

1. Company details

Name of entity:	IDT Australia Limited
ABN:	66 006 522 970
Reporting period:	For the year ended 30 June 2024
Previous period:	For the year ended 30 June 2023

2. Results for announcement to the market

			\$000
Revenues from ordinary activities and other income	up	100.8% to	14,121
Loss from ordinary activities after tax attributable to the owners of IDT Australia Limited	down	36.3% to	(5,413)
Loss for the year attributable to the owners of IDT Australia Limited	down	36.3% to	(5,413)

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 2024 after providing for income tax amounted to \$5.4 million (30 June 2023: loss of \$8.5 million)

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	6.67	7.93

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.

9. Foreign entities

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

Not applicable.

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.

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 19 November 2024. 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 1 October 2024.

12. Attachments

Details of attachments (if any):

The Annual Report of IDT Australia Limited for the year ended 30 June 2024 is attached.

13. Signed

Authorised for release by the Board.

Signed _____

Mark Simari
Chairman

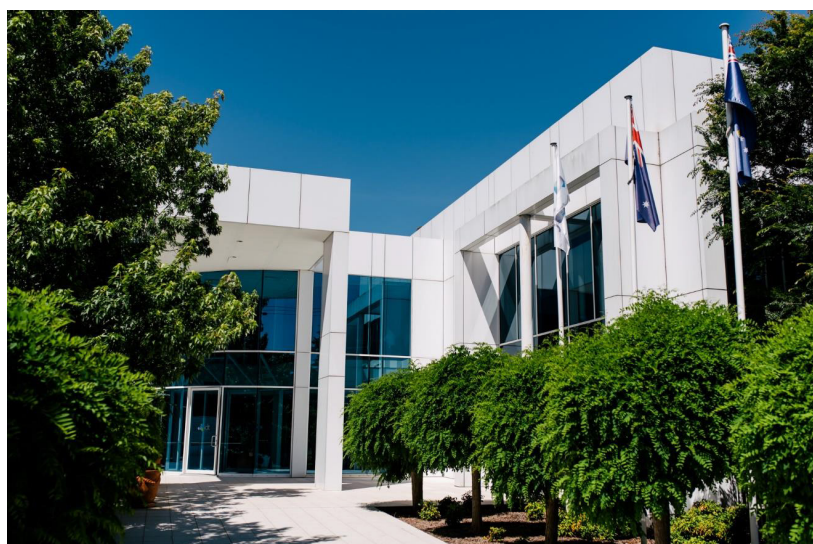
Date: 26 August 2024

IDT AUSTRALIA LIMITED
ACN 006 522 970



Annual Report

For the Year ended
30 June 2024



Letter from the Chair and Chief Executive

We are pleased to present the Annual Report for IDT Australia Limited (IDT) for the year ended 30 June 2024 with the recovery in the business accelerating as we complete the second year of our strategic transformation program and recorded a near doubling in revenue when compared to the previous fiscal year.

The rebound in our financial performance is primarily driven by the enhanced results from our three core business verticals: Active Pharmaceutical Ingredients (API), Specialty Orals, and Advanced Therapies (AT). While the 101% increase in total statutory revenue to \$14.1 million for the financial year 2024 (FY24) compared to the previous corresponding period (pcp) is noteworthy, the 91% growth in revenue from these three verticals to \$12.3 million is even more significant. This latter figure provides a more precise indication of IDT's operational success, as it directly reflects the performance of our key business areas. Importantly, several of our customers have progressed their assets during the year, which means return sales and larger quantities. This is a very important metric that is built into our growth forecast.

It is also worth noting that the number of commercial contracts and lead generation continued to increase for the second year running to hit its highest since FY21. This is not only a clear validation of our turnaround strategy, but it also sets us up for further successes in the current financial year.

Tailwinds for Growth

Our robust pipeline of potential sales reflects the strong and growing demand for IDT's world class capability, experience and unique services. The Company is levered to key trends in drug development and our business verticals are setup to capitalise on emerging global and local opportunities.

For instance, our AT vertical is playing a key role in developing a new generation of advanced treatments for cancers and respiratory diseases. Our growing funnel of opportunities within the smart chemotherapy antibody drug conjugate concepts and mRNA vaccines is a testament to the success in building the business to become a key driver for future growth.

Meanwhile, our Specialty Orals business is well positioned to benefit from the growing unmet medical needs in mental health solutions and treatments. These include psychedelic therapies for treatment-resistant depression and the fast-growing medicinal cannabis market, which is now subject to tighter regulatory standards, giving IDT a significant advantage through its world-class facilities in an otherwise competitive market.

Our API business is also growing from strength-to-strength. The growth of this vertical is underpinned by its flexibility to synthesise novel small molecule APIs at small scale and quickly upscaling as the asset progresses through clinical trials.

APIs are the essential ingredient of a finished dose medicinal product. Our ability to produce these and to transfer them to our Specialty Oral and AT verticals to make finished products mean we can offer a more complete solution to the market, while bolstering repeat business for IDT.

Positioned for Further Growth

IDT's strategic pivot is already paying off, laying the groundwork for further growth in the year ahead. The strategic investments made during FY23 are a powerful catalyst for our business, expanding our sales pipeline, bringing in key clients, and unlocking fresh opportunities across all three verticals.

Our recent \$7 million capital raise through a non-renounceable rights issue, backed by institutional and sophisticated investors, ensures that IDT is well-equipped to drive forward its ambitious turnaround strategy.

We are only at the start of our growth journey, and our achievements from the past year give us added confidence that the momentum we have enjoyed so far will carry through this year and beyond.

On behalf of the board and management, we like to thank shareholders for their ongoing support and acknowledge the contribution and commitment of our staff in achieving this outstanding full year result.



Mark Simari
Chairman



Paul McDonald
Chief Executive Officer

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Directors	Mark Simari - Non-Executive Chairman Geoffrey Sam, OAM - Non-Executive Director Jane Ryan - Non-Executive Director
Company Secretary	Mark Licciardo
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, 3000
Auditor	RSM Australia Partners Level 27, 120 Collins Street MELBOURNE, VICTORIA, 3000
Bankers	National Australia Bank Limited Level 28, 395 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 2024.

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

Mark Simari - Non-Executive Chairman
Jane Ryan - Non-Executive Director
Geoffrey Sam OAM - Non-Executive Director

Company Secretary

Mark Licciardo

Information about the Directors holding office at 30 June 2024:

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, Opyl Limited and Xpon Technologies Group Ltd.

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: N/A

Former Directorships in Last 3 Years: Non-Executive Director of Robotic Surgery Evolutions Ltd and Antara Lifesciences 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 Health 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, and Change Financial Ltd.

Former Directorships in Last 3 Years: Non-Executive Director of Paragon Care Ltd

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

Equity interests in Company: 1,053,537 Fully Paid Ordinary Shares

Information about the Secretary

Mark Licciardo

Qualifications: Mark holds a Bachelor of Business Degree (Accounting) and a Graduate Diploma in Company Secretarial Practice, is a Fellow of the Australian Institute of Company Directors, the Governance Institute of Australia and the Institute of Company Secretaries and Administrators.

