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# Papyrus Australia Ltd

ABN 63 110 868 409

## Statutory Accounts

For the Year Ended 30 June 2023

# Papyrus Australia Ltd

ABN 63 110 868 409

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# Papyrus Australia Ltd

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## Corporate Information

This annual report covers Papyrus Australia Ltd (ABN 63 110 868 409), and its subsidiaries (the consolidated group or 'Group'). The Group's functional and presentation currency is Australian dollars.

A description of the Group's operations and of its principal activities is included in the review of operations and activities in the directors' report on pages 10 to 20. The directors' report is not part of the financial report.

### Directors

Mr Edward Byrt (Chairman)  
Mr Ramy Azer (Managing Director) (Retired 19 May 2023)  
Mr David Attias (Non-Executive Director)  
Ms Kerry Chikarovski (Executive Director) (Resigned 25 November 2022)  
Mr Pascal Gouel (Executive Director) (Appointed 29 July 2022)  
Mr Vincent Peter Rigano (Non-Executive Director)

### Company Secretary

Mr Vincent Peter Rigano

### Registered Office

C/- V P Rigano & Co Pty Ltd  
Level 2, 2 Peel Street  
ADELAIDE SA 5000

### Principal place of business

C/- V P Rigano & Co Pty Ltd  
Level 2, 2 Peel Street  
ADELAIDE SA 5000

### Share Registry

Computershare Investor Services Pty Ltd  
Level 5, 115 Grenfell Street  
ADELAIDE SA 5000

### Auditors

BDO Audit Pty Ltd  
Level 7, BDO Centre  
420 King William Street  
ADELAIDE SA 5000

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# Papyrus Australia Ltd

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## Corporate Governance Statement

30 June 2023

### Introduction

Papyrus Australia Limited (the Company) and the Board are committed to achieving and demonstrating the highest standards of corporate governance. The Board continues to review the framework and practices to ensure they meet the interests of shareholders. The Company and its controlled entities together are referred to as the Group in this statement.

The Group details below the corporate governance practices in place at the end of the financial year, all of which comply with the principles and recommendations of the ASX corporate governance council unless otherwise stated. Some of the charters and policies that form the basis of the corporate governance practices of the Group may be located on the Group's website, <http://www.papirusaustralia.com.au/>

On 27 February 2019, the ASX Corporate Governance Council released the 4th Edition of its Corporate Governance Principles and Recommendations (4th Edition Recommendations). The Group reviewed its corporate governance and reporting practices under these principles and the disclosures in this Corporate Governance Statement reflect this. As at the date of this statement, the Group complies with the 4th Edition Recommendations (unless otherwise stated).

Principle 1: Lay solid foundations for management and oversight

The relationship between the Board and senior management is critical to the Group's long-term success. The Directors are responsible to the shareholders for the performance of the group in both the short and the longer term and seek to balance objectives in the best interests of the group as a whole. Their focus is to enhance the interests of shareholders and other key stakeholders and to ensure the Group is properly managed.

The responsibilities of the Board include:

- ☐ providing strategic guidance to the Group including contributing to the development of and approving the corporate strategy;
- ☐ reviewing and approving business plans, the annual budget and financial plans including available resources and major capital expenditure initiatives;
- ☐ overseeing and monitoring the organisational performance and the achievement of the Group's strategic goals and objectives;
- ☐ monitoring financial performance including approval of the annual and half-year financial reports and liaison with the Company's auditors;
- ☐ appointment and performance assessment of the Chief Executive Officer (CEO);
- ☐ ratifying the appointment and/or removal and contributing to the performance assessment for the members of the senior management team, including the Company Secretary;
- ☐ ensuring there are effective management processes in place and approving major corporate initiatives;
- ☐ enhancing and protecting the reputation of the organisation;
- ☐ overseeing the operation of the Group's system for compliance and risk management reporting to shareholders; and
- ☐ ensuring appropriate resources are available to senior management.

