

## ASX ANNOUNCEMENT

27 April 2023

# Continuous Growth in Quarterly Sales with Strong Sales Pipeline Pointing to Positive Outlook

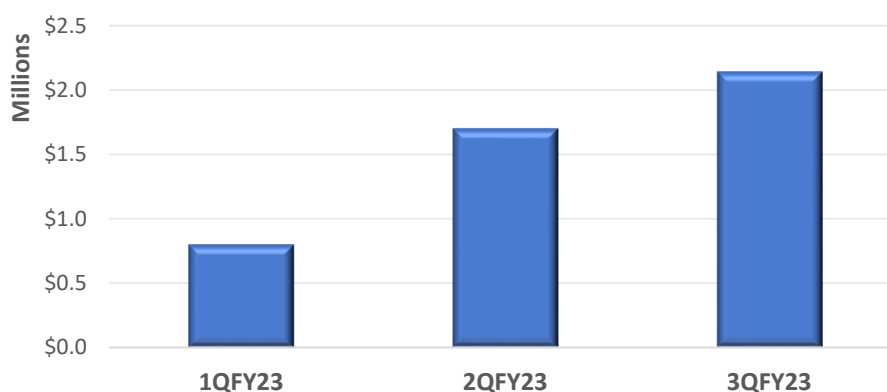
### Highlights:

- IDT delivers another set of improved sales results in 3QFY23 as it executes on its turnaround strategy
- Sales in the latest quarter jumped 26% to \$2.1M vs. 2QFY23 and +168% from 1QFY23
- Specialty Orals Division is driving most of the increase due to growth in medicinal cannabis and the opening of the psychedelics market
- Regulatory changes from FY24 expected to provide additional tailwind for Specialty Orals
- Expected strong growth in IDT's Advanced Therapies division following upgraded TGA licence
- Taylor Collison updated their [research note](#) on IDT to reflect the expanded opportunities offered to the Company from the licence upgrade
- Strong sales pipeline of potential contracts that is expected to grow due to a long runway of opportunities

IDT Australia Limited (ASX: IDT) (the "Company") is pleased to provide the following update for the three months to end March 2023 (3QFY23) with sales increasing again on the back of a significantly improved outlook for the Company.

Revenue in the 3QFY23 jumped 26% to \$2.14 million over the previous quarter (and +168% over two quarters) due primarily to contracts won in IDT's Specialty Orals division. The demand outlook for Specialty Orals manufacturing is growing due to several factors.

### IDT AUSTRALIA QUARTERLY SALES



#### About IDT

IDT (ASX:IDT) is an Australian pharmaceutical manufacturing company based in Boronia, Victoria, Australia. The Company has extensive experience in the development and production of high potency and high containment pharmaceutical products for local and international clients. IDT's facilities are cGMP compliant and are regularly audited by the US FDA and Australian TGA. With an experienced team of specialists within world-class facilities, IDT provides a full-scale service for new drug development and scale-up, commercial active drug manufacture as well as a variety of oral and injectable finished drug dose forms.

### **Multiple tailwinds for Medicinal Cannabis**

One of drivers for the Specialty Orals division is the rapid growth of the Australian medicinal cannabis market, which is estimated to be expanding at a compound annual growth rate (CAGR) of 30% from 2023 to 2030, to reach over US\$200 million<sup>1</sup>.

Additionally, new manufacturing standards mandated by the Therapeutic Goods Administration (TGA) are expected to benefit IDT. From 1 July 2023, the Australian regulator will require all Australian medicinal cannabis manufacturers to comply with one of the Good Manufacturing Practice (GMP) standards for medicines and be licensed by the TGA.

Overseas manufacturing of medicinal cannabis must occur on sites that comply with GMP standards and the Australian sponsor (the importer) of the product must hold evidence of GMP compliance<sup>2</sup>.

IDT is GMP certified and holds all the necessary TGA licenses to manufacture a wide range of medicines. Companies must undergo a time consuming, costly and continual audit process to obtain and retain their GMP certification.

This essentially locks low-cost manufacturers out of the Australian market and may encourage more medicinal cannabis growers to use IDT's services given their legal liability for not conforming to the new TGA requirements.

### **Opening of a promising new market**

Further, IDT's Specialty Orals division is also well placed to benefit from the opening of the new psychedelics market in Australia.