Experience: Mark Licciardo was appointed Company Secretary on 3rd October 2022. Mark was the founder and Managing Director of Mertons Corporate Services, and following Mertons' acquisition by Acclime, is Managing Director, Listed Company Services for Acclime Australia. Acclime provides a range of professional services including company secretarial and corporate governance consulting to ASX listed and unlisted public and private companies. He is also a former Company Secretary of ASX listed 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 2024, 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	12	12	3	3	2	2
Jane Ryan	12	12	3	3	2	2
Geoff Sam	12	12	3	3	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 2024 after providing for income tax amounted to \$3.4 million (30 June 2023: loss of \$6.0 million).

Financial position

The Company's operating cash outflows for the year was \$9.6 million (30 June 2023: \$7.9 million outflow) and reported closing cash balance of \$0.5 million at 30 June 2024 (30 June 2023: \$4.4 million). This cash balance is further supported by a facility of \$5 million with National Australia Bank Ltd, of which at 30 June 2024 \$3.75 million has been utilised, 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.

Review of operations

IDT Australia recorded solid growth throughout financial year 2024 (FY24). Total revenue was up 101% in FY24 to \$14.1 million compared to the previous corresponding period (pcp).

Growth was observed in all three key business verticals in the financial year 2024, namely the manufacture of Active Pharmaceutical Ingredients (API), Specialty Orals (SO) and Advanced Therapies (AT), with the number of commercial contracts reaching a three-year high. Revenue from these key verticals increased 91.1% pcp to \$12.3 million in FY24 as IDT successfully implements its strategic pivot to scale the three verticals and build an integrated offering to increase return business and competitive advantage.

Business Vertical	FY2024 Revenue \$'M	FY2023 Revenue* \$'M	Increase %
Active Pharmaceutical Ingredient (API)	5.5	1.7	+227%
Speciality Orals (SO)	5.4	4.5	+20%
Advanced Therapies (AT)	1.4	0.3	+415%
Others	1.8	0.5	+252%
TOTAL	<u>14.1</u>	<u>7.0</u>	+101%

The total comprehensive loss for the year improved to \$3.4 million from \$6.0 million in FY23 as IDT increased the necessary investments in the business to drive and sustain its growth, such as the continued expansion of its sales and marketing team and direct manufacturing staff.

API Manufacturing

This is IDT Australia's most established vertical, and it recorded a 227% pcp increase in full year revenue of \$5.5 million. The growth was largely driven by early-stage clients progressing their assets with larger orders and the introduction of new psychedelic clients. The API business is complementary to the SO and AT verticals, where the API is converted to a finished dose.

The ability for IDT to offer an integrated API through to finished product manufacture (including labelling, packaging and release) gives clients more control over their supply chain, which in turn, converts to higher lifetime value and revenue per client for IDT.

Specialty Orals

The SO vertical grew by 20.2% pcp to \$5.4 million in FY24. This business focuses on innovative treatments for neurological disorders with medicinal cannabis making up the bulk of the current revenue. The vertical suffered a setback in the first half of FY24 with reduced orders in medicinal cannabis due to an oversupplied market, which recovered slightly in the second half. Total medicinal cannabis revenue generated in FY24 was \$3.9 million compared with \$3.3 million in the prior year.

Meanwhile, revenue from other specialty oral treatments increased in the year to \$1.5 million when compared to \$1.2 million in FY23. The growth is largely credited to the integration with IDT's API business, where the active ingredient is further processed to a finished dose within the SO facility.

Advanced Therapies

IDT completed a sterile license extension in April 2023 to include clinical trial manufacture and release. This business vertical has delivered growth in FY24 with revenue of \$1.4 million compared to \$0.3 million in the previous year. The Company secured further contracts during FY24 from several international and local clients, including Sanofi to manufacture its novel mRNA concepts.

Business proposals submitted in this vertical during the year amount to a total potential value of \$15 million with a historical acceptance rate of ~30%. This is a significant step in our journey to establish IDT as a leading manufacturer of advanced therapies in the region and deliver novel medicines to the benefit of society.

Continuous Improvement

IDT Australia is committed to delivering continuous improvement programs driven by the executive team and ideation from all areas of the workforce. IDT recently implemented a digital quality platform eQMS and is part way through implementation of an electronic batch record system. Individual led black belt programs are also being implemented with an annualised cost avoidance total of \$0.5 million by improving efficiency and removing waste. IDT Australia will continue to evaluate options to improve performance and lower 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. The company remains focused on our core expertise and brand while expanding into new novel modes of manufacture to building onto our capability and experience.

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. The company continues to observe competitive market trends and responds as appropriate without being distracted from our core business.

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. The company continues to work with our IT service provider to mitigate such risks by adapting to changing technologies to prevent cyber security risks.

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. By proactively addressing the risk of losing key personnel through mitigation strategies, including employer brand building initiatives, building alliances with local universities, succession planning and knowledge management, the company aims to minimise disruptions, maintain continuity, and ensure sustained performance and growth.

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 2024.

	2024 \$000	2023 \$000	2022 \$000	2021 \$000	2020 \$000
Revenue	14,121	7,032	12,130	15,989	14,169
Net profit / (loss) before tax	(6,075)	(9,776)	(1,876)	966	(1,919)
Net profit / (loss) after tax	(5,413)	(8,498)	(1,160)	2,103	(1,919)
Share price at start of year	\$0.07	\$0.12	\$0.33	\$0.17	\$0.17
Share price at end of year	\$0.11	\$0.07	\$0.12	\$0.33	\$0.17
Final dividend	-	-	-	-	-
Basic earnings per share	(1.6c)	(3.5c)	(0.5c)	0.9c	(0.8c)
Diluted earnings per share	(1.6c)	(3.5c)	(0.5c)	0.9c	(0.8c)
# Shares on issue, 30 June	351,479,469	304,583,397	241,021,797	239,860,170	239,313,032
Market capitalisation, 30 June	\$38.66m	\$19.80m	\$27.72m	\$77.95m	\$39.49m

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 30 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 30 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

RSM Australia Partners 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 10 July 2024, the Company issued 78,108,255 shares at \$0.09 per share, raising \$7.0 million before costs. This related to the fully underwritten non-renounceable rights offer announced in June 2024.

No other matter or circumstance has arisen since 30 June 2024 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 external remuneration consultants to structure an executive remuneration framework from FY2024 onwards. The Company used HaRe group and Brash Solutions in relation to this remuneration recommendation services. HaRe Group was paid \$11,400 and Brash Solutions was paid \$29,975 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 2024.

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.