The Board has established a Board charter, which will be published on our website in the coming months.

The Board is presently responsible for evaluating Board candidates and recommending individuals for appointment to the Board. The Board evaluates prospective candidates against a range of criteria including the skills, experience, expertise and diversity that will best complement Board effectiveness at the time. The Board undertakes appropriate background and screening checks prior to nominating a director for election by shareholders, and provides to shareholders all material information in its possession concerning the director standing for election or re-election in the explanatory notes accompanying the notice of meeting.

A written agreement has not been executed with each director setting out the terms of their appointment; therefore, the Group does not comply with recommendation 1.3 of the Corporate Governance Principles and Recommendations. The Company believes that due to their size and nature of operations that this is acceptable.

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The Company Secretary is accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board. The Company Secretary is responsible for maintaining the information systems and processes that are appropriate for the Board to fulfill its role and to achieve the objective of the Company. The Company Secretary is also responsible for ensuring that the Board procedures are complied with and advising the Board on governance matters. All Directors and Committees have access to the Company Secretary for advice and services. Independent advisory services are retained by the Company Secretary at the request of the Board or Committees.

The total proportion of men and women on the board, in senior positions (being Key Management Personal and decision makers of the Company) and across the whole organisation is listed below:

| Category           | Men | Women |
|--------------------|-----|-------|
| Board              | 4   | -     |
| Senior Management  | 2   | -     |
| Whole Organisation | 6   | -     |

The Group has not disclosed in this Corporate Governance Statement its measurable objectives for achieving gender diversity and therefore has not complied with recommendation 1.5(a) of the Corporate Governance Principles and Recommendations. Due to the size of the Company and its number of employees, the Board does not consider it appropriate, at this time, to formally set measurable objectives for gender diversity.

The Board continually evaluates the composition of the Board, however a formal evaluation of its performance and the performance of its committees and individual directors is yet to be conducted. Due to the size of the Company, the Board has determined that this is appropriate at Company's stage to date, however it does recognise that ongoing performance evaluation is important to ensure that the Board, committees and individual directors remain relevant and committed to the Company's business operations and changing business requirements. At the date of this report, the Company has not complied with recommendation 1.6(b) of the Corporate Governance Principles and Recommendations.

The Group currently has three senior executives and has no formal process for evaluating the performance of its senior executives.

### Principle 2: Structure the board to add value

The Board has not established a nomination committee, and thus not complied with recommendation 2.1(a) of the Corporate Governance Principles and Recommendations. The Directors takes ultimate responsibility in addressing board succession issues and to ensure the Board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively. The Board closely assesses diversity criteria when considering Board candidates.

The Group's desired mix of skills and competence is listed below. The Board considers its current composition adequately meets these required competencies.

| Area                                      | Competence  |
|---|---|
| Leadership                                | Business Leadership, Public Listed Company Experience   |
| Business, Finance and Legal               | Accounting, Audit, Business Strategy, Competitive Business Analysis, Corporate Financing, Financial Literacy, Legal, Mergers and Acquisitions, Risk Management, Tax – International |
| Sustainability and Stakeholder Management | Community Relations, Corporate Governance, Health & Safety, Human Resources, Remuneration   |
| Engineering and Technical                 | Engineering qualifications  |

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At the date of this statement the Board consists of the following directors:

Mr Edward Byrt, Non-Executive Chairman, Mr David Attias Non-Executive Director, Mr Pascal Gouel Executive Director, Mr Vincent Rigano, Non-Executive Director/Company Secretary.

