-year financial report

The Directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Company's financial position as at 31 December 2021 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Grant Thornton Audit Pty Ltd
Chartered Accountants



M A Cunningham
Partner – Audit & Assurance

Melbourne, 23 February 2022



DIRECTORS' DECLARATION

The Directors declare that:

- (a) in the Directors' opinion, there are reasonable grounds to believe the Company will be able to pay its debts as and when they become due and payable; and
- (b) in the Directors' opinion, the attached condensed financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and giving a true and fair view of the Company's financial position and performance.

Signed in accordance with a resolution of the Directors made pursuant to s303(5) of the *Corporations Act 2001*.

On behalf of the Directors,

Alan Fisher
Chair
23 February 2022



**CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2021**

		Half Year ended 31 December	
	Note	2021 \$000	2020 \$000
Revenue	3	8,559	4,911
Other income	3	4	894
Raw materials		604	683
Employee benefits expense		3,477	3,314
Depreciation and amortisation expenses		805	845
Utilities and Maintenance expenses		1,913	1,248
Professional fees		250	409
Other expenses		344	(1,776)
Profit for the period before income tax		1,169	1,082
Income tax benefit		45	42
Profit for the period		1,214	1,124
Other comprehensive income		-	-
Total comprehensive profit for the period		1,214	1,124
Earnings per share		Cents	Cents
Basic profit per share		0.5¢	0.5¢
Diluted profit per share		0.5¢	0.5¢

The above condensed statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.



CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Note	31 December 2021 \$000	30 June 2021 \$000
Current assets			
Cash and cash equivalents	4	13,314	6,928
Trade and other receivables		1,472	9,357
Current tax asset		45	528
Inventories		804	453
Total current assets		15,635	17,266
Non-current assets			
Property, plant and equipment		16,578	16,743
Intangible assets	5	60	120
Total non-current assets		16,638	16,863
Total assets		32,273	34,129
Current liabilities			
Trade and other payables		1,835	4,413
Borrowings		-	766
Unearned revenue		332	254
Provisions		617	636
Total current liabilities		2,784	6,069
Non-current liabilities			
Provisions		345	445
Total non-current liabilities		345	445
Total liabilities		3,129	6,514
Net assets		29,144	27,615
Equity			
Contributed Equity	6	51,189	51,189
Reserves		8,281	7,966
Accumulated losses		(30,326)	(31,540)
Total equity		29,144	27,615

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



**CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2021**

	Contributed Equity \$000	Asset Revaluation Reserve \$000	Share based Payment Reserve \$000	Accumulated Losses \$000	Total Equity \$000
Balance at 1 July 2020	51,189	2,163	3,589	(33,643)	23,298
Profit for the period	-	-	-	1,124	1,124
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	1,124	1,124
Proceeds repayment limited recourse loans	-	-	202	-	202
Share based payments expense	-	-	-	-	-
Balance at 31 December 2020	51,189	2,163	3,791	(32,519)	24,624
Balance at 1 July 2021	51,189	3,896	4,070	(31,540)	27,615
Profit for the period	-	-	-	1,214	1,214
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	1,214	1,214
Proceeds repayment limited recourse loans	-	-	315	-	315
Share based payments expense	-	-	-	-	-
Balance at 31 December 2021	51,189	3,896	4,385	(30,326)	29,144

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



**CONDENSED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2021**

		Half Year ended 31 December	
	Note	2021 \$000	2020 \$000
Cash flows from operating activities			
Receipts from customers		13,643	6,826
Payments to suppliers and employees		(7,520)	(6,101)
R&D Tax incentive		528	-
Net cash provided/(used) in operating activities		6,651	725
Cash flows from investing activities			
Interest received		-	23
Payments for property, plant and equipment		(580)	(489)
Net cash provided/ (used) in investing activities		(580)	(466)
Cash flows from financing activities			
Repayment of borrowings		-	-
Proceeds repayment limited recourse loans		315	202
Net cash provided/ (used) in financing activities		315	202
Net increase/(decrease) in cash held		6,386	461
Cash at the beginning of the reporting period	4	6,928	6,860
Cash and cash equivalents at the end of the period	4	13,314	7,321

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



**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2021**

1. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The half year financial report is a general purpose financial report prepared in accordance with the *Corporations Act 2001* and AASB 134 *Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*.