	Cash salary and fees	Short-term benefits Cash bonus	Non- monetary	Post- employment benefits Super- annuation	Long-term benefits Long service leave	Share-based payments Shares granted as compensation	Total
2024	\$	\$	\$	\$	\$	\$	\$
<i>Non-Executive Directors:</i>							
M. Simari, Chair	120,000	-	-	-	-	-	120,000
J Ryan	63,064	-	-	6,937	-	-	70,001
G Sam	63,064	-	-	6,937	-	-	70,001
<i>Other Key Management Personnel:</i>							
P McDonald, Chief Executive Officer	318,000	67,304	-	42,383	22,623	-	450,310
J Susic, Operations Director ¹	239,394	-	180	26,333	4,335	20,000	290,242
Mr Vasanthakumar, Chief Financial Officer	212,000	-	180	23,320	6,199	60,000	301,699
P Thiyageas, Quality Director	183,500	22,660	180	22,678	6,044	-	235,062
M Flanders, Director of Commercial & Business Development ²	173,404	7,091	180	19,854	4,072	-	204,601
P Coutts, Head of People & Safety ³	124,885	-	180	13,737	2,081	-	140,883
A Nesci, Commercial & Portfolio Director ⁴	-	20,000	69,793	6,783	-	-	96,576
	-	-	-	-	-	-	-
	1,497,311	117,055	70,693	168,962	45,354	80,000	1,979,375

¹Mr Susic was appointed COO from Director of Operations on 12 October 2023

²Mr Flanders was appointed Director of Commercial & Business Development from Head of Commercial - Business Development on 1 September 2023.

³Ms Coutts was appointed Head of People & Culture on 2 October 2023

⁴Ms Nesci was Commercial & Portfolio Director until 01 July 2023. The Non Monetary benefit relates to redundancy payment.

Short-term incentive bonuses were paid on 14 August 2023 for performance in the FY23 financial year.

	Cash salary and fees	Short-term benefits Cash bonus	Non- monetary	Post- employment benefits Super- annuation	Long-term benefits Long service leave	Share-based payments Shares granted as compensation	Total
2023	\$	\$	\$	\$	\$	\$	\$
<i>Non-Executive Directors:</i>							
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
<i>Other Key Management Personnel:</i>							
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 Susic, 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 Kagiarios, Head of People and Culture ¹⁴	92,534	10,889	-	7,881	-	-	111,304
	<u>1,768,159</u>	<u>49,889</u>	<u>33,888</u>	<u>147,929</u>	<u>22,597</u>	<u>206,570</u>	<u>2,229,032</u>

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 Susic 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 Kagiarios 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.

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		Achievement of objectives set at the start of the year	
	2024	2023	2024	2023
P McDonald ¹	50.00%	20.00%	51.00%	39.50%
J Susic ²	20.00%	20.00%	-	-
M Vasanthakumar ³	20.00%	-	-	-
P Thiyageas ⁴	20.00%	20.00%	51.00%	-
M Flanders ⁵	20.00%	20.00%	51.00%	-
P Coutts ⁶	20.00%	-	-	-
D Sparling ⁷	-	50.00%	-	-
C Kagiros ⁷	-	20.00%	-	36.50%
A Desai ⁷	-	20.00%	-	40.00%

¹Mr 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 2022, the potential short term incentive was set at 50%.

²Mr Susic was appointed Director of Operations on 1 June 2023, he was later appointment to COO from 12 October 2023

³Mr Vasanthakumar was appointed CFO on 28 September 2022

⁴Ms Thiyageas was appointed Quality Director on 17 October 2022

⁵Mr Flanders was appointed Director Business Development & Commercial on 1 September 2023

⁶Mrs Coutts was appointed Head of People & Safety on 2 October 2023

⁷Mr Sparling, Ms Desai and Mr Kagiros are no longer with the Company.

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:

2024	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 Simari	355,206	-	230,770	-	585,976
J Ryan	79,366	-	-	-	79,366
G Sam	355,206	-	698,331	-	1,053,537
Other key management personnel					
P McDonald	2,390,106	-	700,185	-	3,090,291
J Susic	-	322,580	-	-	322,580
M Vasanthakumar	13,157	967,740	461,539	-	1,442,436
P Thiyageas	861,000	-	-	-	861,000
M Flanders	861,000	-	-	-	861,000
Total Holdings	4,915,041	1,290,320	2,090,825	-	8,296,186

2024 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 (\$)
J Susic	19/09/2023	\$0.062	\$0.062	\$0.062	322,580	19/09/2028	\$0.0191	6,161.28
M Vasanthakumar	19/09/2023	\$0.062	\$0.062	\$0.062	967,740	19/09/2028	\$0.0191	18,483.83
					<u>1,290,320</u>			<u>24,645.11</u>

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 Kagiarios ¹	418,000	-	-	(418,000)	-
Total Holdings	<u>4,119,106</u>	<u>3,370,000</u>	<u>802,935</u>	<u>(4,238,000)</u>	<u>4,054,041</u>

¹ Mr Kotsanis, Mr Fisher, Mr Burrill, Ms Neci, Mr Sparling, Ms Desai and Mr Kagiarios 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
					<u>3,370,000</u>			<u>126,375.00</u>

Option holding

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

2024 Director Options ¹	Grant Type	Grant Date	Exercise Price	Vesting Date	Granted	Expiry Date	Comments
M Simari	Unlisted options	07/08/2023	\$0.10	07/08/2023	2,000,000	07/08/2026	Approved Director Options
J Ryan	Unlisted options	07/08/2023	\$0.10	07/08/2023	1,000,000	07/08/2026	Approved Director Options
G Sam	Unlisted options	07/08/2023	\$0.10	07/08/2023	1,000,000	07/08/2026	Approved Director Options
M Simari	Unlisted options	07/08/2023	\$0.15	07/08/2023	2,000,000	07/08/2026	Approved Director Options
J Ryan	Unlisted options	07/08/2023	\$0.15	07/08/2023	1,000,000	07/08/2026	Approved Director Options
G Sam	Unlisted options	07/08/2023	\$0.15	07/08/2023	1,000,000	07/08/2026	Approved Director Options
M Simari	Unlisted options	07/08/2023	\$0.20	07/08/2023	2,000,000	07/08/2026	Approved Director Options
J Ryan	Unlisted options	07/08/2023	\$0.20	07/08/2023	1,000,000	07/08/2026	Approved Director Options
G Sam	Unlisted options	07/08/2023	\$0.20	07/08/2023	1,000,000	07/08/2026	Approved Director Options
					<u>12,000,000</u>		

¹On 1 August 2023, at the Extraordinary General Meeting of the shareholders, the 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.