The Board considers this to be an appropriate composition given the size and development of the Group at the present time and continually assesses the composition of the Board to ensure its membership maintains a combination of skills and experience that ensure the Board has the expertise to meet both its responsibilities to stakeholders and its strategic objectives. The names of directors including details of their qualifications and experience are set out in the Directors' Report of the Annual Report and also available on the Company's website: [www.papyrusaustralia.com.au](http://www.papyrusaustralia.com.au)

### *Independence*

The Board is conscious of the need for independence and ensures that where a conflict of interest may arise, the relevant Director(s) leave the meeting to ensure a full and frank discussion of the matter(s) under consideration by the rest of the Board. Those Directors who have interests in specific transactions or potential transactions do not receive Board papers related to those transactions or potential transactions, do not participate in any part of a directors' meeting which considers those transactions or potential transactions, are not involved in the decision-making process in respect of those transactions or potential transactions, and are asked not to discuss those transactions or potential transactions with other Directors.

Directors of the Company are considered to be independent when they are independent of management and free from any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of their unfettered and independent judgment.

The Board has accepted the following definition of an independent Director:

An independent director is a director who is not a member of management, is a Non-Executive Director and who:

- ☐ is not, or has not been, employed in an executive capacity by the Group and there has been a period of at least three years between ceasing such employment and serving on the Board;
- ☐ is not, or has not within the last three years been, a partner, director or senior employee of a provider of material professional services to the Group;
- ☐ is not, or has not within the last three years been, in a material business relationship (e.g., as a supplier or customer) with the Group, or an officer or, or otherwise associated with, someone with such a relationship;
- ☐ is not a substantial security holder of the entity or an officer of, or otherwise associated with, a substantial security holder of the entity;
- ☐ does not have a material contractual relationship with the Group other than as a director; or
- ☐ has not been a director of the entity for such a period that his or her independence may have been compromised.

Mr David Attias and Mr Vincent Rigano are Non-Executive Directors and have no other material relationships with the Group other than their directorship. Mr Rigano has some shareholding in the Group, he is not a substantial security holder. As such, the Group assesses that it has two independent directors during the year as those relationships are defined.

The Board considers its current structure to be an appropriate composition of the required skills and experience, given the experience of the individual Directors and the size and development of the Company at the present time. Each individual member of the Board is satisfied that whilst the Company may not comply with Recommendation 2.4, all Directors bring an independent judgment to bear on Board decisions.

The Company's Chairman, Mr Edward Byrt is not an independent director, due to his shareholding, but he does not fulfil the role of CEO. The Company therefore has not complied with recommendation 2.5 of the Corporate Governance Principles and Recommendations. The Company believes this to be appropriate at this time given the size and nature of the Company's operations, but will continue to consider the composition of the board in the future.

The Company does not maintain a formal program for inducting new Directors; however, the Company Secretary ensures all new directors receive adequate information and documentation on appointment. The Company also ensures that appropriate professional development opportunities are provided to directors to ensure they develop and maintain the skills and knowledge needed to perform their role as directors effectively.

### **Principle 3: Act lawfully, ethically and responsibly**

The Company has developed a Code of conduct (the Code) which has been fully endorsed by the Board and applies to all directors and employees. The Code is regularly reviewed and updated as necessary to ensure it reflects the highest standards of behaviour and professionalism and the practices necessary to maintain confidence in the group's integrity and to take into account legal obligations and reasonable expectations of the Company's stakeholders.

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In summary, the Code requires that at all times all Company personnel act with the utmost integrity, objectivity and in compliance with the letter and the spirit of the law and company policies.

### Principle 4: Safeguard integrity in corporate reporting

#### *Audit Committee (the Committee)*

The Committee consists of the following directors:

Mr Vincent Rigano (Committee Chair) (Non-Executive Director) Mr Edward Byrt (Non-Executive Chairman), Mr David Attias (Non-Executive Director).

Mr Vincent Rigano is an independent member as discussed above in Principle 4 and the Chair of the Committee. The chair of the Committee is not the chair of the Board; the independent members comprise the majority of the Committee.

The relevant qualifications and experience of each of the members of the Committee can be found in the director profiles contained within the Company's Annual Report and on the Company's website at: [www.papyrusaustralia.com.au](http://www.papyrusaustralia.com.au). All members of the Audit Committee are financially literate and have an appropriate understanding of the industries in which the group operates.

