



IDT AUSTRALIA LIMITED



ANNUAL REPORT 2022



COMPANY INFORMATION

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Directors

Alan Fisher
BCom, FCA, MAICD
Chair

Hugh Burrill
BSc, MScSt, MBA, FAICD

Michael Kotsanis
BSc, Grad Dip Business, MBus

Jane Ryan
BSc (Hons) PhD, MAICD

Chief Executive Officer / Company Secretary

Dr David Sparling
BVSc (Hons), LLB (Hons), Grad Dip App Cor Gov

Chief Financial Officer / Company Secretary

Ancila Desai
B Com (Hons), CA, MBS, Executive MBA, MAICD

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Bankers

National Australia Bank Limited
Level 28, 500 Bourke Street,
MELBOURNE, VICTORIA, 3000

Auditors

Grant Thornton Australia Limited
Collins Square, Tower 5
727 Collins Street
MELBOURNE, VICTORIA, 3008

Share Register

Link Market Services Limited
Tower 4, 727 Collins Street
MELBOURNE, VICTORIA, 3008

Stock Exchange

Australian Securities Exchange Limited
530 Collins Street
MELBOURNE, VICTORIA, 3000

(ASX Code: IDT)

Registered Office and Principal Place of Business

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BORONIA, VICTORIA, 3155
Telephone +61 3 9801 8888
Facsimile +61 3 9837 6445

Website Address

www.idtaus.com.au



LETTER FROM THE CHAIR AND CHIEF EXECUTIVE OFFICER

We are pleased to present the Annual Report for IDT Australia Limited (“IDT”) for the year ended 30 June 2022. The global impact of the COVID-19 pandemic in 2020 and 2021 presented significant challenges to businesses. One such challenge was COVID-19’s unmasking of the critical deficiencies in Australia’s pharmaceutical supply chain, which actually created opportunities for IDT to showcase its facilities and capabilities. By the end of calendar 2021, IDT had completed its Sterile readiness project for the Federal Government, attaining the Company’s first ever Sterile cGMP license. Unfortunately the Government elected not to utilise IDT’s facility as a local site of manufacture of a COVID-19 vaccine.

IDT immediately took the opportunity to deploy its Sterile ready facility to work with Monash University on the Monash / Doherty Institute developed receptor binding domain COVID-19 vaccine candidate slated for clinical trials in early calendar 2022. This was a significant achievement, to produce Australia’s first cGMP mRNA drug product. The project gained nationwide attention and is one which everybody at IDT is immensely proud to have been a part of.

Coming off the back of the highs in late calendar 2021 and despite the fact that IDT is still the only Australian entity with demonstrated capability in cGMP mRNA product manufacture, the Company’s submission to the Federal Government’s Approach To Market (ATM): Proposals to establish an onshore mRNA manufacturing capability, was unsuccessful, as were all other bidders in the process.

In contrast to the first half of the reporting period, IDT has not been able to gain further traction in the second half of the year with its sovereign manufacturing initiatives. IDT submitted a number of Federal Government applications, including the ATM and the Modern Manufacturing Initiative (MMI) Collaboration and Translation stream programs.

With the election of a new Federal Government in May 2022, IDT briefed the incoming Government on the critical interdependencies and deficiencies in Australia’s pharmaceutical supply chain. Australia imports over 90% of its medicines, small molecule medicines comprise just under 80% of the medicines we take every day and the majority of the active pharmaceutical ingredients (API’s) in these medicines come from China and India. Notably IDT is Australia’s last remaining commercial small molecule API manufacturer providing pharmaceutical development and cGMP manufacturing services to the Australian research and life sciences community.

On a positive note the Company’s cash position is strong, ending the reporting period with \$9.2 million in cash; and the Company has progressed the re-commissioning its Sterile manufacturing facility, securing new contract development and manufacturing content, as well as developing our own medicinal cannabis product pipeline.

Financial Summary

The Company recorded a net loss after tax of \$1.2 million compared to a \$2.1m net profit after tax in 2021, representing a decrease of 155%. IDT’s revenue for the year was \$12.1 million, down by 24% from \$15.9m in the previous year.

COVID-19 Treatment and Vaccine Initiatives

During the year, IDT continued to progress its COVID-19 vaccine manufacturing initiative. Following on from the Sterile readiness project, IDT petitioned the Federal Government to use the Sterile facility to manufacture the Monash / Doherty Institute developed receptor binding domain COVID-19 vaccine candidate, slated for clinical trials in early calendar year 2022. IDT took frozen mRNA drug substance manufactured in Belgium and performed the complex lipid nanoparticle mRNA encapsulation, sizing, formulation and fill/finish activities to produce Australia’s first cGMP mRNA drug product. This was the first of its kind in the southern hemisphere and places IDT currently as the only entity in this region with demonstrated capability in cGMP mRNA product manufacture.

IDT continues to advance discussions with the Federal Government, various State Governments and academic and institutional stakeholders in relation to the sovereign manufacture of mRNA COVID vaccines and other therapeutics.



Australian Sovereign Pharmaceutical Manufacturing

Over the past two years, IDT has participated in numerous Government Initiatives, Inquiries and Commissions, and has been diligently petitioning both the Federal and State Government with the case for increased levels of sovereign pharmaceutical manufacturing. To-date IDT's engagement with Government has failed to yield any actionable results.

Finally, the Company has initiated an independent strategic review of its business and will update the market following this review.

On behalf of the board and management we thank shareholders for their continued support.

Alan Fisher
Chair

David Sparling
Chief Executive Officer

30 August 2022



REPORT OF THE DIRECTORS - 30 JUNE 2022 (Including Remuneration Report)

The Directors present their report, together with the financial report of the Company for the year ended 30 June 2022.

The following persons were Directors of IDT Australia Limited during or since the end of the financial year:

Alan Fisher – Chair
Michael Kotsanis - Non-Executive Director
Mary Sontrop - Non-Executive Director (retired 16 November 2021)

Hugh Burrill - Non-Executive Director
Jane Ryan - Non-Executive Director (from 28 January 2022)

Except as noted above, all other Directors held office during the whole of the financial year and since the end of the financial year.

Principal Activities

The principal activities of the Company through the course of the year were the supply of products and provision of research and development and other technical services within the pharmaceutical and allied industries.

Review of Operations

Total revenue for the year was \$12.1 million, a decrease of \$3.9 million from the previous year. The full year operating loss after tax was \$1.2 million compared to an operating profit after tax in the previous year of \$2.1 million.

Earnings per share was a loss of 0.5 cents, a decrease of 1.4 cents from the previous year.

During the year, IDT continued to assist the Federal Government with certain COVID-19 response activities. In August 2021, the Company finalised a Letter Agreement with the Australian Government, Department of Health to bring IDT's Sterile manufacturing facility into a state of readiness to potentially provide COVID-19 vaccine manufacturing services.

Whilst IDT's sterile manufacturing facility did not end up being deployed as a site of manufacture of a commercial COVID-19 vaccine, IDT petitioned the Federal Government to use the facility to manufacture the Monash / Doherty Institute developed receptor binding domain COVID-19 vaccine candidate. In November 2021, IDT produced Australia's first cGMP mRNA drug product which entered into clinical trials during the reporting period.

IDT made numerous submissions to the Australian and Victorian Governments during the year. These include submissions to the Federal Government's Approach To Market (ATM): Proposals to establish an onshore mRNA manufacturing capability, and several submissions to the Government's Modern Manufacturing Initiative (MMI). These submissions have been unsuccessful.

The Company continued to make progress executing on its Medicinal Cannabis Manufacturing Plan with a range of proprietary oil-in-bottle products now on market with stability supporting a commercially appropriate shelf life.

Summary of financial performance

	30 June 2022	30 June 2021	
	\$000	\$000	Movement
Revenue from ordinary activities	12,130	15,989	(3,859)
Net profit / (loss) before tax	(1,876)	966	(2,843)
Net profit / (loss) after tax	(1,160)	2,103	(3,263)
Basic earnings per share	(0.5¢)	0.9¢	(1.4¢)
Diluted earnings per share	(0.5¢)	0.9¢	(1.4¢)



Financial position

At 30 June 2022, the Company had cash reserves of \$9.2 million. This cash balance is further supported by an unutilised facility of \$2.5 million with the National Australia Bank Ltd, which is next due for renewal on 31 July 2023. These cash reserves and debt facility are available to support the Company's execution of strategies and projects and to extend production and manufacturing capabilities.

Results

The net result of operations after applicable income tax was a loss of \$1.2 million (2021: \$2.1 million profit).

Dividends

No dividends were paid during the financial year. There are no dividends or distributions recommended or declared for payment to members.

Significant Changes in the State of Affairs

In the opinion of the Directors, there have been no significant changes in the state of affairs of the Company during the financial year not otherwise disclosed in this report or the financial statements.

Matters Subsequent to the End of the Financial Year

Throughout the course of the financial year, 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 30 June 2022, which included the impact of COVID on the business at that time. The Company considers the ongoing COVID-19 restrictions in other regions and supply chain disruptions to be non-adjusting post balance sheet events and accordingly the financial effects post year end of COVID-19 have not been reflected in the financial statements at 30 June 2022. 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 2023 financial year earnings, cash flow and financial position.

In July 2022, Ms. Ancila Desai announced her intention to leave the Company later this year. IDT has commenced activities to secure a suitable CFO replacement.

On 26 August 2022, IDT announced that it was advised that its final outstanding MMI submission (MMI – Translation Stream Round 2) was unsuccessful.

Opportunities for IDT to provide further sovereign pharmaceutical manufacturing, mRNA and other sterile product manufacturing services are being pursued.

There has not been any other matter or circumstance occurring subsequent to the end of the financial year that, to the Company's knowledge, has significantly affected, or may significantly affect, the operations, results of the operations or the state of affairs of the Company.