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
Chairman

26 August 2024

RSM Australia Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of IDT Australia Limited for the year ended 30 June 2024, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

A stylized blue ink signature of 'RSM'.**RSM AUSTRALIA PARTNERS**A stylized blue ink signature of 'R B Miano'.**R B MIANO**
Partner

Dated: 26 August 2024
Melbourne, Victoria

IDT Australia Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2024



	Note	2024 \$000	2023 \$000
Revenue			
Sales revenue	5	13,226	6,935
Other income	6	895	97
Total revenue and other income		<u>14,121</u>	<u>7,032</u>
Expenses	7		
Raw materials and consumables used		(2,808)	(2,181)
Employee benefits expense		(9,508)	(7,248)
Depreciation and amortisation expense		(925)	(1,039)
Professional fees		(1,387)	(596)
Utilities and Maintenance expenses		(3,716)	(3,210)
Insurance expenses		(1,108)	(1,348)
Finance costs		(119)	66
Other expenses		(625)	(1,252)
Total expenses		<u>(20,196)</u>	<u>(16,808)</u>
Loss before income tax benefit		(6,075)	(9,776)
Income tax benefit	8	<u>662</u>	<u>1,278</u>
Loss after income tax benefit for the year attributable to the owners of IDT Australia Limited	25	(5,413)	(8,498)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Property revaluation net of tax		<u>1,987</u>	<u>2,457</u>
Other comprehensive income for the year, net of tax		<u>1,987</u>	<u>2,457</u>
Total comprehensive loss for the year attributable to the owners of IDT Australia Limited		<u><u>(3,426)</u></u>	<u><u>(6,041)</u></u>
		Cents	Cents
Basic earnings per share	9	(1.55)	(3.48)
Diluted earnings per share	9	(1.55)	(3.48)

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

	Note	2024 \$000	2023 \$000
Assets			
Current assets			
Cash and cash equivalents	10	504	4,433
Trade and other receivables	11	5,373	3,333
Contract assets	12	1,888	190
Other financial assets	13	400	-
Inventories	14	1,681	1,374
Current tax assets	15	561	415
Total current assets		<u>10,407</u>	<u>9,745</u>
Non-current assets			
Property, plant and equipment	16	<u>20,964</u>	<u>18,546</u>
Total non-current assets		<u>20,964</u>	<u>18,546</u>
Total assets		<u>31,371</u>	<u>28,291</u>
Liabilities			
Current liabilities			
Trade and other payables	18	2,283	1,869
Contract liabilities	20	332	829
Borrowings	19	4,468	740
Employee benefits	21	674	546
Total current liabilities		<u>7,757</u>	<u>3,984</u>
Non-current liabilities			
Employee benefits	21	<u>173</u>	<u>166</u>
Total non-current liabilities		<u>173</u>	<u>166</u>
Total liabilities		<u>7,930</u>	<u>4,150</u>
Net assets		<u>23,441</u>	<u>24,141</u>
Equity			
Issued capital	22	57,700	54,929
Reserves	24	12,715	10,773
Accumulated losses	25	<u>(46,974)</u>	<u>(41,561)</u>
Total equity		<u>23,441</u>	<u>24,141</u>

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

	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)
<i>Transactions with owners in their capacity as owners:</i>					
Equity Capital raised (note 22)	3,961	-	-	-	3,961
Share based payment expense (note 23)	-	-	363	-	363
Cancellation of loan funded shares (note 23)	-	-	(546)	-	(546)
Costs of raising Capital (note 22)	(221)	-	-	-	(221)
Balance at 30 June 2023	54,929	6,354	4,419	(41,561)	24,141

	Contributed Equity \$000	Asset Revaluation Reserve \$000	Share based Payment Reserve \$000	Accumulated Losses \$000	Total equity \$000
Balance at 1 July 2023	54,929	6,354	4,419	(41,561)	24,141
Loss after income tax benefit for the year	-	-	-	(5,413)	(5,413)
Other comprehensive income for the year, net of tax	-	1,987	-	-	1,987
Total comprehensive income for the year	-	1,987	-	(5,413)	(3,426)
<i>Transactions with owners in their capacity as owners:</i>					
Equity Capital raised (note 22)	3,039	-	-	-	3,039
Share based payment expense (note 23)	-	-	25	-	25
Cancellation of loan funded shares (note 23)	-	-	(70)	-	(70)
Costs of raising Capital (note 22)	(268)	-	-	-	(268)
Balance at 30 June 2024	57,700	8,341	4,374	(46,974)	23,441

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

	Note	2024 \$000	2023 \$000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		9,507	6,917
Payments to suppliers and employees (inclusive of GST)		(19,394)	(15,626)
Interest and other costs of finance received		-	91
Income tax refund received		386	716
		(9,501)	(7,902)
Interest received		102	-
Interest and other finance costs paid		(203)	-
Net cash used in operating activities	26	(9,602)	(7,902)
Cash flows from investing activities			
Payments for investments in term deposits		(400)	-
Payments for property, plant and equipment		(694)	(522)
Net cash used in investing activities		(1,094)	(522)
Cash flows from financing activities			
Proceeds from issue of equity	22	3,039	3,784
Proceeds from borrowings		4,947	1,234
Repayment of borrowings		(1,219)	(1,375)
Net cash from financing activities		6,767	3,643
Net decrease in cash and cash equivalents		(3,929)	(4,781)
Cash and cash equivalents at the beginning of the financial year		4,433	9,214
Cash and cash equivalents at the end of the financial year	10	504	4,433

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

Note 1. Material accounting policy information

The material 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 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. Material accounting policy information (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 2024 is \$1.9m (2023: \$0.2m) 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), formulation and manufacture of Speciality Orals (medicinal cannabis) and Advanced Therapies, in Finished Dose Forms (FDF) as well as provision of Research & Development services. 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, manufacture of Speciality Oral products and Advanced Therapies, 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 the mark up on freight charges is recognised as revenue when the transfer of goods occurs.

Other Revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

Government Grants

Government grants are recognised when they are received or when the right to receive payment is established.

Note 1. Material accounting policy information (continued)

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).

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 20 November 2023. 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:

Note 1. Material accounting policy information (continued)

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

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

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

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

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.

Note 1. Material accounting policy information (continued)

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.

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 recognised 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.

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.

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.

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. See note 1.8 for further details.

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.

As disclosed in the financial statements, the company incurred a loss of \$5.4 million (2023 \$8.5 million) and a net cash outflow from operating activities of \$9.6 million for year ended 30 June 2024. (2023 \$7.9 million). The rise in cash outflow was primarily due to an increase in direct staff, necessary to support growth driven by IDT's three-pillar revenue strategy and maintenance efforts to restore unused facilities to operational status.

The Directors believe that it is reasonably foreseeable that the company will continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report after consideration of the following factors:

- The cash balance of \$0.5 million as of 30 June 2024 was further bolstered by a \$7.0 million capital raise before costs as part of a non-renounceable rights issue on 10 July 2024. This is further supported by an unutilised debt facility of \$1.25mil with the National Australia Bank Ltd ('NAB') which is due for renewal on 31 October 2025.
- Revenue for the full year ended 30 June 2024 amounted to \$13.2 million, an increase of \$6.3 million or 91% compared to the corresponding period ending 30 June 2023.
- The operating cash outflow of the company are expected to significantly improve over the next twelve months.

