IDT Australia Limited
Appendix 4E
Preliminary final report

1. Company details

Name of entity:	IDT Australia Limited
ABN:	66 006 522 970
Reporting period:	For the year ended 30 June 2023
Previous period:	For the year ended 30 June 2022

2. Results for announcement to the market

				$000
Revenues from ordinary activities	down	42.0%	to	7,032
Loss from ordinary activities after tax attributable to the owners of IDT Australia Limited	up	632.6%	to	(8,498)
Loss for the year attributable to the owners of IDT Australia Limited	up	632.6%	to	(8,498)

Dividends
There were no dividends paid, recommended or declared during the current financial period.

Comments
The loss for the company for the year ended 30 June 2023 after providing for income tax amounted to $8.5 million (30 June 2023: loss of $1.2 million)

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	7.93	11.05

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

6. Dividends

Current period
There were no dividends paid, recommended or declared during the current financial period.

Previous period
There were no dividends paid, recommended or declared during the previous financial period.

7. Dividend reinvestment plans

Not applicable.

8. Details of associates and joint venture entities

Not applicable.

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9. Foreign entities

Details of origin of accounting standards used in compiling the report:

Not applicable.

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10. Audit qualification or review

Details of audit/review dispute or qualification (if any):

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

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11. Annual General Meeting

Pursuant to ASX Listing Rule 3.13.1 IDT Australia Limited advises that its Annual General Meeting will be held on 23 November 2023. The time and other details relating to the meeting will be advised in the Notice of Meeting to be sent to all shareholders and released to the ASX. In accordance with Listing Rule 3.13.1, the closing date for receipt of valid nominations for the position of director is 5 October 2023.

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12. Attachments

Details of attachments (if any):

The Annual Report of IDT Australia Limited for the year ended 30 June 2023 is attached.

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13. Signed

Authorised for release by the Board.

Signed ____________________________ Date: 28 August 2023

Mark Simari
Chair

IDT AUSTRALIA LIMITED
ACN 006 522 970

Annual Report

For the Year ended
30 June 2023

We are pleased to present the Annual Report for IDT Australia Limited (IDT) for the year ended 30 June 2023 with our Company reporting early positive signs that the strategic pivot initiated over the past year is paying off.

This is demonstrated in the growth of our three key business verticals in the financial year 2023 (FY23), which we regard as a more accurate reflection of IDT's operational performance. While total statutory revenue declined by 42% over the previous corresponding period (pcp) to $7 million, revenue from the key verticals, which include Active Pharmaceutical Ingredients (API), Specialty Orals and Advanced Therapies, have increased by 25% over the pcp to $6.4 million.

Additionally, the number of commercial contracts has reached the highest since FY21 – a clear indication that our turnaround strategy is gaining strong market traction and stimulating demand for our unique offering.

It's worth noting that the previous year's results were skewed by government payments related to COVID-19 worth circa $6 million, which makes comparing the two years' results less than straight forward.

Embracing New Market Opportunities

Moving forward, the growth path ahead for IDT is clear and well defined. The strategic transformation program allows our Company to leverage our established expertise and capitalise on emerging opportunities within rapidly expanding markets.

These include the emerging psychedelic therapies market for treatment-resistant depression and the fast growing medicinal cannabis market, which is now subject to tighter regulatory standards which gives IDT a significant advantage in a competitive market. Our Specialty Orals vertical stands to benefit from these advancements.

Another key achievement during the financial year was securing the sterile license extension that enables IDT's Advanced Therapies vertical to scale up production and supply drugs for clinical trials. Our Advanced Therapies sterile facility is one of a few of its kind in the region that can produce cutting edge medications, such as those used in the latest cancer treatments.

Simultaneously, the successful establishment of our Specialty Orals and Advanced Therapies verticals, which oversee the production of finished dosage forms (FDFs), has breathed new life into our API business. This business division contributes the essential ingredient for FDFs. With increasing demand for comprehensive manufacturing solutions, IDT's integrated approach minimises the risks associated with clients using multiple manufacturing partners.

Positioned for Further Growth

The early success of IDT's strategic pivot provides a solid foundation for continued success in the new financial year and beyond. The investments we made in FY23 as part of the business reset has enabled IDT to substantially grow the pipeline of potential sales leads across all three verticals.

The recent $7 million capital raise via a share placement to institutional and sophisticated investors and share purchase plan to existing shareholders ensures the Company is well-funded to execute on its turnaround strategy.

These achievements give us confidence in the outlook for IDT. We are excited about what the next 12 months will deliver as the Company is well placed to return to growth, and we hope that investors will share our enthusiasm for the promising future ahead.

On behalf of the board and management, we also like to take the opportunity to thank shareholders for their patience and continued support as we embark on an exciting and new phase of growth for IDT.

Mark Simari
Chairman

Paul McDonald
Chief Executive Officer

Directors	Mark Simari - Executive Chairman Geoffrey Sam, OAM - Non-Executive Director Jane Ryan - Non-Executive Director
Company Secretary	Mark Licciardo
Notice of annual general meeting	The details of the annual general meeting of IDT Australia Limited are:
Registered Office and Principal Place of Business	45 Wadhurst Drive BORONIA, VICTORIA, 3155 Telephone +61 3 9801 8888 Facsimile +61 3 9837 6445
Share Register	Link Market Services Limited Tower 4, 727 Collins Street MELBOURNE, VICTORIA, 3008
Auditor	Grant Thornton Audit Pty Ltd Tower 5, Collins Square 727 Collins Street Melbourne VIC 3008
Bankers	National Australia Bank Limited Level 28, 500 Bourke Street, MELBOURNE, VICTORIA, 3000
Stock exchange listing	IDT Australia Limited shares are listed on the Australian Securities Exchange (ASX code: IDT)
Website	www.idtaus.com.au

The directors present their report, together with the financial statements for IDT Australia Limited (referred to hereafter as the 'Company') for the year ended 30 June 2023.

Directors and Company Secretary

The following persons were directors of the Company during the whole of the financial year and up to the date of this report, unless otherwise stated:

Director	Comment
Mark Simari - Chair	Appointed as Non-Executive Director 10 October 2022 and subsequently appointed Chair 1 January 2023
Jane Ryan - Non-Executive Director	
Geoffrey Sam - Non-Executive Director	Appointed 10 October 2022
Alan Fisher – Chair	Resigned 31 December 2022
Michael Kotsanis - Non-Executive Director	Resigned 28 November 2022
Hugh Burrill - Non-Executive Director	Resigned 10 October 2022

Company Secretary	Comment
Mark Licciardo	Appointed 3 October 2022
Ancila Desai	Resigned 2 October 2022

Information about the Directors holding office at 30 June 2023:

Mark Simari

Qualifications: Bachelor of Business (Accounting)
Experience: Mark is an experienced and accomplished professional in the health industry and has over 15 years' Board experience in a diverse range of organisations. Mark is currently Chairman of Careteq Limited (ASX:CTQ), Tali Digital Limited (ASX: TD1) and was the co-Founder of Paragon Care (ASX:PGC) and Managing Director from 2008 to 2018 and recently Non-executive Director from 2019 to 2022. He was instrumental in Paragon Care becoming one of the largest independent healthcare suppliers in the Australian and New Zealand Markets, creating a healthcare platform spanning across capital equipment, consumables, devices and service and maintenance.
Other Current Directorships: Executive Director of Careteq Limited and Non-Executive Director of Tali Digital Limited.
Former Directorships in Last 3 Years: Non-Executive Director of Paragon Care Ltd.
Responsibilities: Non-Executive Chairman of the Board, Chairman of Audit & Risk Committee, Member of Remuneration and Nomination Committee.
Equity interests in Company: 585,976 Fully Paid Ordinary Shares