Likely Developments

IDT is standing-by for any developments from the Australian and State Governments in relation to any potential initiatives to address the critical deficiencies in the Australia's pharmaceutical supply chain and continues to engage with the Government and industry to promote increased levels of sovereign vaccine and pharmaceutical manufacturing in Australia.

The Company has initiated an independent strategic review of its business operations and will update the market following this review.

Environmental Regulations

IDT Australia Limited is subject to environmental regulations and other licenses in respect of its manufacturing facilities located in Boronia, Victoria. The Company monitors changes in its regulatory environment and ensures ongoing compliance with new requirements. It is subject to regular inspections and audits by responsible State and Federal authorities and by local and international clients. The Company considers it has complied with all necessary environmental regulations throughout the year ended 30 June 2022 and no related issues have arisen since the end of the financial year to the date of this report.



Corporate Governance Statement

The Company complies with the Australian Securities Exchange Corporate Governance Principles and Recommendations, 4th edition (ASX Recommendations). The Company's Corporate Governance Statements and Policies, including disclosures required by the ASX Recommendations, may be viewed on the Company's website: <https://en.idtaus.com.au/investors/corporate-governance/>.

Indemnification of Officers

During the financial year, the Company paid an insurance premium to insure Directors and Officers (D&O) of the Company. Under the terms of this policy the premium paid by the Company is not permitted to be disclosed.

The liabilities insured are legal costs which may be incurred in defending civil or criminal proceedings which may be brought against D&O in their capacity as D&O of the Company, and any other payments arising from liabilities incurred by D&O in connection with such proceedings, except for where such liabilities arise out of conduct involving a wilful breach of duty by D&O or improper use by D&O of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Company.

The Company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify a D&O of the Company against a liability incurred.

Information about the Directors

ALAN D FISHER

Qualifications: BCom, FCA, MAICD

Experience: experienced corporate advisor and public company director. He has a proven track record of implementing strategies that enhance shareholder value. His main areas of expertise include mergers and acquisitions, public and private equity raisings, business restructurings and strategic advice.

Other Current Directorships: Non-Executive Chair of Centrepoin Alliance Ltd, Non-Executive Director and Chair of Audit and Risk Committees of Bionomics Ltd and Thorney Technologies Ltd.

Former Directorships in Last 3 Years: Simavita Ltd

Responsibilities: Chair, Non-Executive Director, member Audit and Risk Committee

Equity interests in Company: nil

HUGH N BURRILL

Qualifications: BSc, MScSt, MBA, FAICD

Experience: formerly Corporate Vice President, Global Pharma Research & Development, Hospira Inc where he was responsible for overall pipeline portfolio management, and research and development of generic and specialty pharmaceuticals. Prior to this he held senior international roles within Hospira Inc and the original Mayne Pharma Ltd and currently provides consulting services in pharmaceutical strategic management, product development, regulatory affairs and intellectual property.

Other Current Directorships: nil

Former Directorships in Last 3 Years: Non-Executive Director and Deputy Chair Nova Aerospace Pty Ltd (2007 – 2020)

Responsibilities: Non-Executive Director, Chair Audit and Risk Committee, Member Remuneration and Nomination Committee

Equity interests in Company: nil

MARY SONTROP (until 16 November 2021)

Qualifications: BAppSci, Grad Dip Quality Management, Grad Dip Management (Health), MBA, GAICD

Experience: extensive international experience in the biopharmaceutical sector across manufacturing operations, quality, and business integration. During 28 years with CSL Limited (ASX: CSL), Mary was an integral part of CSL's globalisation through a series of major acquisitions. This included primary responsibility for the turnaround of unprofitable manufacturing operations. Subsequently as head of global plasma manufacturing, she delivered a globally integrated manufacturing network spanning four countries. As head of CSL's Australia and New Zealand pharmaceutical business, Mary and her team delivered Australia's most successful adolescent/adult immunisation program and achieved USFDA (US Food & Drug Administration) approval to manufacture and export CSL's seasonal and pandemic influenza vaccines.

Other Current Directorships: Non-Executive Director of Medical Developments International

Former Directorships in Last 3 Years: nil

Responsibilities: Non-Executive Director, Chair Remuneration and Nominations Committee

Equity interests in Company: nil



MICHAEL KOTSANIS

Qualifications: BSc, Grad Dip Business, MBus

Experience: seasoned executive with over 30 years of strategic and operational experience in the global pharmaceutical industry. Michael is the CEO of Acrux Ltd. He was formerly the Chief Commercial Officer and a Board Member of Synthon Holding BV, a Dutch based international pharmaceutical company with revenue over EUR250 million, a position he held for four years. Prior to Synthon, he served as President, Europe, Middle East and Africa, for Hospira and where he was responsible for delivering over US\$500 million in annual revenue. Hospira was the global leader in generic injectable pharmaceuticals prior to its acquisition by Pfizer. Michael joined Hospira following its acquisition of Mayne Pharma in 2007, where he had served as President, Asia Pacific from 2002. He joined Mayne following their acquisition of FH Faulding in 2001, where he held responsibility for commercial activities of the pharmaceutical business in Australia and New Zealand. Michael was formerly a Board Member of the European Generics Association and a Director of the Generic Medicines Industry Association of Australia.

Other Current Directorships: Acrux Ltd

Former Directorships in Last 3 Years: nil

Responsibilities: Non-Executive Director, Member of Audit and Risk Committee and Chair of Remuneration and Nomination Committee

Equity interests in Company: 115,000 fully paid ordinary shares

JANE RYAN (from 28 January 2022)

Qualifications: BSc (Hons) PhD, MAICD

Experience: Dr Jane Ryan has over 30 years of international experience in the pharmaceutical and biotechnology industries where she has held executive roles in management of research and development programs as well as business development and alliance management. Jane has worked in Australia, the United States and United Kingdom with companies including Peptech, Roche, Cambridge Antibody Technology and Biota Holdings. Throughout her career, she has led many successful fundraising campaigns and licensing initiatives including the winning of a \$230 million US Government contract.

Former Directorships in Last 3 Years: nil

Responsibilities: Non-Executive Director, Member Remuneration and Nomination Committee

Equity interests in Company: nil



Information about the Secretaries

DR DAVID SPARLING (Chief Executive Officer)

Qualifications: BVSc (Hons), LLB (Hons), Grad Dip App Cor Gov

Experience: Joined IDT in May 2013. Dr Sparling has over 20 years' experience as a public company executive in CEO and Chairman level roles in ASX and Nasdaq listed companies. David has held multiple senior executive positions in pharmaceuticals, diagnostics, manufacturing, development and biotechnology companies. Dr Sparling is also an experienced and chartered Company Secretary.

ANCILA DESAI (Chief Financial Officer)

Qualifications: BCom (Hons), MBS, CA, Executive MBA, MAICD

Experience: Chartered Accountant with over 15 years of experience in strategic finance, commercial finance including mergers and acquisitions, customer and supplier negotiations, financial modelling and capital management. Ancila possesses broad experience across sectors, including senior finance roles at Metcash, Toll and Boost Juice.

Meetings of Directors

The following table sets out the number of meetings the Company's Directors held during the year ended 30 June 2022, and the number of meetings attended by each Director.

Director	Board		Audit and Risk Committee		Remuneration and Nomination Committee	
	A	B	A	B	A	B
Alan Fisher	12	12	2	2	1*	1*
Hugh Burrill	12	12	2	2	5	5
Michael Kotsanis	12	12	2	2	5	5
Mary Sontrop	4	4	-	-	3	3
Jane Ryan	7	7	1*	1*	1	1

A = Meetings attended while a director or committee member

B = Meetings held while a director or committee member

- = Not a member of relevant committee

* = Meeting attended as a guest

REMUNERATION REPORT

The Directors of the Company are pleased to present the following Remuneration Report which forms part of the Report of Directors prepared in accordance with s300A of the *Corporations Act 2001*.

The Remuneration Report has been audited as required by s308 (3C) of the *Corporations Act 2001* and sets out remuneration information for the Company's key management personnel who have authority and are responsible for planning, directing and controlling the Company's activities, directly or indirectly, including any Director (whether executive or otherwise) of the Company and the broader remuneration policies and philosophy adopted by the Board.

There were no significant changes to remuneration policies during the year.

The Remuneration and Nomination Committee advises the Board on remuneration policies and practices generally, making specific recommendations on the remuneration framework and other terms of employment for Executive Directors, Non-Executive Directors and Senior Executives, including incentives, share ownership plans and the relationship between remuneration policy and Company performance.

At the last Annual General Meeting (AGM) held on 16 November 2021, the Company received 98.34% support on its 2021 Remuneration Report.

Directors' Remuneration

IDT has a small and focussed Board which works closely with Executive management. Fees and payments to Directors reflect the demands made on, and the responsibilities of, the Directors. Directors' fees are reviewed annually by the Remuneration and Nomination Committee, considering comparative remuneration data for the industry and size of the Company to attract Directors with relevant expertise in our industry as well as Australian capital markets.

The Non-Executive Directors' annual base fee is currently \$70,000 and the Chair \$120,000, inclusive of superannuation contributions, as required under the Australian superannuation guarantee legislation.

Total Non-Executive Directors' fees are determined within an aggregate Directors' fee pool limit, periodically referred for approval by shareholders. The current maximum aggregate Directors' fee pool for Non-Executive Directors is \$400,000.

Executive Remuneration

Remuneration packages are set at levels intended to attract, retain and motivate high quality executives to manage the Company's operations and are linked to the Company's financial and operational performance. The Company is committed to adhering to Corporate Governance Standards for remuneration of executives.