The number of times the Committee met throughout the period and the individual attendance of the members at those meetings are outlined within the Annual Report.

The Audit Committee has established a formal charter which is prepared for Board approval. To date this has therefore not complied with recommendation 4.1(3) of the Corporate Governance Principles and Recommendations. The Board will progress recommendation 4.1(3) in the coming months.

The Audit Committee has authority, within the scope of its responsibilities, to seek any information it requires from any employee or external party.

The CEO and Company Secretary have certified to the Board that the financial statements are founded on a sound system of risk management and internal control and that the system is operating efficiently and effectively in all material respects. This declaration is provided to the Board before it approves the Company's financial statements for a financial period, and declares that in their opinion, the financial records of the Company have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity.

#### *External auditors*

The Company and Board Policy, is to appoint external auditors who clearly demonstrate quality and independence. The performance of the external auditor is reviewed annually and applications for tender of external audit services are requested as deemed appropriate, taking into consideration assessment of performance, existing value and tender costs. BDO Audit Pty Ltd ('BDO') was appointed as the external auditor at the Company's AGM in 2022. It is BDO's policy to rotate audit engagement partners on listed companies in accordance with the requirements of the Corporations Act 2001, which is generally after five years, subject to certain exceptions.

The amount of fees paid to the external auditors is provided in a note to the financial statements. It is the policy of the external auditors to provide an annual declaration of their independence to the Committee.

The external auditor will attend the Annual General Meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the audit report.

### Principle 5: Make timely and balanced disclosure

#### *Continuous disclosure*

The Company has a policy that all the Company Shareholders and investors have equal access to the Company's information. The Board will ensure that all price sensitive information is disclosed to the ASX in accordance with the continuous disclosure requirements of the Corporations Act and the ASX Listing Rules.

The Board strives to ensure that security holders are provided with sufficient information to assess the performance of the Group and its Directors and to make well-informed investment decisions. The Company provides all information about itself and its corporate governance via its website at: [www.papyrusaustralia.com.au](http://www.papyrusaustralia.com.au)

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### Principle 6: Respect the rights of security holders

Investor relations and member participation

The Company does not have a formal shareholder communication policy which is not in compliance with recommendation 6.2 of the Corporate Governance Principles and Recommendations, however this policy is in preparation

Shareholders are encouraged to participate at all Annual General Meetings and other General Meetings of the Company. Upon the dispatch of any notice of meeting to Shareholders, the Company Secretary shall send out material with that notice of meeting stating that all Shareholders are encouraged to participate at the meeting. The meetings shall also be conducted to allow questions and feedback to the Board and management of the Company.

The Company aims to promote effective communication to and from shareholders. At this time Members of the Company cannot register to receive email notifications when an announcement is made by the Company to the ASX, which is a departure from recommendation 6.3 of the Corporate Governance Principles and Recommendations; however, Members are encouraged to contact the company via their website or directly to the registered office. Members are also encouraged to register with the Company's share register to communicate electronically.

### Principle 7: Recognise and manage risk

The Board has identified the significant areas of potential business and legal risk of the Company.

The identification, monitoring and, where appropriate, the reduction of significant risk to the Company is the responsibility of the Board. The Board addresses Risk and Compliance within the Audit Committee which addresses the risks to the Company.

The Board will review and monitor the parameters under which such risks will be managed. Management accounts will be prepared and reviewed at Board meetings. Budgets will be prepared and compared against actual results.

The Board is responsible for satisfying itself annually, or more frequently as required, that management has developed and implemented a sound system of risk management and internal control, a review took place during the reporting period.