Jane Ryan

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. Throughout her career, she has led many successful fundraising campaigns and licensing initiatives including the winning of a $230 million US Government contract.
Other Current Directorships: Non-Executive Director of Anatara Lifesciences Ltd and Bionomics Ltd.
Former Directorships in Last 3 Years: Non-Executive Director of Robotic Surgery Evolutions Ltd
Responsibilities: Non-Executive Director, Chair of Remuneration and Nomination Committee, Member of Audit & Risk Committee
Equity interests in Company: 79,366 Fully Paid Ordinary Shares

Geoffrey Sam OAM
Qualifications: BCom (UNSW), MHA (UNSW), MA (Econ&SocStudies) (Manchester UK), FAICD
Experience: Geoff is currently the Chairperson and independent Non-executive Director of Earlypay Ltd (ASX:EPY) and independent Non-executive Director of Paragon Care Ltd (ASX:PGC). He has also held previous independent Non-executive Board positions with listed companies Money 3 Ltd, Hutchinsons Childcare Services Ltd and was Managing Director of Nova Health Ltd. He is the Co-Founder and Board member of Healthe Care Australia Pty Ltd, a privately owned health care company comprising a portfolio of 18 hospitals.
Other Current Directorships: Non-Executive Director of Earlypay Ltd, Paragon Care Ltd and Change Financial Ltd.
Former Directorships in Last 3 Years: Nil
Responsibilities: Non-Executive Director, Member of Audit & Risk Committee, Member of Remuneration and Nomination Committee.
Equity interests in Company: 816,745 Fully Paid Ordinary Shares

Information about the Secretary

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

Meetings of directors
The number of meetings of the Company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2023, and the number of meetings attended by each director were:

	Full Board		Nomination and Remuneration Committee		Audit and Risk Committee	
	Attended	Held	Attended	Held	Attended	Held
Mark Simari	8	8	1	1	3	3
Jane Ryan	11	11	1	1	5	5
Geoff Sam	8	8	1	1	2	3
Alan Fisher	6	6	1	1	-	-
Hugh Burrill	3	3	1	1	2	2
Michael Kotsanis	5	5	1	1	2	2

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

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.

Results
The comprehensive loss for the company for the year ended 30 June 2023 after providing for income tax amounted to $6.0 million (30 June 2022: loss of $1.2 million).

Financial position
The Company's operating cash outflows for the year was $7.9 million (30 June 2022: $2.9 million inflow) and reported closing cash balance of $4.4 million at 30 June 2023 (30 June 2022: $9.2 million). This cash balance is further supported by an unutilised facility of $5 million with National Australia Bank Ltd, which is next due for renewal on 31 October 2025. 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. On 21 July 2023 the Company also issued 30,769,354 Ordinary shares raising $2.0 million before costs as part of a rights issue to shareholders. On 4 August 2023 the Company issued further 15,984,389 Ordinary shared raising $1.04mil before costs as part of the share placements Tranche 2.

Review of operations

IDT Australia recorded growth across its three key business verticals in the financial year 2023 (FY23), namely the manufacture of Active Pharmaceutical Ingredients (API), Specialty Orals and Advanced Therapies, with the number of commercial contracts reaching a two-year high. This success followed the implementation of the Company's strategic pivot to focus on the integration of end-to-end pharmaceutical manufacturing.

While total revenue was down 42% in FY23 compared to the previous corresponding period (pcp) to $7 million and net loss after tax increased to $8.5 million (FY22 loss of $1.2 million), the previous year's result was significantly bolstered by government COVID-19 related payments that were worth circa $6 million. In fact, such government payments and assistance were even higher in FY21 at circa $12 million.

Additionally, increased investments relating to IDT Australia's strategic pivot to return the Company to growth, such as the expansion of its sales and marketing team, weighed on the bottom line in FY23.

Importantly, these investments have already started producing results. The full-year revenue from IDT Australia's three key business verticals have collectively increased by 24.8% over the pcp to $6.4 million, with the Company demonstrating quarter-on-quarter growth throughout the 2023 fiscal year along with a strong pipeline of potential sales leads, which sets the Company up for further success in the current financial year. Additional details on its key verticals are outlined below.

Specialty Orals

Specialty Orals is the largest contributor to Group revenue in FY23. Revenue from this this vertical increased 13.0% over the pcp to $4.6 million, with the growth reflecting how well positioned the business is to capitalise on two large and growing opportunities – Medicinal Cannabis and Psychedelic Therapies.

Medicinal Cannabis

Our medicinal cannabis manufacturing volumes continued to expand and has added significant growth to the Specialty Orals vertical. IDT Australia has identified future expansion opportunities and increased line capacity within our manufacturing facilities.

Further, the Company has developed internal medicinal cannabis assets and looks to extract value from these assets and the knowhow we have built. The new TGA regulation of the industry from 1 July 2023 to ensure sustainable growth for the sector will also benefit IDT Australia as we stand prepared to actively support the industry with Good Manufacturing Practice (GMP) manufacturing.

Psychedelic Therapies

IDT Australia welcomes the inclusion of psychedelics to Australia's Special Access Scheme (SAS) program. The Company has developed synthetic process to manufacture both psilocybin and MDMA and continues to build supply opportunities as it continues to seek domestic and international collaborators.

IDT Australia holds relevant licences and has qualified manufacturing facilities ready with capacity. We see future growth to the business through GMP manufacture of psychedelics. We have played a significant role in providing compounding development and GMP manufacturing for an efficacy trial in treatment-resistant depression.

API Manufacturing

This is IDT Australia's most established vertical, which is currently undergoing a revival following years of underperformance. Revenue from API improved 48.3% over the pcp to $1.7 million as this vertical is complementary to Speciality Orals and Advanced Therapies.

This integration increases its strategic value when compared to API being a standalone business, as it was in the past. Drug developers who are looking for a contract manufacturer for their high value treatments are increasingly favouring to partner companies like IDT Australia who can offer a more complete end-to-end solution.

Advanced Therapies

IDT Australia completed a sterile license extension in April 2023 to include clinical trial manufacture and release. This is a significant step in our journey to establish the Company as a leading manufacturer of advanced therapies and has allowed us to progress to small volume clinical trials through to blinding and labelling. This business vertical recorded revenue of over $200K in FY23 as we continue to receive interest in our sterile manufacturing and to collaborate with research groups within the advanced therapies space to assist in drug translation of medicine opportunities to biotech and large pharmaceutical development programs.

We have several project proposals for sterile injectable product development and GMP manufacturing for clinical trials. IDT Australia estimates revenue will continue to grow until we reach capacity within the advanced therapies/sterile facility.

Continuous Improvement

IDT Australia remains mindful of the increased headwinds of costs coming from services, suppliers, distributions, and investment into staff. We are committed to improving operations onboarding digital systems to expedite release of manufactured product compliantly. IDT Australia completed the implementation of a digital quality management system (eQMS) to enhance the quality of operations and improve efficiency. IDT Australia will continue to evaluate options to improve performance and drive down operating costs.

Material Business Risks to Strategy and Financial Performance in Future Periods

The Company has identified a number of material risks that may affect the success of the business over the coming periods, including some that are not directly within its control. The Company's risk management approach involves the ongoing assessment, monitoring and reporting of risks that could impede the Company's progress in delivering its strategic priorities. These risks are outlined below, although it is important to note that as IDT Australia's business continues to grow and evolve, these risks and the Company's risk profile may change.

Customer acquisition and retention

Continued growth in revenue and profitability of the Company depends on a number of factors, including its ability to attract new customers on a sufficiently profitable basis, and retaining and increasing revenue from existing customers. Revenue growth is particularly dependent on the Company's reputation and ability to offer specialised expertise and manufacturing capabilities, on top of the provision of consistently high-quality customer service.