The framework of executive remuneration and terms of employment of the CEO are reviewed annually by the Remuneration and Nomination Committee. Other executive remuneration is reviewed by the CEO with oversight of the Remuneration and



Nomination Committee having regard to performance against personal and Company objectives established at the beginning of the year and relevant comparative information. Independent expert advice is taken where necessary.

Remuneration and other key terms of employment for Key Management Personnel (KMP) are formalised in service agreements. Major provisions of these agreements include the following fixed and performance-based elements:

- base salary plus statutory employer contributions to the superannuation fund of the employee's choice and statutory leave entitlements;
- short term performance incentives payable as a cash bonus, based on achievement of both Company-wide and individual performance objectives, established at the beginning of the year. Depending on assessed performance, the CEO may receive up to 50% of his base salary as a short term performance incentive whilst other KMP are eligible in the range of 15-20%. The objectives are measurable S.M.A.R.T. goals that are built into each KMP's annual Workplan;
- long term incentives are via invitation to participate in the Company's Loan Funded Employee Share Plan (ESP);
- a KMP may be terminated at the Company's discretion by giving 3 months' written notice;
- for employment to be terminated at the discretion of the KMP, 3 months' written notice is required; and
- in the case of serious misconduct, KMP forgo termination entitlements other than payment of applicable base salary, statutory leave and superannuation entitlements to the date of termination.

Share-based Compensation

From time to time, Directors, Executive Management and selected staff members may be invited to participate in the Employee Share Plan (ESP) whereby fully paid ordinary shares of the Company are issued at market value and funded by an interest free limited recourse loan from the Company, which is repayable at any time during employment or within 90 days of an employee ceasing employment with the company. Grants within the framework of the ESP are determined by the CEO together with the Remuneration and Nomination Committee and are subject to approval by the Board.

Amounts disclosed for emoluments relating to these shares are the assessed fair values at issue date determined using a Black-Scholes pricing model considering 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 arrangement.

Other staff may be invited to participate in the allocation of up to \$1,000 value of shares per year, granted for no consideration and escrowed for three years whilst participants remain employees of the Company.

Remuneration Details 2022

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	Total
	Salary and fees	Cash bonus	Non-monetary	Super-annuation	Long Service Leave	Shares granted as compensation	
	\$	\$ (5)	\$	\$	\$	\$	\$
Non-executive Directors							
A Fisher, Chair	109,091			10,909			120,000
H Burrill	63,636			6,364			70,000
M Kotsanis	63,636			6,364			70,000
J Ryan (1)	27,020			2,702			29,722
M Sontrop (2)	24,215			2,421			26,636
Sub-total Non-executive Directors	287,598			28,760			316,358
Other key management personnel							
D Sparling, Chief Executive Officer	354,750	163,325		27,500	10,526	104,200	660,301
A Desai, Chief Financial Officer	240,000	46,560		25,106	1,296	72,000	384,962
P McDonald, Head of Quality and Development	200,000	17,783	23,299	20,000	704	60,000	321,786
C Kagiros, Head of People and Culture (3)	175,000			17,500	824	53,600	246,924
J Susic, Vice President Operations, Supply and Infrastructure (4)	149,432	36,080	1,969	10,907			198,388
Sub-total executive management	1,119,182	263,748	25,268	101,013	13,350	289,800	1,812,361
Total key management personnel compensation	1,406,780	263,748	25,268	129,773	13,350	289,800	2,128,719

(1) Ms Ryan was appointed Non-executive director on 28 January 2022.

(2) Ms Sontrop was Non-executive director until 16 November 2021.

(3) Mr Kagiros was appointed Head of People and Culture on 1 September 2021.

(4) Mr Susic was Vice President Operations, Supply and Infrastructure until 29 November 2021.

(5) Short term incentive bonuses were paid on 17 August 2021 for performance in the FY21 financial year.



Summary of Short Term Incentive Bonuses paid in 2022 in relation to achievement of objectives established at the beginning of the previous financial year

	Potential of fixed remuneration	Achievement of objectives as set at the start of the year
D Sparling	50%	-
A Desai	20%	40%
P McDonald	20%	39.5%
C Kagiarios (1)	20%	36.5%

(1) Mr Kagiarios' bonus was prorated because he was appointed in the role for only part of the financial year ended 30 June 2022.

Remuneration Details 2021

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	Total
	Salary and fees	Cash bonus	Non-monetary	Super-annuation	Long Service Leave	Shares granted as compensation	
	\$	\$ (4)	\$	\$	\$	\$	\$
Non-executive Directors							
A Fisher, Chair	109,589	-	-	10,411	-	-	120,000
H Burrill	63,927	-	-	6,073	-	-	70,000
M Sontrop	63,927	-	-	6,073	-	-	70,000
M Kotsanis	63,927	-	-	6,073	-	-	70,000
Sub-total Non-executive Directors	301,370	-	-	28,630	-	-	330,000
Other key management personnel							
D Sparling, Chief Executive Officer	355,513	104,875	-	24,999	10,109	105,000	600,496
A Desai, Chief Financial Officer	240,000	1,000	-	21,694	639	69,300	332,633
J Susic, Vice President Operations, Supply and Infrastructure	202,328	37,190	4,726	19,221	3,889	69,300	336,654
P McDonald, Head of Quality and Development (1)	91,026	-	5,825	8,647	46	69,300	174,844
D Broadhurst, Head of Quality (2)	102,687	17,850	-	8,075	-	-	128,612
D Savaglio, Vice President People and Change (3)	11,411	12,426	-	960	-	-	24,797
Sub-total executive management	1,002,965	173,341	10,551	83,596	14,683	312,900	1,598,036
Total key management personnel compensation	1,304,335	173,341	10,551	112,226	14,683	312,900	1,928,036

(1) Mr McDonald was appointed Head of Quality and Development on 18 January 2021.

(2) Mr Broadhurst was Head of Quality until 31 December 2020.

(3) Ms Savaglio was Vice President People and Culture until 31 July 2020.

(4) Short term incentive bonuses were paid on 01 September 2020 for performance in the FY20 financial year.

Summary of Short Term Incentive Bonuses paid in 2021 in relation to achievement of objectives established at the beginning of the previous financial year

	Potential of fixed remuneration	Achievement of objectives as set at the start of the year
D Sparling	50%	94%
A Desai	20%	97%
J Susic	20%	88%
P McDonald (1)	20%	94%

(1) Mr McDonald's bonus was prorated because he was employed by IDT for only part of the financial year ended 30 June 2021.



Other Transactions with Key Management Personnel

No other transactions or loans were provided to key management personnel other than interest free limited recourse loans provided in association with the Loan Shares granted within the framework of the Employee Share Plan.

Key Management Personnel Holdings of Ordinary Shares

The number of ordinary shares in the Company held during the financial year by Directors and each of the specified executives are set out below.

All shares issued to KMP during the period were made within the provisions of the ESP, funded by an interest free limited recourse loan from the Company. No conditions are required to be met by KMP in order to be eligible to receive these shares and they are granted at the Board's discretion.

2022

	Balance at start of year	Shares granted as compensation	Other changes during the year	Balance at the end of the year
Non-executive Directors				
M Kotsanis	115,000	-	-	115,000
M Sontrop (1)	275,000	-	-	-
Other key management personnel				
D Sparling	2,936,621	521,000	(1,426,621)	2,031,000
A Desai	490,000	360,000	(160,000)	690,000
P McDonald	483,125	300,000	81,981	865,106
C Kagiarios	150,000	268,000		418,000
J Sosic (1)	1,546,292	-	-	-
Total Holdings	5,996,038	1,449,000	(1,504,640)	4,119,106

(1) Ms Sontrop and Mr Sosic were both not in office at the end of the financial year and accordingly their shareholdings as at 30 June 2022 is not disclosed.

2022 Tranche	Grant Date	Share price per agreement (\$)	Issue price (\$)	Share Price (\$)	Number of loan backed shares	Expected repayment date	Fair value of one share based payment	Fair Value
D Sparling	3-Mar-22	0.200	0.200	0.200	521,000	3-Mar-27	0.1305	67,990.50
A Desai	3-Mar-22	0.200	0.200	0.200	360,000	3-Mar-27	0.1305	46,980.00
P McDonald	3-Mar-22	0.200	0.200	0.200	300,000	3-Mar-27	0.1305	39,150.00
C Kagiarios	3-Mar-22	0.200	0.200	0.200	268,000	3-Mar-27	0.1305	34,974.00
Total					1,449,000			189,094.50

2021

	Balance at start of year	Shares issued	Other changes during the year	Balance at the end of the year
Non-executive Directors				
M Kotsanis	50,000	-	65,000	115,000
M Sontrop	275,000	-	-	275,000
Other key management personnel				
D Sparling (2)	2,660,687	500,000	(224,066)	2,936,621
A Desai	-	330,000	160,000	490,000
J Sosic	1,216,292	330,000	-	1,546,292
P McDonald	-	330,000	153,125	483,125
D Broadhurst (1)	475,000	-	-	-
D Savaglio (1)	940,431	-	-	-
Total Holdings	5,617,410	1,490,000	154,059	5,846,038

(1) Mr Broadhurst and Ms Savaglio were both not in office at the end of the financial year and accordingly their shareholding as at 30 June 2021 is not disclosed.

(2) As the underlying loans on the ESP shares which had been issued to D Sparling were not repaid on 9 October 2020, the shares were cancelled following expiration of the Limited Recourse Loan Agreement.



Company performance

The table below sets out summary information about the Company's earnings and movements in shareholder wealth for the five years ended 30 June 2022.