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

	2024 \$000	2023 \$000
Service revenue recognised over time	13,226	6,935
Sale of goods transferred at a point in time	-	-
	<u>13,226</u>	<u>6,935</u>

Disaggregation of revenue

The disaggregation of revenue from contracts with customers recognised over time is as follows:

	2024 \$000	2023 \$000
Active Pharmaceutical Ingredients	5,493	1,680
Advanced Therapies	1,436	279
Speciality Orals	5,396	4,490
Disbursement & Misc. Revenue	901	486
	<u>13,226</u>	<u>6,935</u>

Note 5. Revenue (continued)

Geographical regions:

	2024 \$'000	2023 \$'000
Australia	9,818	5,332
Asia	158	-
Europe	630	612
USA	2,620	991
	<u>13,226</u>	<u>6,935</u>

Note 6. Other income

	2024 \$000	2023 \$000
Interest income	102	46
R&D tax incentive (i)	533	-
Government grants	260	-
Other income	-	51
	<u>895</u>	<u>97</u>

(i) The R&D Tax Incentive has been classified in other income in the year ended 30 June 2024, in the year ended 30 June 2023 the expected R&D tax incentive of \$417,223 was classified as an income tax benefit.

Note 7. Expenses

	2024 \$000	2023 \$000
Profit / (Loss) from ordinary activities before income tax expense includes the following expenses:		
Cost of goods sold	5,835	3,192
Depreciation of property, plant and equipment	925	1,039
Share-based payments expense	(55)	(182)
Research costs	441	366
Repairs and maintenance	831	883
Superannuation	922	684
Net foreign currency loss/(gain)	4	(66)
Write off of assets	-	648

Note 8. Income tax benefit

	2024 \$000	2023 \$000
<i>Numerical reconciliation of income tax benefit and tax at the statutory rate</i>		
Loss before income tax benefit	(6,075)	(9,776)
Tax at the statutory tax rate of 25%	(1,519)	(2,444)
Current year tax losses not recognised	1,445	2,251
Current year temporary differences not recognised	(764)	(239)
Partial recognition of historical/current year losses	-	(1,040)
Non-deductible expenses	176	194
Income tax benefit	<u>(662)</u>	<u>(1,278)</u>

The company income tax rate used in 2024 is 25% (2023: 25%).

Note 9. Earnings per share

	2024 \$000	2023 \$000
Loss after income tax attributable to the owners of IDT Australia Limited	<u>(5,413)</u>	<u>(8,498)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	348,222,341	244,056,384
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>348,222,341</u>	<u>244,056,384</u>
	Cents	Cents
Basic earnings per share	(1.55)	(3.48)
Diluted earnings per share	(1.55)	(3.48)

Note 10. Cash and cash equivalents

	2024 \$000	2023 \$000
<i>Current assets</i>		
Cash at bank and on hand	<u>504</u>	<u>4,433</u>

Note 11. Trade and other receivables

	2024 \$000	2023 \$000
<i>Current assets</i>		
Trade receivables	4,282	2,472
Less: Allowance for expected credit losses	<u>(163)</u>	<u>(224)</u>
	4,119	2,248
Prepayments	<u>1,254</u>	<u>1,085</u>
	<u>5,373</u>	<u>3,333</u>

Note 11. Trade and other receivables (continued)

Allowance for expected credit losses

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

	Expected credit loss rate		Carrying amount		Allowance for expected credit losses	
	2024 %	2023 %	2024 \$000	2023 \$000	2024 \$000	2023 \$000
Not overdue	1.00%	1.00%	2,121	1,316	53	-
0 to 3 months overdue	1.50%	1.50%	1,638	933	41	116
3 to 6 months overdue	2.00%	2.00%	242	108	6	108
Over 6 months overdue	2.50%	2.50%	281	115	63	-
			<u>4,282</u>	<u>2,472</u>	<u>163</u>	<u>224</u>

Age of receivables which are past due:

	2024 \$000	2023 \$000
0-30 days	3,049	1,677
30-60 days	518	454
60-90 days	192	117
90+ days	523	-
	<u>4,282</u>	<u>2,248</u>

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

Note 12. Contract assets

	2024 \$000	2023 \$000
<i>Current assets</i>		
Contract assets	<u>1,888</u>	<u>190</u>

Contract Assets comprises billable work-in-progress not yet invoiced.

Note 13. Other financial assets

	2024 \$000	2023 \$000
<i>Current assets</i>		
Other financial assets	<u>400</u>	<u>-</u>

Other financial assets is composed of \$400,000 Term Deposit Loan Extension with maturity date of 26 July 2025 at an interest rate of 4.90% per annum.

Note 14. Inventories

	2024 \$000	2023 \$000
<i>Current assets</i>		
Raw Materials - at cost	1,510	1,353
Finished Goods	383	275
Less: Provision for stock obsolescence	(212)	(254)
	<u>1,681</u>	<u>1,374</u>
	2024 \$000	2023 \$000
Raw Materials - at cost		
Balance at 1 July	1,353	1,293
Purchases during the year	2,068	1,472
Inventory recognised as expense during the year	(1,909)	(1,410)
Balance at 30 June	<u>1,512</u>	<u>1,355</u>
Finished Goods	<u>383</u>	<u>275</u>
Less: Provisions	(214)	(256)
Total inventory at 30 June	<u>1,681</u>	<u>1,374</u>

Note 15. Current tax assets

	2024 \$000	2023 \$000
<i>Current assets</i>		
Income tax receivable	<u>561</u>	<u>415</u>

Note 16. Property, plant and equipment

	2024 \$000	2022 \$000
<i>Non-current assets</i>		
Land (at fair value)	13,775	11,125
Buildings (at fair value)	3,425	3,425
Less: Accumulated depreciation	(126)	(37)
	<u>17,074</u>	<u>14,513</u>
Plant and equipment - at cost	27,036	26,516
Less: Accumulated depreciation	(23,818)	(23,004)
Capital works in progress	672	521
	<u>3,890</u>	<u>4,033</u>
	<u>20,964</u>	<u>18,546</u>

Note 16. Property, plant and equipment (continued)

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 2023	521	11,125	3,388	3,512	18,546
Additions	693	-	-	-	693
Capital Work in Progress	-	-	-	-	-
Revaluation increments	-	2,650	-	-	2,650
Revaluation decrements	-	-	-	-	-
Transfers	(542)	-	-	542	-
Write off of assets	-	-	-	-	-
Depreciation expense	-	-	(89)	(836)	(925)
Balance at 30 June 2024	672	13,775	3,299	3,218	20,964

	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

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 29 November 2023 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 \$1,057,000
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 \$2,703,000

Note 16. Property, plant and equipment (continued)

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 53-57 Wadhurst Drive, Boronia
- A Registered Mortgage over property situated at 68 Wadhurst Drive, Boronia

Note 17. Deferred tax

As at 30 June 2024 the Company has gross carried forward tax losses amounting to \$33m (2023: \$27m) and a further \$12.3m (2023: \$12.3m) capital losses which have not been recognised as assets in these financial statements.

Note 18. Trade and other payables

	2024 \$000	2023 \$000
<i>Current liabilities</i>		
Trade payables	661	347
Accrued expenses	1,188	1,251
Other payables	434	271
	<u>2,283</u>	<u>1,869</u>

Refer to note 28 for further information on financial risk management.

Note 19. Borrowings

	2024 \$000	2023 \$000
<i>Current liabilities</i>		
Premium Funding	718	740
Bank Loan	3,750	-
	<u>4,468</u>	<u>740</u>

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 2.75%.