Regulatory changes and compliance risks

IDT Australia operates in a highly regulated industry. The laws and regulations that govern the development, manufacture, distribution and sale of medicines are subject to constant review by governments and responsible authorities. Any change to the rules for the industry may have a positive or negative effect on the Company. Additionally, IDT Australia is subject to ongoing regulatory audits to maintain its GMP certification. Should the Company fail to pass any of these audits, it may lose its certification, which will have a material negative impact on its business.

Competition

The industry that IDT Australia operates in is subject to competitive pressures, both domestically and internationally. These competitors may have different cost structures and capabilities, which may provide them a competitive advantage over IDT Australia. Further, some of IDT Australia's offshore competitors may not be subject to the same rules and regulations that the Company is required to operate under. Depending on the circumstances, this may put IDT Australia at a significant disadvantage or advantage. Other competitive risks faced by the Company include price competition, competitor marketing campaigns, and mergers or acquisitions by competitors and possible new entrants to the Company's industry. The risks may have a negative impact on IDT Australia's growth and financial performance.

Changes in technology

The Company operates in an industry in which technology evolves rapidly with medical advances. This means treatment preferences and trends are also constantly changing, and this could impact on customer demands for IDT Australia's offerings. To maintain its growth, the Company has to ensure it remains at the cutting edge of drug manufacturing technologies and its ability to do so may be constrained by factors including its available capacity, resources and capital to invest in innovation and design. This may adversely impact on the Company's financial performance.

Cyber security risks

IDT Australia retains a significant amount of sensitive customer and third-party information. These parties have high expectations regarding the protection of their information. Additionally, the legal and regulatory environment surrounding information security and privacy is increasingly complex and demanding. Failures or breaches of data protection systems can result in reputational damage, regulatory impositions and financial loss, including claims for compensation by customers or penalties by telecommunications regulators or other authorities. While IDT Australia exercises due care in protecting customer data, it is possible that these measures will not be enough to prevent unauthorised access to its systems and technologies.

Loss of key personnel

The Company's ability to be productive, profitable and competitive, and to implement its growth strategy, depends on the continued employment and performance of senior executives and management. IDT Australia's performance also depends on its ability to attract and retain skilled workers with the relevant industry and technical experience. The loss of a number of key personnel or the inability to attract additional personnel may have an adverse impact on its financial and operating performance.

Access to capital and debt

IDT Australia's ability to fund future growth and profitability may be affected by its ability to access funding from equity investors, credit markets and other financial institutions. This access is dependent on several factors, such as the Company's financial performance, but may also include factors that are outside its control, such as general economic and financial conditions. There is a risk that the Company may be unable to access debt or equity funding when required on favourable terms, or at all.

Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

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 2023.

	2023 $000	2022 $000	2021 $000	2020 $000	2019 $000
Revenue	7,032	12,130	15,989	14,169	12,130
Net profit / (loss) before tax (1)	(9,776)	(1,876)	966	(1,919)	(6,083)
Net profit / (loss) after tax	(8,498)	(1,160)	2,103	(1,919)	(6,083)
Share price at start of year	$0.12	$0.33	$0.17	$0.17	$0.10
Share price at end of year	$0.07	$0.12	$0.33	$0.17	$0.17
Final dividend	-	-	-	-	-
Basic earnings per share	(3.5c)	(0.5c)	0.9c	(0.8c)	(2.5c)
Diluted earnings per share	(3.5c)	(0.5c)	0.9c	(0.8c)	(2.5c)
# Shares on issue, 30 June	304,583,397	241,021,797	239,860,170	239,313,032	236,359,103
Market capitalisation, 30 June	$19.80m	$27.72m	$77.95m	$39.49m	$39.00m

Likely developments and expected results of operations

Information on likely developments in the operations of the Company and the expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the Company.

Environmental regulation

The Company is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

Indemnity and insurance of officers

The Company has indemnified the directors and executives of the Company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Company paid a premium in respect of a contract to insure the directors and executives of the Company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

Non-audit services

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 27 to the financial statements.

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

The directors are of the opinion that the services as disclosed in note 27 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

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

Auditor

Grant Thornton Audit Pty Ltd continues in office in accordance with section 327 of the Corporations Act 2001.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

Rounding of amounts

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

Matters subsequent to the end of the financial year

On 21 July 2023 the Company issued 30,769,354 Ordinary shares raising $2.0 million before costs as part of a rights issue to shareholders.

On 26 July 2023 the National Australia Bank (NAB) loan facility was increased from $2.5mil to $5.0mil and the term of the facility was extended to 31 October 2025.

On 1 August 2023, at the Extraordinary General Meeting of the shareholders, the following director options were approved by the shareholders: Mark Simari 6,000,000 shares, Jane Ryan 3,000,000 shares and Geoff Sam 3,000,000 shares.

On 4 August 2023 the Company issued further 15,984,389 Ordinary shared raising $1.04mil before costs as part of the share placements Tranche 2.

No other matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

Remuneration report (audited)

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

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

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

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Additional disclosures relating to key management personnel

Principles used to determine the nature and amount of remuneration

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

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

The Nomination and Remuneration Committee is responsible for determining and reviewing remuneration arrangements for its directors and executives. The performance of the Company depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel.

The Nomination and Remuneration Committee has engaged an external remuneration consultant to structure an executive remuneration framework from FY2024 onwards. The Company used HaRe group in relation to this remuneration recommendation services. HaRe Group was paid $19,900 during the financial year.

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

- having economic profit as a core component of plan design
- focusing on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value
- attracting and retaining high calibre executives

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

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

In accordance with best practice corporate governance, the structure of non-executive director and executive director remuneration is separate.

Non-executive directors' remuneration

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

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

The executive remuneration and reward framework has four components:

- base pay and non-monetary benefits
- short-term performance incentives
- share-based payments
- other remuneration such as superannuation and long service leave

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

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

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

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

The performance targets are set and approved by the Board at the beginning of the year. These targets include meeting set key objectives at the beginning of the year and individual achievement are measured against the target.

The long-term incentives ('LTI') include long service leave and share-based payments. Shares are awarded to executives over a period of three years based on long-term incentive measures. These include increase in shareholders value relative to the entire market and the increase compared to the Company's direct competitors. The Nomination and Remuneration Committee reviewed the long-term equity-linked performance incentives specifically for executives during the year ended 30 June 2023.

Entity performance and link to remuneration
Remuneration for certain individuals is directly linked to the performance of the Company. A portion of cash bonus and incentive payments are dependent on defined earnings per share targets being met. The remaining portion of the cash bonus and incentive payments are at the discretion of the Nomination and Remuneration Committee. Refer to the section Company performance above in the Directors report for details of the earnings and total shareholders return for the last five years.

An agreed set of protocols were put in place to ensure that the remuneration recommendations would be free from undue influence from key management personnel. These protocols include requiring that the consultant not communicate with affected key management personnel without a member of the Nomination and Remuneration Committee being present, and that the consultant not provide any information relating to the outcome of the engagement with the affected key management personnel. The Board is also required to make inquiries of the consultant's processes at the conclusion of the engagement to ensure that they are satisfied that any recommendations made have been free from undue influence. The Board is satisfied that these protocols were followed and as such there was no undue influence.