	2022 \$000	2021 \$000	2020 \$000	2019 \$000	2018 \$000
Revenue	12,130	15,989	14,169	12,130	13,300
Net profit / (loss) before tax (1)	(1,876)	966	(1,981)	(6,118)	(18,575)
Net profit / (loss) after tax	(1,160)	2,103	(1,919)	(6,083)	(16,979)
Share price at start of year	\$0.33	\$0.17	\$0.17	\$0.10	\$0.11
Share price at end of year	\$0.12	\$0.33	\$0.17	\$0.17	\$0.10
Final dividend	-	-	-	-	-
Basic earnings per share	(0.5¢)	0.9¢	(0.8¢)	(2.5¢)	(6.9¢)
Diluted earnings per share	(0.5¢)	0.9¢	(0.8¢)	(2.5¢)	(6.9¢)
# Shares on issue, 30 June	241,021,797	239,860,170	239,313,032	236,359,103	244,466,732
Market capitalisation, 30 June	\$27.72m	\$77.95m	\$39.49m	\$39.00m	\$23.47m

(1) No asset impairment was recorded for the year ended 30 June 2019, but for the year ended 30 June 2018 the net profit / (loss) before tax includes asset impairment adjustments of \$14.1 million .

Non-Audit Services

Details of amounts paid or payable to the auditor for services provided during the year are outlined in note 21 to the financial statements.

The Company may decide to engage the external auditor on assignments additional to their statutory audit duties where the external auditor's expertise and experience with the Company is important.

Directors have considered the position and are satisfied that any provision of non-audit services is compatible with the general standard of independence for external auditors imposed by 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 included after this report.

Proceedings on Behalf of the Company

The *Corporations Act 2001* allows specified persons to bring, or intervene in, proceedings on behalf of the Company.

No proceedings have been brought, or intervened in, on behalf of the Company with leave of the court under Section 237 of the *Corporations Act 2001*.

Rounding of Amounts

The Company is of a kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, dated 24 March 2016, issued by the Australian Securities and Investments Commission relating to the "rounding off" of amounts in the Report of Directors. Amounts in the Report of Directors have been rounded off in accordance with the Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

Directors Resolution

This report is made in accordance with a resolution of the Directors made pursuant to s298(2) of the *Corporations Act 2001*.

Mr Alan Fisher
Chair
30 August 2022

Grant Thornton Audit Pty Ltd

Level 22 Tower 5
Collins Square
727 Collins Street
Melbourne VIC 3008
GPO Box 4736
Melbourne VIC 3001
T +61 3 8320 2222

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 audit IDT Australia Limited for the year ended 30 June 2022, 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 audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.



Grant Thornton Audit Pty Ltd
Chartered Accountants



M A Cunningham
Partner – Audit & Assurance

Melbourne, 30 August 2022



STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	2022 \$000	2021 \$000
Revenue from contracts with customers	3	12,105	15,989
Other income		25	937
Raw materials		1,440	2,635
Employee benefits expense		6,309	6,697
Depreciation and amortisation expenses		1,536	1,780
Utilities and maintenance expenses		3,578	2,933
Professional fees		372	500
Other expenses		771	1,415
Profit / (Loss) before income tax		(1,876)	966
Income tax benefit	5	716	1,137
Total Profit / (Loss) for the year		(1,160)	2,103
Other comprehensive income, net of tax:			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Property revaluation		-	1,733
Total comprehensive Income / (Loss) for the year		(1,160)	3,837
Basic earnings per share	27	(0.5¢)	0.9¢
Diluted earnings per share	27	(0.5¢)	0.9¢

The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.



STATEMENT OF FINANCIAL POSITION

ASSETS	Note	2022 \$000	2021 \$000
CURRENT ASSETS			
Cash and cash equivalents	6	9,214	6,928
Trade and other receivables	7	2,784	9,357
Contract asset		49	-
Current tax asset	8	716	528
Inventories	9	1,102	453
TOTAL CURRENT ASSETS		13,865	17,266
NON-CURRENT ASSETS			
Property, plant and equipment	10	16,215	16,743
Intangible assets	11	-	120
Deferred tax assets	12	-	-
TOTAL NON-CURRENT ASSETS		16,215	16,863
TOTAL ASSETS		30,080	34,129
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	13	1,253	4,413
Borrowings	14	881	766
Contract liabilities	15	154	254
Provisions	16	490	636
TOTAL CURRENT LIABILITIES		2,778	6,069
NON-CURRENT LIABILITIES			
Provisions	16	314	445
TOTAL NON-CURRENT LIABILITIES		314	445
TOTAL LIABILITIES		3,092	6,514
NET ASSETS		26,988	27,615
EQUITY			
Contributed equity	17	51,189	51,189
Reserves	18	8,499	7,966
Accumulated losses	19	(32,700)	(31,540)
TOTAL EQUITY		26,988	27,615

The above Statement of Financial Position should be read in conjunction with the accompanying notes.



STATEMENT OF CHANGES IN EQUITY

	Contributed Capital	Asset Revaluation Reserve	Share-based Payment Reserve	Accumulated Losses	Total Equity
	\$000	\$000	\$000	\$000	\$000
Balance at 1 July 2020	51,189	2,164	3,588	(33,643)	23,298
Profit/(Loss) for the year	-	-	-	2,103	2,103
Share based payments expense	-	-	279	-	279
Limited recourse loans repaid	-	-	202	-	202
Other comprehensive income for the year, net of tax	-	1,733	-	-	1,733
Balance at 30 June 2021	51,189	3,897	4,069	(31,540)	27,615
Balance at 1 July 2021	51,189	3,897	4,069	(31,540)	27,615
Profit/(Loss) for the year	-	-	-	(1,160)	(1,160)
Share based payments expense	-	-	218	-	218
Limited recourse loans repaid	-	-	315	-	315
Other comprehensive income for the year, net of tax	-	-	-	-	-
Balance at 30 June 2022	51,189	3,897	4,602	(32,700)	26,988

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.



STATEMENT OF CASH FLOWS

	Note	2022 \$000	2021 \$000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers (inclusive of goods and services tax)		16,544	14,756
Payments to suppliers and employees (inclusive of goods and services tax)		(14,189)	(14,433)
		2,355	323
Interest and other costs of finance paid		(22)	(22)
Income tax refund received		528	40
Interest received		-	29
NET CASH INFLOW / (OUTFLOW) FROM OPERATING ACTIVITIES	26	2,861	370
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		(912)	(526)
Proceeds from sale of property, plant and equipment		-	-
Payments for development costs		-	-
NET CASH INFLOW / (OUTFLOW) FROM INVESTING ACTIVITIES		(912)	(526)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of equity		315	202
Payments associated with share buy backs		-	-
Proceeds from borrowings		1,354	1,089
Repayment of borrowings		(1,332)	(1,067)
Repayment of finance lease		-	-
NET CASH INFLOW / (OUTFLOW) FROM FINANCING ACTIVITIES		337	224
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS HELD		2,286	68
Cash and cash equivalents at the beginning of the financial year		6,928	6,860
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	6	9,214	6,928

The above Statement of Cash Flow should be read in conjunction with the accompanying notes.



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial report are outlined in this section and have been consistently applied to all the periods presented, unless otherwise stated.

1.1 Statement of Compliance

These financial statements are general purpose financial statements prepared in accordance with the *Corporations Act 2001*, Australian Accounting Standards and Interpretations, and comply with International Financial Reporting Standards and other requirements of the law.

For the purposes of preparing the financial statements, the Company is a for-profit entity.

1.2 Basis of Preparation

These financial statements have been prepared under the basis of historical cost, except for certain financial instruments, intangible assets and land and buildings that are measured at fair value.

Historical cost is generally based on fair values of the consideration given in exchange for goods and services, being the price that would be received in an orderly transaction at the measurement date, regardless of whether that price is directly observable or estimated using another technique.

A fair value measurement of a non-financial asset considers the Company's ability to generate economic benefits through use of the asset in its highest or best use or by selling it through an orderly transaction.

In estimating the fair value of an asset or liability, the Company considers the characteristics market participants would take into account when pricing the asset or liability at measurement date. Fair value has been used in these financial statements except for transactions within the scope of AASB 2 Share Based Payments, AASB 16 Leases and measurements that have some similarities to fair value but are not fair value, such as net realisable value in AASB 102 Inventories or fair value less cost to dispose in AASB 136 Impairment of Assets.

For financial reporting purposes fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

All amounts are presented in Australian dollars unless otherwise noted.

1.3 Going concern basis

For the year ended 30 June 2022, the Company incurred a loss after tax of \$1.2 million and held cash reserves of \$9.2 million, which is sufficient to fund planned strategic initiatives, capital and other development projects for at least the 12 month period from the date of this report. The Company is not reliant on renewal of bank facilities in July 2023 from a going concern perspective.

Having carefully assessed the Company's budget and forward forecasts, including cash flow forecasts which reflect forward sales orders received from customers as well as available funding facilities, the Directors believe the Company will continue to operate as a going concern and therefore it is appropriate to prepare the financial statements 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.

1.4 Impairment of Non-Current Assets

For all except goodwill and indefinite life intangibles, 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 value 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 based on the market capitalisation of the company.

1.5 New or amended Accounting Standards and Interpretations adopted

The Company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Boards ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not mandatory have not yet been adopted.

1.6 Foreign Currency Translation

Transactions in currencies other than the Company's functional currency are recognised at the rates of exchange prevailing at the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are translated at the rates prevailing at that date.



Foreign exchange gains and losses resulting from settlement of such transactions and translation at period end exchange rates of foreign currency monetary assets and liabilities are recognised in the Statement of Profit or Loss and Other Comprehensive Income.

1.7 Critical Accounting Estimates and Judgements

Preparation of these financial statements requires the Company to make estimates and judgements that may affect the reported values of assets, liabilities, revenues and expenses. Management continually evaluates estimates and judgements based on historical experience and other factors it believes to be reasonable under the circumstances, including expectations of future events that may have a financial impact on the entity.