The Company does not have an internal audit function due to the size and nature of the Group, however the Audit Committee is responsible for ensuring there are adequate policies in relation to risk management, compliance and internal control systems. They monitor the Company's risk management by overseeing management's actions in the evaluation, management, monitoring and reporting of material operational, financial, compliance and strategic risks. In providing this oversight, the Audit Committee and the Board:

- ☐ reviews the framework and methodology for risk identification, the degree of risk the Company is willing to accept, the management of risk and the processes for auditing and evaluating the Company's risk management system;
- ☐ reviews group-wide objectives in the context of the abovementioned categories of corporate risk;
- ☐ reviews and, where necessary, approves guidelines and policies governing the identification, assessment and management of the Company's exposure to risk;
- ☐ reviews and approves the delegations of financial authorities and addresses any need to update these authorities on an annual basis, and
- ☐ reviews compliance with agreed policies.

The Committee recommends any actions it deems appropriate to the board for its consideration.

Management is responsible for designing, implementing and reporting on the adequacy of the Company's risk management and internal control system and has to report to the Board on the effectiveness of:

- ☐ the risk management and internal control system during the year, and
- ☐ the company's management of its material business risks.

### Securities Trading Policy

The Company has established a policy concerning trading in the Company's shares by the Company's officers, employees and contractors and consultants to the Company while engaged in work for the Company ("Representatives").

This policy provides that it is the responsibility of each Representative to ensure they do not breach the insider trading prohibition in the Corporations Act. Breaches of the insider trading prohibition will result in disciplinary action being taken by the Company.



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## Corporate Governance Statement

30 June 2023

Management is responsible for designing, implementing and reporting on the adequacy of the Company's risk management and internal control system and has to report to the Board on the effectiveness of:

- ☐ the risk management and internal control system during the year, and
- ☐ the company's management of its material business risks.

Representatives must also obtain written consent from the Chairman (or, in the case of the Chairman, from the Board) prior to trading in the Company's securities.

Subject to these restrictions, the policy provides that Directors, the Company Secretary and employees of, or contractors to, the Company that have access to the Company's financial information are permitted to trade in the Company's securities throughout the year except during the following periods:

- a) the period between the end of the March and September quarters and the release of the Company's quarterly report to ASX for so long as the Company is required by the Listing Rules to lodge quarterly reports;
- b) the period between the end of the June quarter and the release of the Company's annual report to ASX; and
- c) the period between the end of the December quarter and the release of the Company's half year report to ASX.

In exceptional circumstances the Board may waive the requirements of the Share Trading Policy to allow Representatives to trade in the shares of the Company, provided to do so would not be illegal.

Directors must advise the Company Secretary of changes to their shareholdings in the Company within two business days of the change.

The Securities Trading Policy can be viewed on the ASX announcements tab at [www.asx.com.au](http://www.asx.com.au).

### *Exposure to material economic, environmental and social sustainability risk*

The Company's policy is to identify and manage potential or apparent business, economic, environmental and social sustainability risks (if appropriate). The Company at present has not identified specific material risk exposure in these categories. Review of the Company's risk management policy is conducted at least annually and reports are continually created by management on the efficiency and effectiveness of the Company's risk management framework and associated internal compliance and control procedures.

### **Principle 8: Remunerate fairly and responsibly**

The Chairman and the Directors are entitled to draw Directors fees and receive reimbursement of reasonable expenses for attendance at meetings. The Company is required to disclose in its annual report details of remuneration to Directors. The maximum aggregate annual remuneration which may be paid to Non-Executive Directors is \$300,000. This amount cannot be increased without Shareholder approval. The Papyrus Directors were not remunerated during this period.

The Board has not established a Remuneration Committee, as given the size of the Group and number of employees, it is not considered that this is required at this time. The Board therefore fulfils the duties of the committee.

Every employee of the Group signs a formal employment contract at the time of their appointment covering a range of matters including their duties, rights, responsibilities and any entitlements on termination.

Further information on directors' and executives' remuneration, including principles used to determine remuneration, is set out in the directors' report under the heading 'Remuneration report' included within the Annual Report. In accordance with Group policy, participants in equity-based remuneration plans are not permitted to enter into any transactions that would limit the economic risk of options or other unvested entitlements.