Details of remuneration

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

2023	Short-term benefits Cash salary and fees $	Short-term benefits Cash bonus $	Short-term benefits Non-monetary $	Post-employment benefits Super-annuation $	Long-term benefits Long service leave $	Share-based payments Shares granted as compensation $	Total $
Non-Executive Directors:							
M. Simari, Chair[1]	75,618	-	-	-	-	-	75,618
J Ryan[2]	63,348	-	-	6,652	-	-	70,000
G Sam[3]	46,254	-	-	4,857	-	-	51,111
A Fisher, Chair[4]	54,299	-	-	5,701	-	-	60,000
H Burrill[5]	17,345	-	-	1,821	-	-	19,166
M Kotsanis[6]	25,915	-	-	2,721	-	-	28,636
Other Key Management Personnel:							
P McDonald, Chief Executive Officer[7]	290,636	16,800	15,588	30,622	16,885	93,025	463,556
Mr Vasanthakumar, Chief Financial Officer[8]	152,700	1,000	18,300	16,139	2,588	1,000	191,727
P Thiyageas, Quality Director[9]	155,032	1,000	-	16,383	2,846	52,521	227,782
J Sosic, Operations Director[10]	16,667	-	-	1,750	278	-	18,695
A Nesci, Commercial & Portfolio Director[11]	200,000	1,000	-	21,105	-	60,024	282,129
D Sparling, Chief Executive Officer[12]	473,150	-	-	24,773	-	-	497,923
A Desai, Chief Financial Officer[13]	104,661	19,200	-	7,524	-	-	131,385
C Kagiaros, Head of People and Culture[14]	92,534	10,889	-	7,881	-	-	111,304
	1,768,159	49,889	33,888	147,929	22,597	206,570	2,229,032

[1] Mr Simari was appointed Non-executive director on 10 October 2022 and Chair on 1 January 2023
[2] Ms Ryan was appointed Non-executive director on 28 January 2022
[3] Mr Sam was appointed Non-executive director on 10 October 2022
[4] Mr Fisher was Non-executive Director (Chair) until 31 December 2022
[5] Mr Burrill was Non-executive Director until 10 October 2022
[6] Mr Kotsanis was Non-executive Director until 28 November 2022
[7] Mr McDonald was appointed CEO from Head of Quality on 15 September 2022
[8] Mr Vasanthakumar was appointed CFO on 28 September 2022
[9] Ms Thiyageas was appointed Quality Director from Operations Manager on 01 November 2022
[10] Mr Sosic was appointed Operations Director on 01 June 2023
[11] Ms Nesci was appointed Commercial & Portfolio Director from Interim Head of Operations on 01 November 2022 until 16 June 2023
[12] Mr Sparling was CEO until 13 September 2022
[13] Mrs Desai was CFO until 14 October 2023
[14] Mr Kagiaros was Head of People and Culture until 25 November 2022.

Short term incentive bonuses were paid on 28 July 2022 for performance in the FY22 financial year. Further a $1,000 cash bonus was paid on 13 December 2022 for Mr McDonald, Mr Vasanthakumar, Ms Thiyages and Ms Nesci as part of a Company wide payment made to all staff at IDT.

2022	Short-term benefits Cash salary and fees $	Cash bonus $	Non-monetary $	Post-employment benefits Super-annuation $	Long-term benefits Long service leave $	Share-based payments Shares granted as compensation $	Total $
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
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 Kagiaros, Head of People and Culture[3]	175,000	-	-	17,500	824	53,600	246,924
J Sosic, Vice President Operations, Supply and Infrastructure[4]	149,432	36,080	1,969	10,907	-	-	198,388
	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 Kagiaros was appointed Head of People and Culture on 1 September 2021.
[4] Mr Sosic was Vice President Operations, Supply and Infrastructure until 29 November 2021.

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

Summary of the total incentives paid in relation to achievement of objectives established at the beginning of the previous financial year:

Name	Potential of fixed remuneration 2023	Potential of fixed remuneration 2022	Achievement of objectives set at the start of the year 2023	Achievement of objectives set at the start of the year 2022
D Sparling[2]	50.00%	50.00%	-	-
A Desai[2]	20.00%	20.00%	40.00%	40.00%
P McDonald[1]	20.00%	20.00%	39.50%	39.50%
C Kagiaros[2,3,4]	20.00%	20.00%	36.50%	36.50%

[1] Mr McDonald was Head of Quality and Development until 14 September 2022 where his potential short term incentive was set at 20%. Upon Mr McDonald's appointment as CEO from 15 September 22, the potential short term incentive was set at 50%.
[2] Mr Sparling, Ms Desai and Mr Kagiaros are no longer with the Company.
[3] Mr Kagiaros's bonus was prorated as he was employed by IDT from 1 September 2021 as an ELT Member.
[4] Mr Kagiaros' bonus was prorated because he was appointed in the role for only part of the financial year ended 30 June 2022.

Additional disclosures relating to key management personnel

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

2023	Balance at the start of the year	Shares issued to employees	Other changes during the year	Disposals/ other	Balance at the end of the year
Ordinary shares					
Non-executive Directors	-	-	-	-	-
M Kotsanis[1]	115,000	-	-	(115,000)	-
M Simari	-	-	355,206	-	355,206
J Ryan	-	-	79,366	-	79,366
G Sam	-	-	355,206	-	355,206
A Fisher[1]	-	-	-	-	-
H Burrill[1]	-	-	-	-	-
	-	-	-	-	-
Other key management personnel	-	-	-	-	-
P McDonald	865,106	1,525,000	-	-	2,390,106
M Vasanthakumar	-	-	13,157	-	13,157
P Thiyageas	-	861,000	-	-	861,000
A Nesci[1]	-	984,000	-	(984,000)	-
D Sparling[1]	2,031,000	-	-	(2,031,000)	-
A Desai[1]	690,000	-	-	(690,000)	-
C Kagiaros[1]	418,000	-	-	(418,000)	-
	4,119,106	3,370,000	1,495,244	(4,238,000)	4,746,350

[1] Mr Kotsanis, Mr Fisher, Mr Burrill, Ms Neci, Mr Sparling, Ms Desai and Mr Kagiaros were not in office at the end of the financial year and accordingly their shareholdings as at 30 June 2023 are not disclosed.

2023 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 ($)
P McDonald	09/03/2023	$0.061	$0.061	$0.061	1,525,000	09/03/2028	0.0375	57,187.50
A Nesci	09/03/2023	$0.061	$0.061	$0.061	984,000	09/03/2028	0.0375	36,900.00
P Thiyageas	09/03/2023	$0.061	$0.061	$0.061	861,000	09/03/2028	0.0375	32,287.50

2022	Balance at the start of the year	Shares issued to employees	Other changes during the year	Disposals/ other	Balance at the end of the year
Ordinary Shares					
Non-executive Directors	-	-	-	-	-
M Kotsanis	115,000	-	-	-	115,000
M Sontrop [1]	275,000	-	-	(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 Kagiaros	150,000	268,000	-	-	418,000
J Sosic [1]	1,546,292	-	-	(1,546,292)	-
	5,996,038	1,449,000	(1,504,640)	(1,821,292)	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 are 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	03/03/2022	$0.200	$0.200	$0.200	521,000	03/03/2027	0.1305	67,990.50
A Desai	03/03/2022	$0.200	$0.200	$0.200	360,000	03/03/2027	0.1305	46,980.00
P McDonald	03/03/2022	$0.200	$0.200	$0.200	300,000	03/03/2027	0.1305	39,150.00
C Kagiaros	03/03/2022	$0.200	$0.200	$0.200	268,000	03/03/2027	0.1305	34,974.00
					1,449,000		0.5220	189,094.50

This concludes the remuneration report, which has been audited.