In preparing the financial statements, management has considered the impact of COVID-19 on the various balances, including the carrying values of trade receivables and accounting estimates for which cash flow forecasts are required to be prepared such as the recoverable amount of non-current assets.

The following critical judgements have been made in application of the Company's accounting policies and have the most significant effect on amounts recognised in the Company's financial statements.

Valuation of non-current assets (being property, plant and equipment and finite life intangibles assets)

The Company applies AASB 136 Impairment of Assets to test the carrying value of non-current assets and impairment. Judgement is applied to make estimates of future cash flows to support assessment of the appropriateness of the carrying value. Criteria considered include anticipated future sales prices, market size and expected share, future exchange rates and the discount rate.

In making these judgements, the Company makes reasonable and supportable assumptions to represent management's estimate of the conditions that will exist over the useful life of the asset. Amongst other factors the Company evaluates technical feasibility, the cost to complete the project, existence of an attractive commercial market, potential launch dates and sales expectations to conclude on the value of expected future economic benefits which would be expected to flow to the entity in order to calculate discounted cash flows.

Balanced estimates of these criteria have been made but key sensitivities could include more competitive market conditions which could result in higher than expected discounting required to achieve targeted market share.

At any time should the estimated value of future economic benefits relative to the asset's carrying value be considered insufficient relative to net book value, the Company would recognise impairment in accordance with AASB 136 Impairment of Assets

Income taxes

Deferred tax assets are recognised for deductible temporary differences and tax losses as management considers that it is probable that future taxable profits will be available to utilise those temporary differences. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Provision for impairment of inventories

The provision for impairment of inventories assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account the usage of each item, product expiry date and other factors that affect inventory obsolescence.

Share-based payments

The issuance of shares to employees are at market rates and funded by interest-free limited recourse loans to the Company. The fair values of such arrangements utilises the Binomial method and therefore includes elements of judgment and estimate in determining certain input factors such as an estimate of share price volatility.

1.8 Rounding of Amounts

The Company is of a kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, dated 24 March 2016, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

1.9 Reclassification of Contract Assets

The Company classifies billable work-in-progress not yet invoiced as Contract Assets. The amount at 30 June 2022 is \$49,383 (2021: nil) and has been restated from Inventory to Contract Assets in the Statement of Financial Position. This does not impact on the Profit or Cash flows.

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.



	2022 \$000	2021 \$000
3. REVENUE		
Sale of goods transferred at a point in time	-	-
Service revenue recognised over time	12,105	16,027
Total revenue from contracts with customers	<u>12,105</u>	<u>16,027</u>

Key Accounting Policies

Accounting policy for revenue from contracts with customers

Revenue arises mainly from development and manufacturing of Active Pharmaceutical Ingredients (API) and Finished Dose Forms (FDF). To determine whether to recognise revenue, the Company follows a 5-step process:

- 1 Identifying the contract with a customer
- 2 Identifying the performance obligations
- 3 Determining the transaction price
- 4 Allocating the transaction price to the performance obligations
- 5 Recognising revenue when/as performance obligations are satisfied.

Revenue is recognised either at a point in time or over time, when the Company satisfies performance obligations by transferring the promised goods or services to its customers.

The Company recognises contract liabilities for consideration received in respect to unsatisfied performance obligations and reports these amounts as other liabilities in the statement of financial position. Similarly, if the Company satisfies a performance obligation before it receives the consideration, the Company recognises either a contract asset or a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

The Company has two key types of arrangements with Clients; 1) Fee for Service Revenue generated in accordance with a Scope of Works agreed with clients before project commencement and recognised over the term of the project as specific performance obligations are completed (i.e. over time), 2) Manufacturing activities, particularly manufacture of Active Pharmaceutical Ingredients, conducted based on supply agreements and purchase orders received from clients. Revenue from these activities is recognised after product has been released by Quality Assurance and shipped in accordance with client instructions (i.e. point in time). It must also be probable that the economic benefits of the transaction will flow to the Company and the amount of revenue can be measured reliably.

4. EXPENSES

Profit / (Loss) from ordinary activities before income tax expense includes the following expenses:

Cost of goods sold	760	3,853
Depreciation of property, plant and equipment	1,416	1,650
Amortisation		
- Right of use asset	-	-
- Development costs	120	131
Repairs and maintenance	1,385	1,084
Impairment of intangible assets	-	-
Net foreign currency loss	34	35

5. INCOME TAX

(a) Income Tax Benefit / (Expense)

Current tax	716	528
Deferred tax	-	609
(Under) / Over recognised current tax asset in prior period	-	-
	<u>716</u>	<u>1,137</u>

(b) Numerical reconciliation of income tax expense to prima facie tax payable

Profit / (Loss) from ordinary activities before income tax expense	(1876)	966
Prima facie tax (expense) / benefit at 26% (2021: 26%)	488	(251)

Tax effect of amounts which are not deductible (taxable) in calculating taxable income:

Non-deductible expenses	(51)	-
Research and development tax concessions	305	212
Employee share issue	-	(72)
Impairment losses	-	-
Cash flow boost	-	10
	<u>742</u>	<u>(101)</u>
(Under) / Over recognised Current tax asset in prior period	-	-
Deferred tax losses not brought to account	(26)	-
Deferred tax asset not previously brought to account	-	592
Prior year losses not brought to account	-	646
Income tax benefit / (expense) attributable to operating loss	<u>716</u>	<u>1,137</u>



Key Accounting Policies

The income tax expense or benefit for the period is the tax payable / receivable on the current period's taxable income / (loss) based on the notional income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and unused tax losses.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity. The Company incurs eligible expenditure which supports a R&D Tax Incentive Claim, refundable by the Australian Government at 43.5% for entities with a tax loss and revenues less than \$20 million. There are no unfulfilled conditions or other contingencies in relation to this incentive. This receivable balance is accounted for as a current tax asset and income tax expense / (benefit).

6. CASH AND CASH EQUIVALENTS

Cash at bank and on hand	9,214	6,928
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Key Accounting Policies

For purposes of the statement of cash flows, cash and cash equivalents include bank deposits which are readily convertible to cash on hand and which are used in the cash management function on a day-to-day basis.

7. TRADE AND OTHER RECEIVABLES

Trade receivables	1,459	8,151
Less: Provision for expected credit losses	-	(190)
	<u>1,459</u>	<u>7,961</u>
Other receivables	82	164
Prepayments	1,243	1,232
Total trade and other receivables	<u>2,784</u>	<u>9,357</u>

The average collection period for invoices is 30-60 days from invoice date and interest is not charged on overdue balances.

Ageing of receivables which are past due:

0-30 days	1,404	6,929
30-60 days	55	22
60-90 days	-	1,011
90+ days	-	190
	<u>1,459</u>	<u>8,151</u>

Estimated credit loss for aging less than 90 days is deemed immaterial.

Key Accounting Policies

Trade receivables represent amounts receivable relating to the provision of goods and services pursuant to a valid purchase order or contract for product or services. Receivables are recognised at the full value receivable and do not require re-measurement because they are due for settlement within 60 days of invoice date.

	2022	2021
	\$000	\$000
8. CURRENT TAX ASSET		
Income tax receivable	<u>716</u>	<u>528</u>

Key Accounting Policies

The Company incurs eligible expenditure to support a R&D Tax Incentive Claim. The estimated amount of claim is recognised as a current tax asset and income tax expense / (benefit) in the year that the R&D was incurred.

9. INVENTORIES

Raw materials - at cost	1,293	907
Finished goods	197	-
Less: Provision for stock obsolescence	(388)	(454)
Total inventories	<u>1,102</u>	<u>453</u>

Key Accounting Policies

Inventories are valued at the lower of cost and net realisable value with the cost determined on a first-in-first-out basis. Net realisable value reflects the estimated selling price in the ordinary course of business less the estimated costs of completion and costs necessary to make the sale.

Subsequent to initial measurement, balances held in inventory are reviewed at least annually and a provision raised where future use is no longer considered probable, principally due to reasons of obsolescence or product dating.



10. PROPERTY, PLANT AND EQUIPMENT

Land and Buildings

Freehold land (at fair value)	4,380	4,380
Buildings (at fair value)	7,180	7,180
Less: Accumulated depreciation	(195)	(15)
Total Land and Buildings	11,365	11,545

Plant and Equipment

Plant and equipment – at cost	43,072	42,274
Less: Accumulated depreciation	(38,520)	(37,284)
Capital Work in Progress	298	208
	4,850	5,198

Total Plant & Equipment **4,850** **5,198**

Total Property, Plant and Equipment **16,215** **16,743**

Reconciliation of the carrying amounts of each class of property, plant and equipment at the beginning and end of the current financial year are set out below.

2022	Freehold Land \$000	Buildings \$000	Plant & Equipment \$000	Total \$000
Carrying amount at start of year	4,380	7,165	5,198	16,743
Revaluation	-	-	-	-
Additions	-	-	888	888
Disposals	-	-	-	-
Depreciation expense	-	(180)	(1,236)	(1,416)
Carrying amount at end of year	4,380	6,985	4,850	16,215

2021	Freehold Land \$000	Buildings \$000	Plant & Equipment \$000	Total \$000
Carrying amount at start of year	4,380	4,959	6,187	15,526
Revaluation	-	2,342	-	2,342
Additions	-	-	526	526
Disposals	-	-	-	-
Depreciation expense	-	(136)	(1,515)	(1,651)
Carrying amount at end of year	4,380	7,165	5,198	16,743

Key Accounting Policies

Freehold land and buildings are shown at revalued amounts being the fair value (level 3) at date of revaluation less subsequent depreciation for buildings. The most recent fair value measurement by independent valuers was 1 June 2021. The valuation conforms to Australian Valuation Standards and was calculated based on the fair value of the land and depreciated replacement cost of the buildings. As revaluations are performed regularly, carrying amounts do not differ materially from those that would be determined using fair values at the end of each reporting period.