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## Directors' Report

30 June 2023

The Directors present their report, together with the financial statements of the Group, being Papyrus Australia Ltd (the Group) and its controlled entities, for the financial year ended 30 June 2023.

### DIRECTORS

The names and details of the company's directors in office during the financial year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Mr Edward Byrt, Chairman  
Mr Ramy Azer, Managing Director (Retired 19 May 2023)  
Mr David Attias, Non-Executive Director  
Ms Kerry Chikarovski, Executive Director (Resigned 25 November 2022)  
Mr Pascal Gouel, Executive Director (appointed 29 July 2022)  
Mr Vincent Peter Rigano, Non-Executive Director

#### Edward Byrt, LLB (Non-Executive Chairman)

Ted Byrt is a company director with over 40 years' experience in commerce, corporate governance and international business. He is a specialist strategic advisor for major development and infrastructure projects within Australia and offshore.

Ted is a business advisor and Board member of several leading organisations in South Australia. He was until March 2017 Presiding Member of the SA Development Assessment Commission, he is Chairman of Wilpena Pound Resort, The Australian Advanced Manufacturing Centre Pty Ltd, Red Chip Photonics Pty Ltd and Arkwright Technologies Pty Ltd, he was until December 2017 a Director of Treyo Leisure & Entertainment Ltd (ASX listed) and he is a Board member of the Aboriginal Foundation of South Australia Inc. He is also a member of the Company's Audit Committee and has been a Director of the Company since 2004.

Ted is not (currently or in the previous 3 years) a director of any other listed companies.

#### Ramy Azer, MSTC, MSc (Eng), Grad Dip Bus, Bachelor of Engineering (Mechanical), (Managing Director) (Retired 19 May 2023)

Ramy Azer is the founder and developed the Company's technology. He has been a regular guest lecturer and speaker on issues including sustainable business development and innovation. Ramy has been Managing Director since 2005 and prior to that had 10 years' experience with Papyrus Technology Pty Ltd.

Ramy retired from the board on 19 May 2023 in order to focus on the continual development of the technology at Papyrus Egypt.

#### David Attias, MBA Banking and Finance (Non-Executive Director)

Driven by business opportunity, David brings a solid financial, analytical and technological background to the Papyrus Team.

David is a serial entrepreneur, having founded and successfully managed e-commerce and hospitality businesses.

He is currently a director of L39 Capital, a non-executive director of Creative Food Australia and Genius Austria, and has held a prior funds management position in a Blockchain Technology Investment Fund. David's experience is ultimately a reflection of his passion for business, investments and portfolio management.

David is not (currently or in the previous 3 years) a director of any other listed companies.

#### Kerry Chikarovski BA Economics and BA Laws, (Executive Director) (Resigned 25 November 2022)

Kerry established Chikarovski & Associates – government relations firm working with organisations, not for profits and industry associations, to help them understand the processes of government and work successfully with bureaucrats and politicians at local, state and federal levels of government; advising clients across a range of industry sectors on policy and regulatory issues, as well as in relation to major projects and procurement, including banking and finance, infrastructure, construction and property, transport, energy, health, sport, and manufacturing.

An experienced political and media commentator, across a variety of programs including Sky News PM Agenda, Lunch Agenda, ABCNews24, The Drum, ABC 702 and RN Drive.

She is Chairperson of NSW Women's Rugby Union; Director, Humpty Dumpty Foundation, and of Our Watch; Ambassador, for the Australian Indigenous Education Foundation; former Trustee of the Sydney Cricket & Sports Ground Trust; former NSW Leader of the Liberal Party in NSW & Leader of the Opposition. Kerry was previously a Solicitor and Lecturer in Law.

Kerry resigned from the board on 25 November 2022.