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

On behalf of the directors

Mark Simari
Chair

28 August 2023

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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 of IDT Australia Limited for the year ended 30 June 2023, 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, 28 August 2023

	Note	2023 $000	2022 $000
Revenue			
Sales revenue	5	6,935	12,105
Other income		97	25
Total revenue		7,032	12,130
Expenses			
Raw materials and consumables used		(2,181)	(1,440)
Employee benefits expense		(7,248)	(6,308)
Depreciation and amortisation expense		(1,039)	(1,536)
Professional fees		(596)	(372)
Utilities and Maintenance expenses		(3,210)	(3,323)
Other expenses		(2,534)	(1,027)
Total expenses		(16,808)	(14,006)
Loss before income tax benefit		(9,776)	(1,876)
Income tax benefit	7	1,278	716
Loss after income tax benefit for the year attributable to the owners of IDT Australia Limited	22	(8,498)	(1,160)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Property revaluation net of tax		2,457	-
Other comprehensive income for the year, net of tax		2,457	-
Total comprehensive income for the year attributable to the owners of IDT Australia Limited		(6,041)	(1,160)
		Cents	Cents
Basic earnings per share	8	(3.48)	(0.48)
Diluted earnings per share	8	(3.48)	(0.48)

	Note	30 June 2023 $000	Restated 30 June 2022 $000	Restated 1 July 2021 $000
Assets				
Current assets				
Cash and cash equivalents	9	4,433	9,214	6,928
Trade and other receivables	10	3,333	2,784	9,357
Contract assets		190	49	-
Inventories	11	1,372	1,102	528
Current tax assets	12	415	716	453
Total current assets		9,743	13,865	17,266
Non-current assets				
Property, plant and equipment	13	18,546	16,215	16743
Intangibles		-	-	120
Total non-current assets		18,546	16,215	16,863
Total assets		28,289	30,080	34,129
Liabilities				
Current liabilities				
Trade and other payables	15	1,867	1,253	4,413
Contract liabilities	17	829	517	766
Borrowings	16	740	881	617
Employee benefits	18	546	490	636
Total current liabilities		3,982	3,141	6,432
Non-current liabilities				
Employee benefits	18	166	314	445
Total non-current liabilities		166	314	445
Total liabilities		4,148	3,455	6,877
Net assets		24,141	26,625	27,252
Equity				
Issued capital	19	54,929	51,189	51,189
Reserves	21	10,773	8,499	7,966
Accumulated losses	22	(41,561)	(33,063)	(31,903)
Total equity		24,141	26,625	27,252

The Company has made a retrospective restatement as a consequence of an error in accordance with AASB 108 and therefore in line with AASB101 has restated the comparative figures as set out in Note 1.

IDT Australia Limited
Statement of changes in equity
For the year ended 30 June 2023

	Contributed Equity $000	Asset Revaluation Reserve $000	Share based Payment Reserve $000	Accumulated Losses $000	Total equity $000
Balance at 1 July 2021	51,189	3,897	4,069	(31,540)	27,615
Adjustment for correction of error	-	-	-	(363)	(363)
Balance at 1 July 2021 - restated	51,189	3,897	4,069	(31,903)	27,252
Loss after income tax benefit for the year	-	-	-	(1,160)	(1,160)
Other comprehensive income for the year, net of tax	-	-	-	-	-
Total comprehensive income for the year	-	-	-	(1,160)	(1,160)
Transactions with owners in their capacity as owners:					
Share based payments expense	-	-	218	-	218
Proceeds repayment limited recourse loans	-	-	315	-	315
Balance at 30 June 2022 Restated	51,189	3,897	4,602	(33,063)	26,625

	Contributed Equity $000	Asset Revaluation Reserve $000	Share based Payment Reserve $000	Accumulated Losses $000	Total equity $000
Balance at 1 July 2022	51,189	3,897	4,602	(33,063)	26,625
Loss after income tax benefit for the year	-	-	-	(8,498)	(8,498)
Other comprehensive income for the year, net of tax	-	2,457	-	-	2,457
Total comprehensive income for the year	-	2,457	-	(8,498)	(6,041)
Transactions with owners in their capacity as owners:					
Equity Capital raised	3,784	-	-	-	3,784
Share based payment expense	-	-	363	-	363
Cancellation of loan funded shares	-	-	(546)	-	(546)
Costs of raising Capital	(44)	-	-	-	(44)
Balance at 30 June 2023	54,929	6,354	4,419	(41,561)	24,141

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

	Note	2023 $000	2022 $000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		6,917	16,544
Payments to suppliers and employees (inclusive of GST)		(15,626)	(14,189)
Interest and other costs of finance received / (paid)		91	(22)
Income tax refund received		716	528
Net cash (used in)/from operating activities	23	(7,902)	2,861
Cash flows from investing activities			
Payments for property, plant and equipment		(522)	(912)
Net cash used in investing activities		(522)	(912)
Cash flows from financing activities			
Proceeds from issue of equity	19	3,784	315
Proceeds from borrowings		1,234	1,354
Repayment of borrowings		(1,375)	(1,332)
Net cash from financing activities		3,643	337
Net (decrease)/increase in cash and cash equivalents		(4,781)	2,286
Cash and cash equivalents at the beginning of the financial year		9,214	6,928
Cash and cash equivalents at the end of the financial year	9	4,433	9,214

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

Note 1. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

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 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 the based on the market capitalisation of the company.

1.4 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.

1.5 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.

Note 1. Significant accounting policies (continued)

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.

1.6 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.

1.7 Reclassification of Contract Assets

The Company classifies billable work-in-progress not yet invoiced as Contract Assets. The amount at 30 June 2023 is $190,284 (2022: $49,383) 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.

1.8 Revenue recognition

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.

In some instances the Company acts as an agent for the customer and incurs the cost of freight of the goods. The freight charges are on-charged to the customer and this revenue is recognised when the transfer of goods occurs.

1.9 Income tax

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).

Note 1. Significant accounting policies (continued)

1.10 Cash at bank and on hand
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.

1.11 Total trade and other receivables
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.

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

1.12 Current Tax Assets
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.

1.13 Inventories
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.

1.14 Property, Plant and Equipment
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 31 December 2022. 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.

Note 1. Significant accounting policies (continued)

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.

1.15 Intangible Assets
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.

1.16 Deferred Tax Assets and Liabilities
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.

1.17 Contract liabilities
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.

Note 1. Significant accounting policies (continued)

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.

1.18 Employee Benefits
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.

1.19 Share-based Payments
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 recognise for the loan. Grants within the framework of the Employee Share Plan (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.

1.20 Earnings Per Share
(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.

1.21 Operating Segments
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.

1.22 Restatement of Comparative Figures
The Company has restated its comparatives for the year ended 30 June 2022 in these statements after identifying revenue which was inappropriately recognised as revenue in the year ended 30 June 2021 and 30 June 2020. Revenue was recognised prior to control of certain inventory items passing to the customer.

The error has been corrected by restating each of the affected financial statement line items for the prior periods, as follows:

Note 1. Significant accounting policies (continued)

Balance Sheet (extract)	30 June 2022 $000	(Increase)/ decrease $000	30 June 2022 (restated) $000	1 July 2021 (restated) $000
Contract liabilities	(154)	(363)	(517)	(766)
Accumulated losses	(32,700)	(363)	(33,063)	(31,903)

Note 2. Critical accounting judgements, estimates and assumptions

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.

Note 2. Critical accounting judgements, estimates and assumptions (continued)

Timing of revenue recognition
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.

Note 3. Operating segments

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. Refer to note 1 for further information on the accounting policy.

Note 4. Going concern

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

Revenue for the full year ended 30 June 2023 was $7.0 million compared to $12.1 million (inclusive of a $5.8 million government grant) for the full year ended 30 June 2022. The Company incurred an after-tax loss of $8.5 million for the full year ended 30 June 2023, compared to a loss of $1.2 million for the full year ended 30 June 2022.