The revaluation increase arising on the revaluation of land and buildings is accumulated in the revaluation reserve within equity. Decreases that offset previous increases of the same asset are recognised against revaluation reserve directly in equity; all other decreases are to be recognised in profit or loss.

Plant and equipment, including Right of Use Assets, are measured at cost less accumulated depreciation and any impairment adjustments which may have been identified. The cost of non-current assets constructed or developed by the Company includes the costs of all materials used in construction, direct labour on the project and an appropriate proportion of directly attributable variable and fixed overheads.

AASB 16 Leases provides the lessee with the choice of whether to recognise short-term or low value leases on the balance sheet. Under the Company's policy, photocopiers and printers are treated as short term or low value leases, which qualify for the low value lease exemption.

Depreciation is recognised so as to write off the cost or valuation of assets, other than land, over their estimated useful lives, net of their residual values, using the straight-line method, as follows:

- Buildings 40 years
- Plant & Equipment 3-15 years



Estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Plant is regularly overhauled through an ongoing cyclical maintenance program. Routine operating maintenance, repair costs and minor renewals are charged as expenses as incurred.

An item of property, plant and equipment is derecognised upon disposal or where no future economic benefits are expected to arise from continued use. Any gain or loss arising on disposal or retirement is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the profit or loss.

Impairment of property plant and equipment

For all except goodwill and indefinite life intangible assets, 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 value 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 based on the market capitalisation of the company.

The Company is considered as one cash-generating unit (CGU) for impairment testing purposes (there are nil indefinite life intangible assets). The Company has determined that its market capitalisation is greater than the value of its assets at 30 June 2022 and accordingly no impairment charge for assets has been recognised.

	2022	2021
	\$000	\$000
11. INTANGIBLE ASSETS		
Development expenditure capitalised	-	271
Less: Accumulated amortisation development costs	-	(151)
Total intangible assets	-	120
Reconciliation of Intangible Assets		
Carrying amount at start of year	120	248
Development expenditure capitalised during the year	-	-
Amortisation of development costs during the year	(120)	(128)
Carrying amount at end of year	-	120

Key Accounting Policies

a) Internally generated Intangible Assets

Research expenditure is recognised as an expense as incurred.

An internally generated intangible asset arising from development is recognised as a non-current asset where all of the following conditions can be demonstrated:

- technical feasibility of completing the project that it will be available for use or sale;
- intention to complete the intangible asset and use it or sell it;
- the intangible asset will generate probable future economic benefits for the Company;
- availability of adequate technical, financial and other resources to complete the development; and
- the ability to measure reliably the expenditure attributable to the development of the asset.

The amount initially recognised for internally generated intangible assets is the sum of the expenditure incurred from the date the asset first met the recognition criteria listed above. Development expenditures that do not meet all of these criteria are recognised in profit or loss in the period in which incurred.

Development costs previously recognised as an expense may not be recognised as an asset in a subsequent period.

Subsequent to initial recognition, internally generated intangible assets are reported at cost less accumulated amortisation from the date the intangible asset first meets the recognition criteria. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any change accounted for on a prospective basis.

b) Impairment of intangible assets

Assets with finite lives are subject to amortisation and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. 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 may be impaired. An impairment loss is recognised in the statement of comprehensive income for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units), other than goodwill that is monitored at the segment level. Impairment losses recognised in respect of cash generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash generating units, and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis.



	2022 \$000	2021 \$000
12. DEFERRED TAX ASSET / (LIABILITY)		
Deferred Liability	1,680	1,778
The balance comprises temporary differences attributable to:		
Depreciation	1,680	1,138
Asset revaluation	-	609
Prepayments	-	-
Development costs	-	31
	<u>1,680</u>	<u>1,778</u>
Movements		
Opening balance at 1 July	1,778	1,246
Increase/(Reduction) current tax expense	(98)	600
Restating opening balance of DTL due to reduced tax rate	-	(68)
Current year increase/(decrease) not recognised	-	-
Closing balance at 30 June	1,680	1,778
Deferred Tax Assets	1,680	1,778
The balance comprises temporary differences attributable to:		
Employee entitlements, accruals and other	405	597
Tax losses	1,275	1,181
	<u>1,680</u>	<u>1,778</u>
Movements		
Opening balance at 1 July	1,778	1,246
Increase/(Reduction) current tax expense	(98)	7
Unused tax losses recognised / (de-recognised)	-	592
Restating opening balance of DTA due to reduced tax rate	-	(67)
Charged/(Credited) to equity	-	-
Closing balance at 30 June	1,680	1,778
Net Deferred Assets / (Liability)		
Deferred tax liability expected to settle within 12 months	-	-
Deferred tax liability expected to settle more than 12 months	1,680	1,778
	<u>1,680</u>	<u>1,778</u>
Deferred tax asset expected to be recovered within 12 months	-	-
Deferred tax asset expected to be recovered after more than 12 months	1,680	1,778
	<u>1,680</u>	<u>1,778</u>

Key Accounting Policies

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities settled. The relevant tax rate is applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets will only be recognised for deductible temporary differences and unused tax losses if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. In addition to the above deferred tax assets recognised, the Company has further unrecognised tax losses relating to prior period tax losses.

As at 30 June 2022 the Company has gross carried forward tax losses amounting to \$18m (2021: \$17.3m) and a further \$12.3m (2021: \$12.3m) capital losses which have not been recognised as assets in these financial statements.

	2022 \$000	2021 \$000
13. TRADE AND OTHER PAYABLES		
Trade payables	550	2,582
Other payables	703	1,831
Total trade and other payables	1,253	4,413



14. BORROWINGS

Current

Premium funding	881	766
Total current borrowings	881	766

Non-Current

Lease liabilities	-	-
Total non-current borrowings	-	-

The company utilises a Premium Funding facility to pay its annual Insurance Premium. This facility has a 10 month term with an interest rate applicable of 1.8%.

2022	2021
\$000	\$000

15. CONTRACT LIABILITIES

Current

Client prepayments	154	254
Contractual milestones received	-	-
Total contract liabilities	154	254

Non-Current

Contractual milestones received	-	-
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Reconciliation

Reconciliation of the written down value at the beginning and end of the current and previous financial year are set out below:

Opening balance	254	39
Payments received in advance	332	816
Transfer to revenue - included in the opening balance	(643)	(601)
Transfer to revenue - performance obligations satisfied in previous periods	211	-
Ending balance	154	254

Unsatisfied performance obligations

The aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied at the end of the reporting period was \$153,823 as at 30 June 2022 (\$253,756 as at 30 June 2021) and is expected to be recognised as revenue in future periods as follows:

	2022	2021
	\$000	\$000
Within 6 months	154	254
6 to 12 months	-	-
12 to 18 months	-	-
	154	254

Key Accounting Policies

Fee for Service Revenue generated in accordance with a Scope of Works agreed with clients before project commencement and recognised over the term of the project as specific performance obligations are completed (i.e. over time). In some cases the client may pay for services before the work is conducted and this revenue is deferred until earned.

Contractual milestones have been received in accordance with the Company's long-term distribution agreements. As such milestones relate to the performance of the contract, revenue is recognised over the term of the distribution contract.

16. PROVISIONS

Current

Employee entitlements	490	636
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Non-Current

Employee entitlements	314	445
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Key Accounting Policies

The provision for employee entitlements represents annual leave, vested long service leave and an estimate of the future value of long service leave which has not yet vested but is expected to be payable to employees.

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required and they can be reliably measured.



Liabilities recognised in respect of short term employee benefits are classified as current liabilities and measured at their nominal values using the remuneration rate expected to apply at the time of settlement. Liabilities recognised in respect of long-term employee benefits are classified as non-current liabilities and measured at the present value of the estimated future outflows to be made by the Company in respect of services provided by employees up to reporting date.

17. CONTRIBUTED EQUITY	2022	2021	2022	2021
	Shares	Shares	\$000	\$000
Paid up capital - Ordinary shares, fully paid	241,021,797	239,860,170	51,189	51,189

Movements in ordinary share capital of the Company during the past two years were as follows:

Date	Details	Shares	\$000
1 July 2020	Employee share plan issues	2,010,506	-
	Forfeited employee shares	(1,463,368)	-
30 June 2021	Closing balance	239,860,170	51,189
1 July 2021	Employee share plan issues	1,601,630	-
	Forfeited employee shares	(440,003)	-
30 June 2022	Closing balance	241,021,797	51,189

During the year 1,601,630 ordinary shares (2021: 2,010,506) were issued within the rules of the IDT Australia Limited Employee Share Plan. 440,003 (2021: 1,463,368) shares were forfeited and cancelled because the Limited Recourse Loans were not repaid, due to former employees electing not to repay the Limited Recourse Loan within 90 days of cessation of employment.

18. RESERVES	2022	2021
	\$000	\$000
Share-based payments reserve	4,602	4,069
Asset revaluation reserve	3,897	3,897
Total reserves	8,499	7,966

The asset revaluation reserve is used to recognise fair value movements in respect of land and buildings owned by the Company valued by an independent third party valuer. The most recent fair value measurement by independent valuers was 1 June 2021.