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**Pascal Gouel** B.Ch.E., Master of Engineering management, MBA (Executive Director) (Appointed on 29 July 2022)

Pascal is an accomplished professional with over 25 years global experience in operations, top tier management consulting and investment management including 10 years spent working in the Middle East in Egypt, Kuwait, KSA and UAE. Pascal has worked for firms such as Booz Allen, Qantas, British American Tobacco as well as number of Family Offices out of Kuwait and Germany.

Recently, he was an Investment Committee member of an Industry Superannuation Fund, responsible for deal origination, due diligence and execution of various global private equity deals and has held a number of operational and investment roles in his career including Chief Investment Officer, General Manager, Director level roles and a number of operational roles within various industries and sectors.

Pascal is not (currently or in the previous 3 years) a director of any other listed companies.

**Vincent Peter Rigano**, BA Accounting, CPA (Non-Executive Director and Company Secretary)

Vince is a CPA with over 45 years' experience in corporate accounting, management consulting and company secretarial. Vince has been company secretary for a number of years for Papyrus.

Vince provides management accounting and consulting services to a variety of industry sectors including start-ups. He is also Chairman of the Company's Audit Committee.

Vince is not (currently or in the previous 3 years) a director of any other listed companies.

### PRINCIPAL ACTIVITIES AND SIGNIFICANT CHANGES IN NATURE OF ACTIVITIES

The Group's commercialisation strategy remains focused on developing partnerships with local organisations in banana growing regions, to establish banana processing facilities for the conversion of banana plantation waste into moulded food packaging products.

There have been no significant changes in the nature of those activities during the year.

### OPERATING RESULTS

The loss of the consolidated group after providing for income tax amounted to \$1,503,598 (2022: \$1,176,771).

### INTERESTS IN THE SHARES AND OPTIONS OF THE COMPANY AND RELATED BODIES CORPORATE

As at the date of this report, the interests of the directors in the shares and options of Papyrus Australia Ltd were:

|                                       | Number of Ordinary Shares |                   | Number of Options over Ordinary Shares |
|---------------------------------------|---------------------------|-------------------|--|
|                                       | Direct interest           | Indirect interest |  |
| Edward Byrt                           | 357,116                   | 25,582,355        | -                                      |
| David Attias                          |                           | 9,985,219         | -                                      |
| Pascal Gouel (appointed 29 July 2022) | -                         | -                 | -                                      |
| Vincent Peter Rigano                  | -                         | 13,473,329        | -                                      |

### DIVIDENDS

No dividends were paid or declared since the start of the financial year. No recommendation for payment of dividends has been made.

### OPERATIONS REVIEW

The 2022/2023 financial year has seen significant development towards commercialisation of the Papyrus Australia Ltd (Papyrus) technology. This year Papyrus has focused on the following key areas:

- The first contract for Papyrus to supply equipment for the Egyptian Government to produce moulded food packaging products at their commercial scale facility
- Development of the Commercialization Model for the establishment of processing and moulding facilities in other banana growing regions

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30 June 2023

- Upgrading the existing banana waste processing line in Egypt to increase the production of raw fibre suitable for manufacturing of moulded packaging.

### Key Highlights

1. The development of our first contracted moulded products manufacturing facility with the Egyptian Government. The fabrication and testing of the equipment was completed and ready for shipment to Egypt
2. Expansion of the processing capacity in our pilot operating plant in Sohag Egypt and continued improvement of the technology design for new processing plants
3. Proposed Consolidation of Egypt operations with Australia
4. Presentation of the Papyrus business at COP27 in Egypt receiving strong interest and support
5. Commercialisation Model development
6. Advancing engagement with potential customers and partners to establish new operating facilities in other regions
7. New investments in Papyrus
8. Registration of the Patent relating to the current technology design
9. Board movements, AGM and EGM

### Papyrus operations in Egypt

#### 1. Contracted facility for the Egyptian Government

Papyrus signed the phase one contract of a Cooperation Protocol and Roadmap with the Egyptian Governments National Authority for Military Production (MP) on 30 October 2022. The contract to provide a moulding facility for banana fibre food packaging products made directly from banana fibre supplied by Papyrus, is part of the national waste retrieval and re-purposing program established by the Egyptian Government.