Cash at 30 June 2023 was $4.4 million (30 June 2022 $9.2 million) and net cash outflow for the full year ended 30 June 2023 was $4.8 million, compared to net cash inflow of $2.3 million for the full year ended 30 June 2022. The decrease in cash inflow was primarily driven by a decrease in revenue as resources were invested into non-revenue generating activities such as sterile facility qualifications. The sterile facility qualifications were completed, and the final license was issued by the TGA on 24 March 2023. This license will advance our cash generating activities for the coming year. Currently the Company has work orders, master service agreements, and forecast to fulfill in the coming year.

The cash balance as of 30 June 2023 is further supported by an unutilised debt facility of $5.0 million with the National Australia Bank Ltd (‘NAB’) which is due for next renewal on 31 October 2025. A further $2.0 million has been raised in July 2023 through a Share Placement Program.

The Directors have considered a cash flow forecast and the projected revenue and are satisfied that the Company will operate as a going concern and continue to meet its financial obligations for the foreseeable future.

Based on the cash flow forecast and the above funding arrangements, the Directors are satisfied that the going concern basis of preparation is appropriate.

Note 5. Revenue

	2023 $000	2022 $000
Service revenue recognised over time	6,935	12,105
Sale of goods transferred at a point in time	-	-
	6,935	12,105

Note 6. Expenses

	2023 $000	2022 $000
Profit / (Loss) from ordinary activities before income tax expense includes the following expenses:		
Cost of goods sold	3,192	760
Depreciation of property, plant and equipment	1,039	1,416
Amortisation - Development costs	-	120
Repairs and maintenance	883	1,385
Net foreign currency (loss) / gain	(66)	34

Note 7. Income tax benefit

	2023 $000	2022 $000
Numerical reconciliation of income tax benefit and tax at the statutory rate		
Loss before income tax benefit	(9,776)	(1,876)
Tax at the statutory tax rate of 25% (2022: 26%)	(2,444)	(488)
Current year tax losses not recognised	2,251	-
Current year temporary differences not recognised	(239)	-
Partial recognition of historical/current year losses	(1,040)	-
Non-deductible expenses	194	51
Research and development tax concessions	-	(305)
Deferred tax losses not brought to account	-	26
Income tax benefit	(1,278)	(716)

The company income tax rate used in 2023 is 25% (2022: 26%).

Note 8. Earnings per share

	2023 $000	2022 $000
Loss after income tax attributable to the owners of IDT Australia Limited	(8,498)	(1,160)

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	244,056,384	240,822,027
Weighted average number of ordinary shares used in calculating diluted earnings per share	244,056,384	240,822,027

	Cents	Cents
Basic earnings per share	(3.48)	(0.48)
Diluted earnings per share	(3.48)	(0.48)

Note 9. Cash and cash equivalents

	2023 $000	2022 $000
Current assets		
Cash at bank and on hand	4,433	9,214

Note 10. Trade and other receivables

	2023 $000	2022 $000
Current assets		
Trade receivables	2,472	1,459
Less: Allowance for expected credit losses	(224)	-
	2,248	1,459
Other receivables	-	82
Prepayments	1,085	1,243
	3,333	2,784

Allowance for expected credit losses
The ageing of the receivables and allowance for expected credit losses provided for above are as follows:

Age of receivables which are past due:	2023 $000	2022 $000
0-30 days	1,677	1,404
30-60 days	454	55
60-90 days	117	-
90+ days	-	-
	2,248	1,459

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

Note 11. Inventories

	2023 $000	2022 $000
Current assets		
Raw Materials - at cost	1,353	1,293
Finished Goods	275	197
Less: Provision for stock obsolescence	(256)	(388)
	1,372	1,102

	2023 $000	2022 $000
Raw Materials - at cost		
Balance at 1 July	1,293	907
Purchases during the year	1,472	854
Inventory recognised as expense during the year	(1,412)	(468)
Balance at 30 June	1,353	1,293
Finished Goods	275	197
Less: Provisions	(256)	(388)
Total inventory at 30 June	1,372	1,102

Note 12. Current tax assets

	2023 $000	2022 $000
Current assets		
Income tax receivable	415	716

Note 13. Property, plant and equipment

	2023 $000	2022 $000
Non-current assets		
Land (at fair value)	11,125	4,380
Buildings (at fair value)	3,388	6,985
	14,513	11,365
Plant and equipment - at cost	26,516	43,072
Less: Accumulated depreciation	(23,004)	(38,520)
Capital works in progress	521	298
	4,033	4,850
	18,546	16,215

Reconciliations

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

	Capital Work in Progress $000	Freehold Land $000	Buildings $000	Plant & Equipment $000	Total $000
Balance at 1 July 2022	298	4,380	6,985	4,552	16,215
Additions	223	-	-	504	727
Capital Work in Progress	-	-	-	-	-
Revaluation increments	-	6,745	-	-	6,745
Revaluation decrements	-	-	(3,755)	-	(3,755)
Transfers	-	-	285	-	285
Write off of assets	-	-	-	(632)	(632)
Depreciation expense	-	-	(127)	(912)	(1,039)
Balance at 30 June 2023	521	11,125	3,388	3,512	18,546

	Capital Work in Progress $000	Freehold Land $000	Buildings $000	Plant & Equipment $000	Total $000
Balance at 1 July 2021	209	4,380	7,165	4,989	16,743
Revaluation	-	-	-	-	-
Additions	89	-	-	799	888
Disposals	-	-	-	-	-
Depreciation expense	-	-	(180)	(1,236)	(1,416)
Balance at 30 June 2022	298	4,380	6,985	4,552	16,215

Note 13. Property, plant and equipment (continued)

Valuations of land and buildings
The basis of the valuation of freehold land and buildings is fair value. The freehold land and buildings were last revalued on 31 December 2022 based on independent assessments by Charter Kech Cramer a member of the Australian Property Institute having recent experience in the location and category of land and buildings being valued. The directors do not believe that there has been a material movement in fair value since the revaluation date. Valuations are based on current prices for similar properties in the same location and condition.

The level 3 unobservable inputs and sensitivity are as follows:

Description	Unobservable inputs	Range	Sensitivity
Land and buildings	Yield	5.5% - 6.5% range	0.5% change would result in an increase or decrease in fair(or result in impairment) value by $1,654,000
Land and buildings	Market Net Annual Income	$110 - $140 psm per annum	0.5% change would result in an increase or decrease in fair (or result in impairment) value by $2,124,000

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

Note 14. Deferred tax

	2023 $000	2022 $000
Deferred Liability		
The balance comprises temporary differences attributable to:		
Depreciation	2,699	1,680
Asset revaluation	-	-
Prepayments	247	-
Other assets	3	-
	2,949	1,680
Movements		
Opening balance at 1 July	1,680	1,778
Increase/(Reduction) current tax expense	1,269	(98)
Restating opening balance of DTL due to reduced tax rate	-	-
Current year increase/(decrease) not recognised	-	-
Closing balance at 30 June	2,949	1,680
Deferred Tax Assets		
The balance comprises temporary differences attributable to:		
Employee entitlements, accruals and other	479	405
Tax losses	2,470	1,275
	2,949	1,680
Movements		
Opening balance at 1 July	1,680	1,778
Increase/(Reduction) current tax expense	1,269	(98)
Closing balance at 30 June	2,949	1,680

Note 14. Deferred tax (continued)

As at 30 June 2023 the Company has gross carried forward tax losses amounting to $27m (2022: $18m) and a further $12.3m (2022: $12.3m) capital losses which have not been recognised as assets in these financial statements.

Note 15. Trade and other payables

	2023 $000	30 June 2022 $000
Current liabilities		
Trade payables	346	550
Other payables	1,521	703
	1,867	1,253

Refer to note 25 for further information on financial risk management.

Note 16. Borrowings

	2023 $000	2022 $000
Current liabilities		
Premium Funding	740	881

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 2.34%.