19. ACCUMULATED LOSSES	2022	2021
Accumulated losses at the beginning of the financial year	(31,540)	(33,643)
Net profit / loss attributable to members of IDT Australia Limited	(1,160)	2,103
Accumulated losses at the end of the financial year	(32,700)	(31,540)

20. FINANCING ARRANGEMENTS	2022	2021
	\$000	\$000
Bank overdraft	-	-
Commercial loan	-	-
Premium Funding	881	766
Total secured liabilities (current and non-current)	881	766

Unrestricted access was available at balance date to the following credit facilities with the National Australia Bank Ltd:

<u>Total facilities</u>		
- Bank Overdraft	1,000	1,000
- Flexible Rate Commercial Loan	1,500	1,500
- Credit Card Facility	100	100
<u>Used at balance date</u>		
- Bank Overdraft	-	-
- Flexible Rate Commercial Loan	-	-
- Credit Card Facility	22	15
<u>Available at balance date</u>		
- Bank Overdraft	1,000	1,000
- Flexible Rate Commercial Loan	1,500	1,500
- Credit Card Facility	78	85



At 30 June 2022, the Company has cash reserves of \$9.2 million. This cash balance is further supported by an unutilised facility of \$2.5 million with the National Australia Bank Ltd, which is next due for renewal on 31 July 2023. These cash reserves and debt facility are available to support the Company to execute strategies and projects to extend production and manufacturing capabilities.

Security for Borrowings

The bank overdraft, lease and business loan facilities are secured by the following:

- A Registered Mortgage over property situated at 39 Wadhurst Drive, Boronia
- A Registered Mortgage over property situated at 41 Wadhurst Drive, Boronia
- A Registered Mortgage over property situated at 43-49 Wadhurst Drive, Boronia
- A Registered Mortgage over property situated at 51-57 Wadhurst Drive, Boronia
- A Registered Mortgage over property situated at 68 Wadhurst Drive, Boronia

	2022	2021
	\$000	\$000
Carrying value of assets pledged as Security		
- Freehold land and buildings	11,365	11,545
Total assets pledged as security	11,365	11,545

21. AUDITOR'S REMUNERATION

Total amounts payable to auditors for:

- Audit and review of the Company's financial statements
- Other services

Total auditor remuneration

2022	2021
\$	\$
98,000	98,300
228	11,000
98,228	109,300

For the year ended 30 June 2021 Audit services were provided by Deloitte Touche Tohmatsu.

22. FINANCIAL RISK MANAGEMENT

Financial risks impacting the Company's activities fall into three categories:

- a) market risk – foreign exchange and interest rate
- b) credit risk
- c) liquidity risk

a) Market risk

In order to minimise the impact of currency fluctuation it is Company policy to transact in Australian dollars wherever possible. From time to time the Company also transacts in foreign currencies, particularly Euro and US dollars, which can give rise to foreign exchange risk as exchange rates fluctuate.

At reporting date the Company has \$9.2 million Cash Reserves held in its operating bank account and short term bank deposits. Forward cash flow forecasts do not project use of the bank debt facilities. Therefore the Company does not foresee any increased borrowings or consequentially a material sensitivity to interest rates.

b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations, resulting in a financial loss to the Company. Credit risk is closely managed and the Company has procedures to deal with credit worthy counterparties. Customer credit worthiness is reviewed on an ongoing basis and exposure to any one customer is monitored. Potential credit loss is regularly reviewed and assessed and a provision for expected credit losses would be raised if there was any evidence the debt was no longer collectible.

The Company does not carry a material level of overdue debtor balances.

c) Liquidity risk

Liquidity risk arises from the financial liabilities of the Company and is the risk that the Company is not able to pay its financial liabilities as when they fall due. The ultimate responsibility for liquidity risk management rests with the Board of Directors which has established a framework for management of the Company's requirements over time through continuous monitoring of historical and anticipated cash flows and scenario analysis. The Company manages liquidity risk by maintaining cash reserves and reserve borrowing facilities.

Rolling 18 month cash flow forecasts are prepared each month. Strategic planning also includes liquidity considerations and based on current strategies, no funding shortfalls have been identified.

In addition to funds on deposit, the Company has \$2.5 million undrawn banking facilities.

	2022	2021
	\$000	\$000
The Company holds the following financial instruments:		
Liquid Financial Assets		
Cash and cash equivalents	9,214	6,928
Trade receivables and other	2,257	6,729
Total financial assets	11,471	13,657
Financial Liabilities		
Trade and other payables	1,253	4,413
Borrowings, current and non-current	881	766
Total financial liabilities	2,134	5,179
Net financial position	9,337	8,478



23. SHARE BASED PAYMENTS

The ESP was approved at the Annual General Meeting held on 18 November 2019.

During the year ended 30 June 2022, the Company issued 1,601,630 ordinary shares under the rules of the IDT ESP (2021: 2,010,506).

Total expenses arising from share-based payment transactions recognised during the period as part of employee benefit expenses were as follows:

	2022	2021
	\$000	\$000
Value of shares issued under employee share plan	319	279
Movement in number of shares under Employee Share Plan:		
Opening balance	9,301,796	8,754,658
Employee Share Plan granted during the year	1,601,630	2,010,506
Shares on which limited recourse loans have been repaid	-	-
Shares on which escrow lifted	-	-
Forfeited during the year	(440,003)	(1,463,368)
Closing balance of shares on issue under Employee Share Plan	10,463,423	9,301,796

Key Accounting Policies

Directors, Executive Management and selected staff may be offered shares in the Company at the current market value at the date of issue, funded by an interest free limited recourse loan from the Company. These limited recourse loan funded shares are measured and accounted for as options in accordance with the substance, and no asset is recognised for the loan. Grants within the framework of the ESP are determined by the CEO together with the Remuneration and Nomination Committee and are subject to approval by the Board.

Amounts disclosed for emoluments relating to these shares are the assessed fair values at issue date determined using the Binomial method taking into account 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 arrangement.

The ESP provides an annual value of up to \$1,000 of shares may be issued to eligible employees for no consideration. The value of shares issued is recognised in the income statement as employee benefit costs at the time the shares are granted. Such shares may not be sold until the earlier of three years after issue or cessation of employment with the Company.

In all other respects ESP shares rank equally with other fully-paid ordinary shares on issue.

24. KEY MANAGEMENT PERSONNEL DISCLOSURES

The following persons were Directors of IDT Australia Limited during the financial year:

Non-Executive Directors

Alan Fisher, Chair
 Hugh Burrill
 Mary Sontrop (retired 16 November 2021)
 Michael Kotsanis
 Jane Ryan (from 28 January 2022)

Mr Fisher, Mr Burrill, Ms Ryan and Mr Kotsanis are Independent Directors.

Key Management Personnel

The following persons have authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, during the financial year:

David Sparling	Chief Executive Officer, Joint Company Secretary
Ancila Desai	Chief Financial Officer, Joint Company Secretary
Paul McDonald	Head of Quality and Development
Chris Kagiarios	Head of People and Culture, from 1 September 2021
Jim Susic	Vice President Operations, Supply and Infrastructure, until 29 November 2021

Directors and Key Management Personnel Compensation

	2022	2021
	\$	\$
Short term employee benefits	1,695,796	1,488,227
Post-employment benefits	129,773	112,226
Long term benefits	13,350	14,683
Share based payments	289,800	312,900
	2,128,719	1,928,036



25. RELATED PARTY TRANSACTIONS

Transactions of Directors and Key Management Personnel Concerning Shares

Aggregate numbers of shares acquired and disposed of by Directors or Key Management Personnel were as follows:

	2022	2021
	Shares	Shares
Ordinary shares issued to KMP	1,449,000	1,490,000
Ordinary shares forfeited by KMPs	-	224,066
Ordinary shares acquired	81,981	378,125
Ordinary shares sold	160,000	-
Ordinary shares sold after limited recourse loans repaid	1,426,621	-

Other than shares issued as described in note 23, the terms and conditions of other transactions relating to shares were on the same basis as similar transactions with other shareholders.

Aggregate numbers of shares of IDT Australia Limited held directly, indirectly or beneficially by Directors or KMP holding office at balance date were as follows:

	2022	2021
Ordinary shares	4,119,106	5,846,038

There were no other transactions or contracts between the Company and Directors and Key Management Personnel in 2022 (2021: nil).

26. RECONCILIATION OF NET CASH INFLOW / OUTFLOW FROM OPERATING ACTIVITIES TO OPERATING PROFIT / (LOSS) AFTER INCOME TAX	2022	2021
	\$000	\$000
Net cash inflow /(outflow) from operating activities	2,861	370
Depreciation and amortisation	1,536	(1,780)
Profit / (Loss) on Divestment – Property Plant and Equipment	-	-
Non-cash share-based payment	(319)	(279)
Impairment of intangible assets	-	-
Change in operating assets and liabilities:		
Increase/(decrease) in receivables	(7,101)	3,920
Increase/(decrease) in inventories	698	9
Increase/(decrease) in current tax asset	188	488
(Increase)/Decrease in payables	1,354	(850)
Increase in other provisions	(277)	10
Increase/(decrease) in unearned revenue	(100)	215
Operating profit / (loss) after income tax	(1,160)	2,103

27. EARNINGS PER SHARE	2022	2021
Basic earnings per share	(0.5¢)	0.9¢
Diluted earnings per share	(0.5¢)	0.9¢
Weighted average number of ordinary shares on issue during the year used to calculate basic earnings per share	240,179,956	239,321,399
Weighted average number of ordinary shares on issue during the year used to calculate diluted earnings per share	240,179,956	239,321,399
	\$000	\$000
Basic Earnings per share		
Profit / (Loss) attributable to ordinary equity holders used in calculating basic earnings per share	(1,160)	2,103
Diluted earnings per share		
Profit / (Loss) attributable to ordinary equity holders used in calculating diluted earnings per share	(1,160)	2,103

Key Accounting Policies

(i) Basic Earnings per Share - Basic earnings per share is determined by dividing the profit or loss attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year.

(ii) 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.



28. EVENTS AFTER THE REPORTING PERIOD

Throughout the course of the financial year, 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 30 June 2022, which included the impact of COVID on the business at that time. The Company considers the ongoing COVID-19 restrictions in other regions and supply chain disruptions to be non-adjusting post balance sheet events and accordingly the financial effects post year end of COVID-19 have not been reflected in the financial statements at 30 June 2022. 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 2023 financial year earnings, cash flow and financial position.