The Loan facility expires on 31st October 2025, with a floating interest rate of 6.035% and a Facility Fee of 1.0%. The company is in discussions with NAB to renew the loan for an extended period, which is under consideration

Assets pledged as security

The loan is secured by mortgages over the Company's land, buildings and term deposit.

Financing arrangements

Unrestricted access was available at the reporting date to the following lines of credit:

Note 19. Borrowings (continued)

	2024 \$000	2023 \$000
Total facilities	5,000	-
Used at the reporting date	3,750	-
Unused at the reporting date	1,250	-

Note 20. Contract liabilities

	2024 \$000	2023 \$000
<i>Current liabilities</i>		
Contract prepayments	332	829

Reconciliation

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

	2024 \$000	2023 \$000
Opening Balance	829	517
Payments received in advance	-	501
Transfer to revenue - included in opening balance	(497)	(189)
Ending Balance	332	829

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 \$0 as at 30 June 2024 (\$272,000 as at 30 June 2023). The 30 June 2024 balance of \$332,000 represents customer inventory on hand and this will be recognised as revenue as and when consumed.

	2024 \$000	2023 \$000
Within 6 months	332	829
6 to 12 months	-	-
12 to 18 months	-	-
	332	829

Note 21. Employee benefits

	2024 \$000	2023 \$000
<i>Current liabilities</i>		
Employee entitlements	674	546
<i>Non-current liabilities</i>		
Employee entitlements	173	166

Note 22. Issued capital

	2024 Shares	2023 Shares	2024 \$000	2023 \$000
Ordinary shares - fully paid	<u>351,479,469</u>	<u>304,583,397</u>	<u>57,700</u>	<u>54,929</u>

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

	30 June 2024 Shares	30 June 2023 Shares	30 June 2024 \$000	30 June 2023 \$000
Balance brought forward as at 1 July	304,583,397	241,021,797	54,929	51,189
Issuance of fully paid ordinary shares	46,753,752	60,938,678	3,039	3,961
Cost of raising Capital	-	-	(268)	(221)
Employee share plan issues	1,290,320	5,871,922	-	-
Forfeited employee shares	<u>(1,148,000)</u>	<u>(3,249,000)</u>	<u>-</u>	<u>-</u>
	<u>351,479,469</u>	<u>304,583,397</u>	<u>57,700</u>	<u>54,929</u>

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 23. 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 23 November 2023.

During the year ended 30 June 2024, the Company issued 1,290,320 ordinary shares on 19 September 2023 under the rules of the ESP approved at the Annual General Meeting held on 28 November 2022. (2023: 5,871,922). No new shares were issued under the ESP approved at the Annual General Meeting held on 23 November 2023.

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

	2024 \$000	2023 \$000
Net value of shares issued/(forfeited) under employee share plan	<u>(45)</u>	<u>(182)</u>

Note 23. Share-based payments (continued)

Movement in number of shares under Employee Share Plan

	2024 Number	2023 Number
Opening balance	13,086,345	10,463,423
Employee Share Plan granted during the year	1,290,320	5,871,922
Forfeited during the year	(1,148,000)	(3,249,000)
Loan settlement during the year	(164,000)	-
Adjustment relating to prior years	(5,884,277)	-
	<u>7,180,388</u>	<u>13,086,345</u>

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

2024

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	330,000	-	-	55,000	385,000
03/03/2022	02/03/2027	\$0.20	300,000	-	-	-	300,000
09/03/2023	08/03/2023	\$0.06	5,543,000	-	-	(1,312,000)	4,231,000
19/09/2023	18/09/2028	\$0.06	-	1,290,320	-	-	1,290,320
			<u>6,173,000</u>	<u>1,290,320</u>	<u>-</u>	<u>(1,257,000)</u>	<u>6,206,320</u>

Weighted average exercise price \$0.08 \$0.06 \$0.00 \$0.61 \$0.08

The weighted average remaining contractual life of options outstanding at the end of the financial year was 3.05 years (2023: 4.53 years).

The fair value of options granted on 23 February 2021, 3 March 2022 and 9 March 2023 is estimated using Black Scholes option-pricing model.

The fair value of options granted on 19 September 2023 is estimated using Hoadley 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
19/09/2023	18/09/2028	\$0.06	\$0.06	77.00%	-	3.94%	\$0.020

Note 24. Reserves

	2024 \$000	2023 \$000
Asset revaluation reserve	8,341	6,354
Share-based payments reserve	<u>4,374</u>	<u>4,419</u>
	<u>12,715</u>	<u>10,773</u>

Note 24. Reserves (continued)

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 25. Accumulated losses

	2024 \$000	2023 \$000
Accumulated losses at the beginning of the financial year	(41,561)	(33,063)
Loss after income tax benefit for the year	(5,413)	(8,498)
Accumulated losses at the end of the financial year	<u>(46,974)</u>	<u>(41,561)</u>

Note 26. Reconciliation of loss after income tax to net cash used in operating activities

	2024 \$000	2023 \$000
Loss after income tax benefit for the year	(5,413)	(8,498)
Adjustments for:		
Depreciation and amortisation	925	(1,039)
Share-based payments	(55)	182
Income tax benefit	(662)	-
Change in operating assets and liabilities:		
Movement in receivables	(3,739)	997
Movement in inventories	(307)	270
Movement in current tax asset	(147)	1,172
Movement in payables	158	(614)
Movement in other provisions	135	200
Movement in unearned revenue	(497)	(572)
Net cash used in operating activities	<u>(9,602)</u>	<u>(7,902)</u>

Note 27. Dividends

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

Note 28. Financial risk management

The Company has exposure to market, credit and liquidity risks from the use of financial instruments. This note presents information about the Group's exposure to each of these risks, its objectives, policies and processes for measuring and managing risk. The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework.

Risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. The Company has adopted a Strategic Risk Management Framework through which it manages risks and aims to develop a disciplined and constructive control environment and action plans for risks that cannot be effectively managed through the use of controls. The Audit Committee oversees how management monitors compliance with the Company's Strategic Risk Management Framework in relation to the changing risks faced by the Company.

Note 28. Financial risk management (continued)

	2024 \$000	2023 \$000
The Company holds the following financial instruments:		
Liquid Financial Assets		
Cash and cash equivalents	504	4,433
Term deposits	400	-
Trade and other receivables	5,373	3,333
Total financial assets	6,277	7,766
Financial Liabilities		
Trade and other payables	(2,283)	(1,867)
Borrowings, current and non-current	(4,468)	(740)
Total financial liabilities	(6,751)	(2,607)
Net financial position	(474)	5,159

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, will affect the Group's income or value of its holdings in financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the financial return.