Note 17. Contract liabilities

	2023 $000	Restated 2022 $000
Current liabilities		
Contract prepayments	829	517

A prior period adjustment of $363,000 is included in the final restated balance of $517,000, refer to Note 1 for prior period adjustment details.

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

	2023 $000	Restated 2022 $000
Opening Balance	517	254
Payments received in advance	501	332
Transfer to revenue - included in opening balance	(189)	(643)
Transfer to revenue - performance obligations satisfied in previous periods	-	211
Prior period re-statement	-	363
Ending Balance	829	517

Note 17. Contract liabilities (continued)

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 $272 as at 30 June 2023 ($154 as at 30 June 2022) and is expected to be recognised as revenue in future periods as follows:
(a) 272 during the Financial year 30 June 2024
(b) 328 as and when customer inventory is consumed

	2023 $000	Restated 2022 $000
Within 6 months	829	517
6 to 12 months	-	-
12 to 18 months	-	-
	829	517

Note 18. Employee benefits

	2023 $000	2022 $000
Current liabilities		
Employee entitlements	546	490
Non-current liabilities		
Employee entitlements	166	314

Note 19. Issued capital

	2023 Shares	2022 Shares	2023 $000	2022 $000
Ordinary shares - fully paid	304,583,397	241,021,797	54,929	51,189

The following movements in ordinary shares were recorded during the past two years are as follows:

	30 June 2023 Shares	30 June 2022 Shares	30 June 2023 $000	30 June 2022 $000
Balance brought forward as at 1 July	241,021,797	239,860,170	51,189	51,189
Issuance of fully paid ordinary shares via placement – Tranche 1	60,938,678	-	3,784	-
Cost of raising Capital	-	-	(44)	-
Employee share plan issues	5,871,922	1,601,630	-	-
Forfeited employee shares	(3,249,000)	(440,003)	-	-
	304,583,397	241,021,797	54,929	51,189

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

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

Note 20. Share-based payments

An employee share option plan (ESP) has been established by the Company and approved by shareholders at a general meeting, whereby the Company may, at the discretion of the Board, grant options over ordinary shares in the Company to certain key management personnel of the Company. The options are issued for nil consideration and are granted in accordance with performance guidelines established by the Board.

The ESP was refreshed at the Annual General Meeting held on 28 November 2022.

During the year ended 30 June 2023, the Company issued 5,871,922 ordinary shares under the rules of the ESP (2022: 1,601,630).

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

	2023 $000	2022 $000
Net value of shares issued/(forfeited) under employee share plan	(182)	319

Movement in number of shares under Employee Share Plan	2023 $	2022 $
Opening balance	10,463,423	9,301,796
Employee Share Plan granted during the year	5,871,922	1,601,630
Forfeited during the year	(3,249,000)	(440,003)
	13,086,345	10,463,423

Set out below are summaries of options granted under the plan:

2023

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
23/02/2021	22/02/2026	$0.21	1,915,000	-	-	(1,585,000)	330,000
03/03/2022	02/03/2027	$0.20	1,449,000	-	-	(1,149,000)	300,000
09/03/2023	08/03/2023	$0.06	-	5,543,000	-	-	5,543,000
			3,364,000	5,543,000	-	(2,734,000)	6,173,000
Weighted average exercise price			$0.21	$0.06	$0.00	$0.21	$0.08

The weighted average remaining contractual life of options outstanding at the end of the financial year was 4.53 years (2022: 4.09 years).

The fair value of options granted is estimated using the Black-Scholes option-pricing model. For the options on hand at the end of the financial year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
23/02/2021	22/02/2026	$0.21	$0.21	0.72%	-	0.60%	$0.210
03/03/2022	02/03/2027	$0.20	$0.20	0.95%	-	1.83%	$0.200
09/03/2023	08/03/2023	$0.06	$0.06	0.95%	-	3.50%	$0.061

Note 21. Reserves

	2023 $000	2022 $000
Asset revaluation reserve	6,354	3,897
Share-based payments reserve	4,419	4,602
	10,773	8,499

Asset revaluation reserve

The reserve is used to recognise increments and decrements in the fair value of land and buildings, excluding investment properties.

Share-based payments reserve

The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

Note 22. Accumulated losses

	2023 $000	2022 $000
Accumulated losses at the beginning of the financial year	(33,063)	(31,903)
Loss after income tax benefit for the year	(8,498)	(1,160)
Accumulated losses at the end of the financial year	(41,561)	(33,063)

Note 23. Reconciliation of loss after income tax to net cash (used in)/from operating activities

	2023 $000	2022 $000
Loss after income tax benefit for the year	(8,498)	(1,160)
Adjustments for:		
Depreciation and amortisation	(1,039)	(1,536)
Share-based payments	182	319
Change in operating assets and liabilities:		
Increase/(decrease) in receivables	997	7,101
Increase/(decrease) in inventories	270	(698)
Increase/(decrease) in current tax asset	1,172	(188)
(Increase)/Decrease in payables	(614)	(1,354)
(Increase)/Decrease in other provisions	200	277
(Increase)/Decrease in unearned revenue	(572)	100
Net cash (used in)/from operating activities	(7,902)	2,861

Note 24. Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Note 25. 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

Note 25. Financial risk management (continued)

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 $4.4 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.

	2023 $000	2022 $000
The Company holds the following financial instruments:		
Liquid Financial Assets		
Cash and cash equivalents	4,433	9,214
Trade receivables and other	3,333	2,257
Total financial assets	7,766	11,471
Financial Liabilities		
Trade and other payables	(1,867)	(1,253)
Borrowings, current and non-current	(740)	(881)
Total financial liabilities	(2,607)	(2,134)
Net financial position	5,159	9,337

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.

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 $5 million undrawn banking facilities.

Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Note 26. Key management personnel disclosures

Remuneration arrangements in relation to Key Management Personnel (KMP) are disclosed in the Company's 2023 Annual Report.

The following table summarises cash bonuses paid to KMP in the reporting period following assessment of performance against individual and Company objectives in place for the years ended 30 June 2023 and 30 June 2022.

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

Note 26. Key management personnel disclosures (continued)

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

Mark Simari - Chair	Appointed as Non-Executive Director 10 October 2022 and subsequently appointed Chair 1 January 2023
Jane Ryan - Non-Executive Director	
Geoffrey Sam OAM - Non-Executive Director	Appointed 10 October 2022
Michael Kotsanis - Non-Executive Director	Resigned 28 November 2022
Hugh Burrill - Non-Executive Director	Resigned 10 October 2022
Alan Fisher - Non-Executive Director	Resigned 31 December 2022

Other key management personnel
The following persons also had the authority and responsibility for planning, directing and controlling the major activities of the Company, directly or indirectly, during the financial year:

P McDonald, Chief Executive Officer
Mr Vasanthakumar, Chief Financial Officer
P Thiyageas, Quality Director
J Sosic, Operations Director
A Nesci, Commercial & Portfolio Director
D Sparling, Chief Executive Officer
A Desai, Chief Financial Officer
C Kagiaros, Head of People and Culture

Compensation
The aggregate compensation made to directors and other members of key management personnel of the Company is set out below:

	2023 $	2022 $
Short-term employee benefits	1,851,936	1,486,340
Post-employment benefits	147,929	112,226
Long-term benefits	22,597	14,683
Share-based payments	206,570	312,900
	2,229,032	1,926,149

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:

	2023 Shares	2022 Shares
Ordinary shares issued to KMP	3,370,000	1,449,000
Ordinary shares forfeited by KMPs	3,139,000	-
Ordinary shares acquired	-	81,981
Ordinary shares sold	-	160,000
Ordinary shares sold after limited recourse loans repaid	-	1,426,621

Other than shares issued as described in note 20, 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:

Note 26. Key management personnel disclosures (continued)

	2023	2022
Ordinary shares	4,746,350	4,199,106

There were no other transactions or contracts between the Company and Directors and Key Management Personnel in 2023 (2022: nil).