The half year report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the most recent annual financial report and considered together with any public announcements made during the half year ended 31 December 2021 in accordance with the continuous disclosure obligations of the ASX Listing Rules.

Basis of preparation

The condensed financial statements have been prepared on the basis of historical cost, except for the revaluation of certain financial instruments, intangible assets and land and buildings that are measured at fair value. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The Company is a company of the kind referred to in *ASIC Corporations (Rounding in Financials / Directors' Reports) Instrument 2016/191*, dated 24 March 2016, and accordingly amounts in the Directors' Report and the Half Year Financial Report are rounded off to the nearest thousand dollars, unless otherwise indicated.

The accounting policies and methods of computation adopted in the preparation of the Half Year Financial Report are consistent with those adopted and disclosed in the Company's Annual Report for the financial year ended 30 June 2021. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

Change in accounting policy

All new and revised Standards and Interpretations issued by the AASB that are relevant to the Company's operations and are effective for the current accounting period have been adopted.

There have been no other significant changes in accounting policy during the reporting period.

Comparative Figures

Where required by Accounting Standards comparative figures have been adjusted to conform with changes in presentation for the current financial period.

Going concern basis

As at 31 December 2021, the Company's available cash was \$13.31 million with a further \$2.50 million funds available from the undrawn NAB commercial loan and overdraft facilities. These facilities are scheduled for renewal in July 2022.

Having considered forward forecasts, including cashflow forecasts, the Directors believe the Company will continue to operate as a going concern and therefore it is appropriate for these financial statements to be prepared on a going concern basis, contemplating continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

2. Segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer of IDT Australia Limited. The Company has identified one reportable segment, that is: Development and Manufacture of Active Pharmaceutical Ingredients (API) and Finished Dose Forms (FDF). The segment details are therefore fully reflected in the body of the financial statements.



	Half Year ended	
	31 December 2021 \$000	31 December 2020 \$000
3. REVENUE AND OTHER INCOME		
Sales Revenue	8,559	4,911
Other Income		
- JobKeeper receipts	-	871
- Interest income	-	23
- Other income	4	-
	<u>8,563</u>	<u>5,805</u>
	31 December 2021 \$000	30 June 2021 \$000
4. CASH AND CASH EQUIVALENTS		
Cash at bank and on hand	<u>13,314</u>	<u>6,928</u>
5. INTANGIBLE ASSETS		
Opening balance, 1 July	120	271
Amortisation expense	(60)	(151)
Closing balance, 31 December	<u>60</u>	<u>120</u>
	Shares	\$000
6. CONTRIBUTED EQUITY		
Opening balance 1 July 2020	239,313,032	51,189
Employee share plan	2,010,506	-
Forfeited employee shares	(1,463,368)	-
Closing balance 30 June 2021	<u>239,860,170</u>	<u>51,189</u>
Opening balance 1 July 2021	<u>239,860,170</u>	<u>51,189</u>
Closing balance 31 December 2021	<u>239,860,170</u>	<u>51,189</u>
	31 December 2021 \$000	30 June 2020 \$000
7. DIVIDEND PAYABLE		
Dividends provided for or paid during the half year	-	-



8. KEY MANAGEMENT PERSONNEL

Remuneration arrangements in relation to Key Management Personnel (KMP) are disclosed in the Company's 2021 Annual Report.

The following table summarises cash bonuses paid to KMP in the reporting period following assessment of performance against individual and company objectives in place for the year ended 30 June 2021.

No shares were issued within the framework of the Employee Share Plan during the period.

Key Management Personnel	Bonus Paid \$
D Sparling, CEO	163,325
A Desai, CFO	46,560
J Susic, VP, Operations, Supply and Infrastructure (resigned 29 Nov 21)	36,080
P McDonald	17,783
Total cash bonuses paid to KMP	<u>263,748</u>

9. FINANCIAL INSTRUMENTS

The Directors consider the carrying amounts of financial assets and financial liabilities recognised in the financial statements to approximate their fair values.

10. EVENTS OCCURRING AFTER REPORTING DATE

Dr Jane Ryan was appointed to the Board on 28 January 2022 as a Non-Executive Director. There are no other events arising after 31 December 2021 and up to the signing of this report that would likely have a material impact on the financial results presented.

11. CAPITAL COMMITMENTS

The Company has capital commitments totalling \$0.7 million (December 2020: \$0.5 million).