(i) Foreign currency risk

At reporting date, the Company had the following exposures to foreign currency, converted to AUD:

	Assets		Liabilities	
	2024 \$000	2023 \$000	2024 \$000	2023 \$000
US dollars	-	-	-	26
Euros	88	211	97	-
	88	211	97	26

Foreign currency sensitivity analysis

The Company had net liabilities denominated in foreign currencies of \$9,069 as at 30 June 2024 (2023:\$184,124 net assets). Based on this exposure, had the Australian dollars weakened by 5% against these foreign currencies with all other variables held constant, the Company's profit before tax for the year would have been \$453 higher (2023: \$9,206 lower). A sensitivity of 10% has been selected as this is considered reasonable taking in to account the current level of exchange rates and the volatility observed both on a historical basis and on market expectations for future movements. The analysis is performed on the same basis for 2023. There is no impact on equity.

(ii) Interest rate risk

Interest earned on cash at bank is determined in accordance with published bank interest rates. The Company's exposure to interest rate risk is confined to cash assets and borrowings through loan facilities, the effective weighted average interest rate for which is set out below.

Note 28. Financial risk management (continued)

As at the reporting date, the Company had the following variable rate borrowings and interest rate swap contracts outstanding:

	2024		2023	
	Weighted average interest rate %	Balance \$000	Weighted average interest rate %	Balance \$000
Cash at bank	0.20%	504	1.85%	4,433
Term deposit	5.00%	400	-	-
Bank facility	6.03%	(3,750)	-	-
Premium funding facility	2.75%	(718)	2.75%	(740)
Net exposure to cash flow interest rate risk		(3,564)		3,693

An increase or decrease of 0.50% in interest rates applied for 12 months to the cash balances at reporting date would have increased or decreased profit or loss by \$17,820 (2023: \$18,465), if all other variables, including foreign currency rates, remain constant. The analysis is performed on the same basis for 2023.

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.

Allowance for expected credit losses

The Company has recognised a loss of \$163,000 (2023: \$224,000) in profit or loss in respect of the expected credit losses for the year ended 30 June 2024.

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

	Expected credit loss rate		Carrying amount		Allowance for expected credit losses	
	2024 %	2023 %	2024 \$000	2023 \$000	2024 \$000	2023 \$000
Not overdue	2.50%	-	2,121	1,316	53	-
0 to 3 months overdue	2.50%	12.43%	1,638	933	41	116
3 to 6 months overdue	2.50%	100.00%	242	108	6	108
Over 6 months overdue	22.28%	-	281	115	63	-
			4,282	2,472	163	224

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 \$1.25 million undrawn banking facilities.

Note 28. Financial risk management (continued)

Remaining contractual maturities

The following tables detail the Company's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

2024	Weighted average interest rate %	1 year or less \$000	Between 1 and 2 years \$000	Between 2 and 5 years \$000	Over 5 years \$000	Remaining contractual maturities \$000
Non-derivatives						
<i>Non-interest bearing</i>						
Trade payables	-	661	-	-	-	661
Other payables	-	433	-	-	-	433
<i>Interest-bearing - variable</i>						
Bank loans	6.03%	-	3,750	-	-	3,750
Other loans	2.75%	718	-	-	-	718
Total non-derivatives		1,812	3,750	-	-	5,562

2023	Weighted average interest rate %	1 year or less \$000	Between 1 and 2 years \$000	Between 2 and 5 years \$000	Over 5 years \$000	Remaining contractual maturities \$000
Non-derivatives						
<i>Non-interest bearing</i>						
Trade payables	-	347	-	-	-	347
Other payables	-	82	-	-	-	82
<i>Interest-bearing - variable</i>						
Other loans	2.34%	740	-	-	-	740
Total non-derivatives		1,169	-	-	-	1,169

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Fair value of financial instruments

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

Note 29. Key management personnel disclosures

Remuneration arrangements in relation to Key Management Personnel (KMP) are disclosed in the Company's 2024 Annual Report.

Directors

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

Mark Simari, Non-Executive Chairman
Jane Ryan, Non-Executive Director
Geoffrey Sam OAM, Non-Executive Director

Note 29. Key management personnel disclosures (continued)

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
J Susic, Chief Operating Officer
Mr Vasanthakumar, Chief Financial Officer
P Thiyageas, Quality Director
M Flanders, Director of Commercial & Business Development
P Coutts, Head of People & Safety
A Nesci, Commercial & Portfolio Director

Compensation

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

	2024 \$	2023 \$
Short-term employee benefits	1,685,059	1,851,936
Post-employment benefits	168,962	147,929
Long-term benefits	45,354	22,597
Share-based payments	80,000	206,570
	<u>1,979,375</u>	<u>2,229,032</u>

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:

	2024 Shares	2023 Shares
Ordinary shares issued to KMP	1,290,320	3,370,000
Ordinary shares forfeited by KMPs	-	3,139,000

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

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

	2024 Shares	2023 Shares
Ordinary shares	8,296,186	4,054,041

There were no other transactions or contracts between the Company and Directors and Key Management Personnel in 2024 (2023: nil).

Note 30. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by RSM Australia Partners, the auditor of the Company:

	2024 \$	2023 \$
<i>Audit services -</i>		
Audit or review of the financial statements	95,000	143,784
Other services	31,200	23,711
	<u>126,200</u>	<u>167,495</u>

Other services

During the year RSM Australia Partners was paid for non-audit services in relation to Taxation and R&D Tax incentive scheme related services.

Note 31. Related party transactions

Key management personnel

Disclosures relating to key management personnel are set out in note 29 and the remuneration report included in the directors' report.

Transactions with related parties

During the year, the company purchased materials to the value of \$2,495 from Paragon Care Australia Pty Ltd, where Mr Geoff Sam was also a Director. The transaction was conducted at an "arms length" basis with Paragon Care Australia Pty Ltd. There were no other transactions with related parties during the current and previous financial year.

Receivable from and payable to related parties

There were no receivables from or payables to related parties at the current or previous reporting period.

Loans to/from related parties

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

Note 32. 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 2024 (30 June 2023: nil).

Note 33. Events after the reporting period

On 10 July 2024, the Company issued 78,108,255 shares at \$0.09 per share, raising \$7.0 million before costs. This related to the fully underwritten non-renounceable rights offer announced in June 2024.

No other matter or circumstance has arisen since 30 June 2024 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.

IDT Australia Limited does not have any controlled entities and is not required by the Accounting Standards to prepare consolidated financial statements. Therefore, section 295(3A)(a) of the Corporations Act 2001 does not apply to the entity.

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 2024 and of its performance for the financial year ended on that date;
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- the information disclosed in the attached consolidated entity disclosure statement is true and correct.

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

A handwritten signature in black ink, appearing to be 'Mark Simari', written over a horizontal line.

Mark Simari
Chairman

26 August 2024

RSM Australia Partners

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INDEPENDENT AUDITOR'S REPORT To the Members of IDT Australia Limited

Opinion

We have audited the financial report of IDT Australia Limited (the Company), which comprises the statement of financial position as at 30 June 2024, the of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information, the consolidated entity disclosure statement and the directors' declaration.