Note 27. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Grant Thornton, the auditor of the Company:

	2023 $	2022 $
Audit services -		
Audit or review of the financial statements	143,784	98,000
Other services	23,711	55,331
	167,495	153,331

Other services
During the year Grant Thornton was paid for non-audit services in relation to Taxation and R&D Tax incentive scheme related services.

Note 28. Related party transactions

Key management personnel
Disclosures relating to key management personnel are set out in note 26 and the remuneration report included in the directors' report.

Transactions with related parties
There were no transactions with related parties during the current and previous financial year.

Receivable from and payable to related parties
There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Loans to/from related parties
There were no loans to or from related parties at the current and previous reporting date.

Note 29. Commitments and contingencies

The directors are of the opinion that there are no significant commitments and contingencies requiring disclosure for the company as at 30 June 2023.

Note 30. Events after the reporting period

On 21 July 2023 the Company issued 30,769,354 Ordinary shares raising $2.0 million before costs as part of a rights issue to shareholders.

On 26 July 2023 the National Australia Bank (NAB) loan facility was increased from $2.5mil to $5.0mil and the term of the facility was extended to 31 October 2025.

On 1 August 2023, at the Extraordinary General Meeting of the shareholders, the following director options were approved by the shareholders: Mark Simari 6,000,000 shares, Jane Ryan 3,000,000 shares and Geoff Sam 3,000,000 shares.

On 4 August 2023 the Company issued further 15,984,389 Ordinary shared raising $1.04mil before costs as part of the share placements Tranche 2.

No other matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the Company's financial position as at 30 June 2023 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

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

On behalf of the directors

Mark Simari
Chair

28 August 2023

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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 2023, 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 2023 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 & Contract liabilities – Note 1.8, Note 1.17, Note 5 and Note 17	
In the financial year ended 30 June 2023, the Company recorded revenue of $6,935,000. 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. 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.	Our procedures included, amongst others: • Obtaining an understanding of the processes and controls used by the Company in evaluating contracts under the five-step model of AASB 15 *Revenue from Contracts with Customers*; • 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; • Completed cutoff testing to verify the revenue recognised and associated costs in relation to these transactions are accounting for in the correct periods under *AASB 15 Revenue from Contracts with Customers*; • 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.
Carrying value of land and buildings – Note 1.14 and Note 13	
As at 30 June 2023, the Company's carrying value of land and buildings totalled $14,513,000. 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. 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: • Obtaining the most recent valuation reports at 31 December 2022 and assessing completeness, accuracy and reasonableness of key inputs and assumptions applied in the calculations in accordance with AASB 116 *Property, Plant and Equipment*; • Engaging our internal valuation experts to review the independent valuation report to check whether the inputs are reasonable; • Evaluating the competence, capabilities, and objectivity of Management's expert who completed the valuation; and • Reviewing Management's assessment of fair value of land and buildings at 30 June 2023 to ensure the valuation at 31 December is still relevant.

Going Concern– Note 4

For the year ended 30 June 2023 the Company recorded a loss after tax of $8,498,000 and operating cash outflows of $7,902,000. At year end, the Company had $4,433,000 of cash on hand, which in the opinion of the Directors will support the Company's funding requirements for twelve months from the date of this report. Accordingly, testing the availability of sufficient funding for the Company to meet its obligations is considered a key part of our going concern assessment. This has been assessed as a key audit matter due to the judgement required by management in preparing their forecasts evaluating their ability to continue as a going concern.	Our procedures included, amongst others: • Collating the results of our inquiries, observations, analytical procedures, and other testing procedures in order to form a conclusion on whether the Company's ability to continue as a going concern is still present through the year-end; • Assessing the cash flow forecast prepared by management for at least 12 months from the anticipated date of signing the financial statements and evaluating the reasonableness of inputs and assumptions used in the forecast; • Analysing and challenging key assumptions in IDT Australia Limited's budget for the twelve-month period from the expected date of signing; • Discussing with management their future plans for the Company; • Reviewing ASX announcements to gather an understanding of the strategy of the business; • Inquiring of management as to whether they are aware of any events or conditions beyond the period of Management's assessment that may cast significant doubt on IDT Australia Limited's ability to continue as a going concern; and • Evaluating the disclosures in the financial statements for appropriateness and consistency with accounting standards.

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 2023, 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: http://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 9 to 15 of the Directors' report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of IDT Australia Limited, for the year ended 30 June 2023 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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

Grant Thornton Audit Pty Ltd
Chartered Accountants

M A Cunningham
Partner – Audit & Assurance

Melbourne, 28 August 2023

The shareholder information set out below was applicable as at 1 August 2023.

Distribution of equitable securities

Analysis of number of equitable security holders by size of holding:

	Ordinary shares	
	Number of holders	% of total shares issued
1 to 1,000	442	12.00
1,001 to 5,000	1,244	33.70
5,001 to 10,000	580	15.70
10,001 to 100,000	1,097	29.70
100,001 and over	328	8.90
	3,691	100.00
Holding less than a marketable parcel	-	-

Equity security holders

Twenty largest quoted equity security holders

The names of the twenty largest security holders of quoted equity securities are listed below:

	Ordinary shares	
	Number held	% of total shares issued
ONE MANAGED INVT FUNDS LTD - SANDON CAPITAL INV LTD A/C	32,408,366	8.19
MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	23,682,196	5.98
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	23,554,937	5.95
ONE FUND SERVICES LTD - SANDON CAPITAL INV LTD A/C	18,933,201	4.78
UBS NOMINEES PTY LTD	13,755,534	3.47
CITICORP NOMINEES PTY LIMITED	9,978,904	2.52
MR ANTHONY JOHN HUNTLEY	9,690,316	2.45
INVIA CUSTODIAN PTY LIMITED - GRAEME LESLIE BLACKMAN A/C	6,029,710	1.52
KEISER INVESTMENTS PTY LTD - GANN FAMILY RETIREMENT A/C	5,502,672	1.39
PICHERIT'S FARM PTY LTD - HUNTLEY SUPER FUND A/C	5,280,723	1.33
MR ROBERT DARIUS FRASER - FRASER FAMILY A/C	3,990,331	1.01
INVIA CUSTODIAN PTY LIMITED - PAULENE BLACKMAN A/C	3,457,737	0.87
BUTTONWOOD NOMINEES PTY LTD	3,000,000	0.76
MS MELISSA MARY STEPHENS	2,961,539	0.75
WARBONT NOMINEES PTY LTD - UNPAID ENTREPOT A/C	2,650,752	0.67
PAUL MCDONALD	2,616,539	0.66
ON ON FOR DON PTY LTD - MAC FAMILY A/C	2,461,539	0.62
NEWECONOMY COM AU NOMINEES PTY LIMITED - 900 ACCOUNT	2,373,299	0.60
MR ALISTAIR DAVID STRONG	2,153,847	0.54
TIDE RIDER PTY LTD	2,086,539	0.53
	176,568,681	44.59

Unquoted equity securities

There are no unquoted equity securities.

Substantial holders

Substantial holders in the Company are set out below:

	Ordinary shares	
	Number held	% of total shares issued
Sandon Capital Pty Ltd	50,418,489	12.74
Regal Funds Management Pty Limited and assoc	43,578,939	11.01
One Funds Management Ltd, One Fund Services Ltd	31,777,934	8.03
Anthony Huntley and associated entities	12,828,815	3.24

Voting rights

The voting rights attached to ordinary shares are set out below:

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

There are no other classes of equity securities.

IDT Australia Limited

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