Psychedelics are a class of psychoactive substances that produce altered states of consciousness, and the TGA will permit authorised psychiatrists to prescribe two types of psychedelics, 3,4-methylenedioxy-methamphetamine (MDMA) and psilocybin, for specific mental health conditions from 1 July 2023.

IDT has all the necessary licenses and manufacturing facilities required to manufacture GMP psychedelics. IDT has secured contracts to produce oral doses of both MDMA and psilocybin treatments and is expecting to win further contracts to manufacture in the near-term.

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<sup>1</sup> <https://www.grandviewresearch.com/industry-analysis/australia-legal-cannabis-market>

<sup>2</sup> <https://www.tga.gov.au/products/unapproved-therapeutic-goods/medicinal-cannabis-hub/medicinal-cannabis-information-sponsors-and-manufacturers>

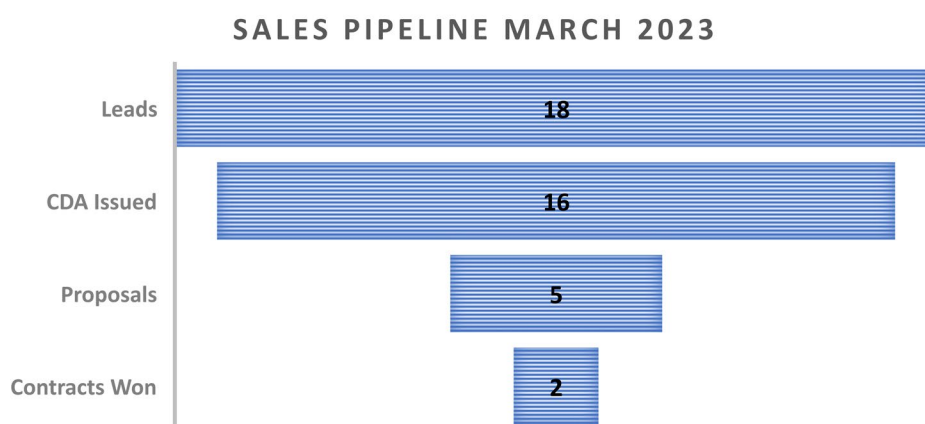
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### **Strong and growing sales pipeline**

These positive market developments contributed significantly to the Company's growing pipeline of opportunities, which bodes well for IDT's outlook.

There are currently 18 qualified leads in the pipeline, with a further 16 potential clients requesting IDT sign a Confidential Disclosure Agreement (CDA). IDT has also submitted five proposals.



The sales pipeline is predominantly driven by the Specialty Orals division, but there is growing interest in IDT's Advanced Therapies business, particularly after the TGA upgraded the Company's sterile manufacturing licence last month.

The Advanced Therapies division is one of a handful of aseptic sterile fill facilities in the world with the capability to manufacture high-potency drugs. The expanded licence will allow IDT to manufacture and supply GMP injectable drugs for use in clinical trials in Australia and overseas.

Stockbroker Taylor Collison updated its research note on IDT to reflect the new opportunities that the upgraded TGA licence brings to the Company. Their report is available on the Company's website or investors can access the report through this link: <https://en.idtaus.com.au/investors/investor-presentations/>.

### **Positive outlook and long growth runway**

There is significant room to grow production output at IDT to capitalise on the multiple tailwinds highlighted above, even without the need for further expansion capex.

Meanwhile, another notable event in the quarter was the appointment of Paul McDonald to the permanent role of Chief Executive Officer (CEO) in March after he spent the past five months guiding the Company as Interim CEO.

"We are only at the start of our turnaround strategy and it's pleasing to see the early promising results. The outlook for IDT is particularly positive as the Company is well placed to capitalise on the

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numerous growth opportunities in the sector,” commented Mr McDonald.

“As Australia’s largest and most established drug contract manufacturer, our Specialty Orals business is leveraged to the fast-growing medicinal cannabis and psychedelics markets, while our Advanced Therapies division is benefitting from strong world-wide interest in mRNA and Antibody Drug Conjugation technologies. Against this backdrop, I believe our Company is well positioned to deliver further growth well into FY24 and beyond.”

IDT is not required to lodge an Appendix 4C, but in the interest of improving shareholder engagement, the Company will provide investors with a quarterly update going forward.

Ends..../

Authorised by the Board of Directors of IDT Australia Limited.

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