In our opinion the accompanying financial report of the Company is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Company's financial position as at 30 June 2024 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the 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* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters (continued)

Key Audit Matter	How our audit addressed this matter
Revenue recognition Refer to Note 5 in the financial statements	
<p>The Company's revenue is primarily derived through contract manufacturing across three key revenue verticals.</p> <p>AASB 15 <i>Revenue from Contracts with Customers</i> requires revenue to be recognised either over time or at a point in time as performance obligations associated with the revenue are achieved.</p> <p>The recognition of revenue from transactions is considered a key audit matter, due to the judgement involved in determining the timing of when performance obligations have been met, which can involve management estimates and assumptions.</p> <p>Revenue recognition is a presumed fraud risk under Australian Auditing Standards.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> • Obtaining an understanding of the Company's revenue recognition policies and assessing compliance with AASB 15; • Performing test of details on sample of contracts with customers and corroborating the revenue recognised to various elements in the contracts and; • Reviewing the completeness and accuracy of accrued income and deferred revenue balances recorded at the reporting date; • Reviewing revenue transactions before and after year-end to ensure revenue is recognised in the correct period; and • Evaluating the disclosures in the financial statements for appropriateness and consistency with accounting standards.
Valuation of property, plant & equipment Refer to Note 16 in the financial statements	
<p>Land and buildings are accounted for using the revaluation model under AASB 116 <i>Property, Plant and Equipment</i>, whereby valuations are obtained cyclically, and revaluations are taken through the asset valuation reserve.</p> <p>This area is a key audit matter due to the judgement involved in determining the fair value of the land and buildings.</p> <p>Additionally, the Company holds significant plant and equipment which is idle in the factory and not currently in use. This increases the risk that the recoverable value of property, plant & equipment is below the carrying value, triggering an impairment.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> • Obtaining an understanding of the Company's accounting policies and assessing compliance with AASB 116; • Obtaining the most recent independent valuation reports completed for Land & Buildings and Plant & Equipment; • Evaluating the competence, capabilities and objectivity of Management's expert who completed the valuation; • Reviewing management's assessment of any subsequent material changes in fair value of land & buildings and plant & equipment for any indicators of impairment, with reference to recently completed sales of comparable commercial & industrial property and interest rate rises; and • Evaluating the disclosures in the financial statements for appropriateness and consistency with AASB 116.

Key Audit Matters (continued)

Key Audit Matter	How our audit addressed this matter
Going concern Refer to Note 4 in the financial statements	
<p>As disclosed in the financial statements, the Company incurred a loss of \$5.4 million and a net cash outflow from operating activities of \$9.6 million for year ended 30 June 2024.</p> <p>This area is a key audit matter due to the nature of the business and its dependence on the level of available cash and its ability to raise additional funds, as well as the recent history of operating losses.</p> <p>Management is required to assess the ability of the company to continue as a going concern, an assessment which is largely based on assumptions made by the Directors in their budgets and cash flow forecasts. These forecasts include the Directors' assumptions regarding the timing of future cash flows, operating results, additional funding to be received, and timing of commercialisation of research & development products which by its nature is inherently uncertain.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> • Reviewing the financial performance and current financial position of the Company and assessing key ratios; • Reviewing management's cash flow forecast for the expected performance for the period covering 12-months from the date of signing the financial statements, including assessing the mathematical accuracy of the forecasts; • Critically assessing and challenging key assumptions and estimates applied within the forecasts against available evidence, and considering the historical reliability of the Company's cashflow forecast process; • Performing sensitivity analyses over the key estimates in the forecasts, primarily around projected revenue growth, cash burn rate, and additional sources of funding; • Obtaining an understanding of the level of cash on hand and other financing facilities available to the Company; • Reviewing Board minutes, ASX announcements and other publicly available information to obtain an understanding of the future plans and strategies; • Reviewing subsequent events to evidence the \$7.0m cash proceeds received post year end following the issue of 78,108,255 ordinary shares at \$0.09 per share as part of a non-renounceable rights issue completed on 10 July 2024; and • Assessing the adequacy of the related going concern disclosures made in the financial report.

Other Information

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 2024, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of:

- a. the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*; and
- b. the consolidated entity disclosure statement that is true and correct in accordance with the *Corporations Act 2001*, and

for such internal control as the directors determine is necessary to enable the preparation of:

- i. the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- ii. the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2024.

In our opinion, the Remuneration Report of IDT Australia Limited, for the year ended 30 June 2024, 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.

A handwritten signature in blue ink, appearing to read 'R B Miano'.

RSM AUSTRALIA PARTNERS

A handwritten signature in blue ink, appearing to read 'R B Miano'.

R B MIANO

Partner

Dated: 26 August 2024
Melbourne, Victoria

The shareholder information set out below was applicable as at 1 August 2024.

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	397	11.53
1,001 to 5,000	1,123	32.60
5,001 to 10,000	540	15.68
10,001 to 100,000	1,038	30.14
100,001 and over	346	10.05
	3,444	100.00
Holding less than a marketable parcel	1,240	36.00

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	48,283,127	11.43%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	37,840,996	8.96%
ONE FUND SERVICES LTD - SANDON CAPITAL ACTIVIST A/C	29,043,707	6.88%
UBS NOMINEES PTY LTD	23,125,664	5.47%
MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	20,566,292	4.87%
CITICORP NOMINEES PTY LIMITED	13,041,421	3.09%
MR ANTHONY JOHN HUNTLEY	11,500,000	2.72%
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	8,922,969	2.11%
KEISER INVESTMENTS PTY LTD - GANN FAMILY RETIREMENT A/C	7,435,523	1.76%
INVIA CUSTODIAN PTY LIMITED – GRAEME LESLIE BLACKMAN A/C	6,029,710	1.43%
PICHERIT'S FARM PTY LTD - HUNTLEY SUPER FUND A/C	6,000,000	1.42%
MR EDMOND WING KIN CHEUNG & MRS ELIZA SIU LING CHEUNG - EDMOND & ELIZA S/F A/C	4,929,147	1.17%
BUTTONWOOD NOMINEES PTY LTD	4,834,275	1.14%
MS MELISSA MARY STEPHENS	3,666,667	0.87%
ON ON FOR DON PTY LTD - MAC FAMILY A/C	3,544,445	0.84%
ROSSBOW PTY LTD - ANDREW MACPHERSON TDT A/C	3,483,334	0.82%
INVIA CUSTODIAN PTY LIMITED - PAULENE BLACKMAN A/C	3,457,737	0.82%
LUTON PTY LTD	3,238,889	0.77%
MR ROBERT DARIUS FRASER - FRASER FAMILY A/C	3,004,333	0.71%
PUNTERO PTY LTD	3,000,000	0.71%
	244,948,236	57.99%

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
One Managed Inv't Funds Ltd - Sandon Capital Inv Ltd A/C	48,283,127	11.43%
HSBC Custody Nominees (Australia) Limited	37,840,996	8.96%
One Fund Services Ltd - Sandon Capital Activist A/C	29,043,707	6.88%
UBS Nominees Pty Ltd	23,125,664	5.47%

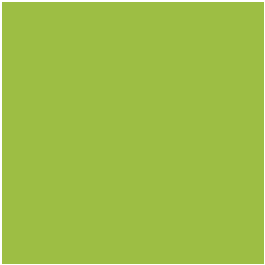
Voting rights

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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