In July 2022, Ms. Ancila Desai announced her intention to leave the Company later this year. IDT has commenced activities to secure a suitable CFO replacement.

On 26 August 2022, IDT announced that it was advised that its final outstanding MMI submission (MMI – Translation Stream Round 2) was unsuccessful.

Opportunities for IDT to provide further sovereign pharmaceutical manufacturing, mRNA and other sterile product manufacturing services are being pursued. Further information has been provided in Likely Developments as set out in the Director's report.

There has not been any other matter or circumstance occurring subsequent to the end of the financial year that, to the Company's knowledge, has significantly affected, or may significantly affect, the operations, results of the operations or the state of affairs of the Company.

29. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

The Company has no contingent assets or liabilities to disclose at the date of this report.



DIRECTORS' DECLARATION

In the Directors' opinion:

- (a) the financial statements and notes set out on pages 14 to 30 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards, the *Corporations Act 2001* and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the Company's financial position as at 30 June 2022 and of its performance, as represented by the result of its operations, changes in equity and cash flows, for the financial year ended on that date; and
- (b) 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
- (c) the financial statements and notes thereto also comply with International Financial Reporting Standards as disclosed in Note 1.

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

This declaration is made in accordance with a resolution of the Directors made pursuant to s295(5) of the *Corporations Act 2001*.

On behalf of the directors

Mr Alan Fisher
Chair
30 August 2022

Independent Auditor's Report

To the Members of IDT Australia Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of IDT Australia Limited (the Company), which comprises the statement of financial position as at 30 June 2022, the statement of profit or loss and other comprehensive income, statement of changes in equity and 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 Company is in accordance with the *Corporations Act 2001*, including:

- a Giving a true and fair view of the Company's financial position as at 30 June 2022 and of its performance for the year ended on that date; and
- b 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 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 financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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 matter	How our audit addressed the key audit matter
Revenue – Note 3	
<p>In the financial year ended 30 June 2022, the Company recorded revenue of \$12.1 million.</p> <p>The Company offers several products and services to its customers that require different patterns of revenue recognition due to varying contractual terms, which impact the identification of performance obligations and the determination of how the Company satisfies those obligations.</p> <p>There is a risk of potential overstatement of revenue given there is a pressure placed on the performance of the Company against market expectations.</p> <p>This is a key audit matter due to the financial significance to the statement of profit or loss and other comprehensive income and the judgement involved in determining appropriate revenue recognition for these various services.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none">• Obtaining an understanding of the processes and controls used by the Company in evaluating contracts under the five-step model of AASB 15 <i>Revenue from Contracts with Customers</i>;• Reviewing revenue recognition policies of the Company's recurring and non-recurring revenue streams to ensure compliance with AASB 15;• Selecting a sample of revenue transactions to verify that revenue was being recognised in accordance with revenue recognition policies;• Analytically reviewing all revenue streams and investigating movements outside our expectations with management;• Testing the accuracy of deferred income recorded by the Company during the year; and• Evaluating the disclosures in the financial statements for appropriateness and consistency with accounting standards.
Recognition of research and development tax incentive – Note 5	
<p>The Company receives a refundable tax offset of eligible expenditure under the research and development (R&D) tax incentive scheme. An R&D plan is filed with AusIndustry in the following financial year, and, based on this filing, the Company receives the incentive in cash.</p> <p>Management reviews the Company's total research and development expenditure to determine the potential claim under the R&D tax incentive legislation.</p> <p>The Company recognises an R&D tax incentive rebate benefit on an accrual basis, meaning that a receivable is recorded at the balance date based on the estimated amount that is yet to be received from the Australian Taxation Office for the period 1 July 2021 to 30 June 2022.</p> <p>This area is a key audit matter due to the judgement and interpretation of the R&D tax legislation required by management to assess the eligibility of the R&D expenditure under the scheme.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none">• Obtaining the R&D incentive calculations, as prepared by management and reviewed by management's expert, and engaging an internal R&D tax expert to assist in assessing the reasonableness of the estimate;• Performing a review to ensure that any relevant legislation changes have been appropriately applied;• Comparing the nature of the R&D expenditure included in the current year estimate to the prior year approved claim;• Comparing the estimates made in previous years to the amount of cash received after lodgement of the R&D tax claim;

Key audit matter

How our audit addressed the key audit matter

- Considering the nature of the expenses against the eligibility criteria of the R&D tax incentive scheme to assess whether the expenses included in the estimate are likely to meet the eligibility criteria;
- Assessing the eligible expenditure used to calculate the estimate to ensure it is in accordance with expenditure recorded in the general ledger;
- Testing a sample of expenditure items included in the estimate to supporting documentation to ensure they are appropriately recognised in the accounting records and that they are eligible expenditures;
- Inspecting copies of relevant correspondence with AusIndustry and the ATO related to the claims; and
- Reviewing the appropriateness of the relevant disclosures in the financial statements.

Carrying value of non-current assets – Note 10

As at 30 June 2022, the Company's carrying value of property, plant and equipment totalled \$16.2 million.

Land and buildings

Land and buildings are carried under the revaluation model under AASB 116 *Property, Plant and Equipment*, whereby valuations are obtained cyclically, and revaluations are taken through the asset valuation reserve.

Plant and equipment

The assessment of the recoverable amount of plant and equipment requires management to exercise significant judgement in identifying indicators of impairment under AASB 136 *Impairment of Assets*.

This area is a key audit matter due to the judgement involved in determining whether the fair value of the land and buildings is materially appropriate.

Our procedures included, amongst others:

Land and buildings

- Obtaining the most recent valuation reports and assessing completeness, accuracy and reasonableness of key inputs and assumptions applied in the calculations in accordance with AASB 116 *Property, Plant and Equipment*;
- Reviewing management's assessment of the fair value of the land and buildings as at 30 June 2022.

Property, plant and equipment

- Reviewing management's assessment of the existence of potential impairment indicators at year end;
- Considering other qualitative considerations (e.g. market valuation of the Company compared to its net assets, new secured contracts, other public information available or press releases) in order to challenge management's assessment of impairment indicators;
- Obtaining supporting documentation to demonstrate ongoing use of the asset; and
- Assessing the adequacy of disclosures for compliance in accordance with the Australian Accounting Standards (AASBs).

Information other than the financial report and auditor's report thereon

The Directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2022 but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and 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 Company's ability 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 Company 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/auditors_responsibilities/ar2_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 8 to 12 of the Directors' report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of IDT Australia Limited, for the year ended 30 June 2022 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.

The logo for Grant Thornton, featuring the company name in a stylized, cursive script.

Grant Thornton Audit Pty Ltd
Chartered Accountants

A handwritten signature in black ink, appearing to read 'M A Cunningham'.

M A Cunningham
Partner – Audit & Assurance

Melbourne, 30 August 2022

SHAREHOLDER INFORMATION

The shareholder information set out below was applicable as at 30 June 2022.

A. DISTRIBUTION OF EQUITY SECURITIES

Analysis of numbers of equity security holders by size of holding:

	Holders 2022	Holders 2021
1 - 1,000	483	152
1,001 - 5,000	1,422	704
5,001 - 10,000	671	386
10,001 - 100,000	1,144	832
100,001+	216	201
	3,936	2,275

B. TWENTY LARGEST INDIVIDUAL SHAREHOLDINGS

The names of the twenty largest individual holders of ordinary shares are listed below:

	Number Held	Percentage of Issued Shares
CITICORP NOMINEES PTY LIMITED	22,786,298	9.45%
UBS NOMINEES PTY LTD	22,615,834	9.38%
ONE MANAGED INVT FUNDS LTD	19,949,434	8.28%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	19,023,526	7.89%
MR ANTHONY JOHN HUNTLEY	9,399,924	3.90%
ONE FUND SERVICES LTD	9,360,934	3.88%
MR GRAEME LESLIE BLACKMAN	6,029,710	2.50%
JAMPLAT PTY LTD	4,230,000	1.76%
PICHERIT'S FARM PTY LTD	3,850,000	1.60%
MRS PAULENE BLACKMAN	3,457,737	1.43%
DAVID SPARLING	2,031,000	0.84%
SHAREHOLDERS MUTUAL ALLIANCE PTY LTD	2,000,000	0.83%
MR ALISTAIR DAVID STRONG	2,000,000	0.83%
GOEN INVESTMENTS PTY LTD	2,000,000	0.83%
MR GAVIN GEORGE ROGERS & MS KATHRYN ANN ROGERS	1,600,000	0.66%
MS MELISSA MARY STEPHENS	1,502,000	0.62%
CS FOURTH NOMINEES PTY LIMITED	1,187,539	0.49%
MR AHMED FAHOUR	1,157,000	0.48%
MR ALEXANDRE PETER SWANSON	1,103,944	0.46%
GW BURKE INVESTMENTS PTY LTD	1,050,000	0.44%
ON ON FOR DON PTY LTD	1,005,000	0.42%
WONGTEH PTY LTD	1,000,002	0.41%
	138,339,882	57.40%

C. SUBSTANTIAL HOLDERS

The following parties have declared a relevant interest in the number of ordinary shares at the date of giving the notice under Part 6C.1 of the Corporations Act.

	Number Held
Sandon Capital Pty Ltd	29,219,292
Regal Funds Management Pty Limited and its associates	26,360,286
Bank of America and its related bodies corporate	21,934,288
Credit Suisse Holdings (Australia) Limited	12,936,807

D. VOTING RIGHTS

A registered holder of shares in the company may attend general meetings of the company in person or by proxy and on a poll may exercise one vote for each share held.