The site in Egypt has been prepared, to receive the Papyrus equipment which has been fabricated and will be delivered, installed and commissioned in the coming months.

Papyrus will support the Egyptian Government in training on all aspects of the operation of the moulding line to ensure its success.

The MP banana fibre moulding plant will initially be supplied exclusively with fibre from our Sohag factory, before it is later expanded to include processing facilities contracted by Papyrus, to process banana plantation waste and become self-sufficient for its feed material.

The second main component of the phase one contracts is the moulded banana fibre product offtake agreement which will see Papyrus Egypt procure all moulded products produced from the banana fibre moulding line to sell through its distribution network in Egypt. When producing at full capacity this additional production has the potential for more than USD\$1.5m in additional end product sales annually by Papyrus Egypt.

#### 2. Expansion of the processing capacity in Sohag

In line with our commitment to expand our processing capacity at our demonstration plant in Sohag, we completed upgrades, aimed at increasing the plant's processing capacity to 6 tonnes per hour. The upgrades targeted the increased supply required for our moulding operations in Sharqiah Egypt and to prepare for the provision of fibre to the MP facility once operating.

#### Production sales from our facility in Sharqiah, Egypt

Our second plant in Sharqiah Egypt, that produces banana fibre moulded food packaging products has achieved a successful production of high-quality egg trays, which are in demand and sold locally.

#### Visits to Egypt operations by the Board and Management

The Chair and two Directors travelled to Egypt in October 2022 to join the contract signing ceremony with the MP and to consolidate the partnership for ongoing projects between the Ministry, Egyptian Government and Papyrus. A review of operations and upgrades was undertaken along with local business developments by the Sohag factory, the annual audit, and the opportunity to meet the expanding team of workers.

The Directors were welcomed by government dignitaries and local community leaders who identify the significant impact of the Papyrus Egypt enterprise on the community in Sohag and expressed appreciation for the economic and environmental impact and the sustainable local community benefits. This mutually beneficial relationship is a vital part of the Papyrus mission and goals and will provide impact measurements for the business model. Papyrus Australia will explore ways to further support these initiatives.

In February, members of the Board and the Australian Management team travelled to Egypt to conduct a process overview of the fibre production facilities and processes in Sohag and the moulding facilities and production in Sharqiah. The review of the production capability was particularly valuable in understanding the stages in the production of fibre pulp on the upgraded processing line, and identify any remaining improvements to be made before final design of modularized equipment is undertaken.

#### 3. Proposed Consolidation of Egypt Operation with Australia

As part of our ongoing efforts to optimize resources and drive operational efficiency, we announced a proposal to consolidate Papyrus Egypt enterprise within Papyrus Australia. This proposal aims to align the entities more closely, streamline processes, reduce costs, and enhance overall performance. We will assess the feasibility of this initiative and determine the most effective approach to achieve our goals.

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## Directors' Report

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### 4. Presentation of Papyrus at COP27 in Egypt

Papyrus was pleased to present at COP27 in Egypt in November. The conference focus on sustainability and environmental responsibility aligns closely with our core values and expertise. The heightened awareness surrounding environmental issues, generated increased interest in our sustainable processing solutions and we actively engaged diverse stakeholders with our technology and collaborative business model.

#### Presentation of Papyrus to guests of the Australian Ambassador in Cairo

In November, the Australian Ambassador to Egypt invited Papyrus to showcase our technology and new commercialization model to diplomats from the banana growing countries of Senegal, Côte d'Ivoire, Sudan and Egypt, private company representatives, investors and other agencies. This established business relationships and provided opportunities for these countries to consider Papyrus as they take steps to eliminate plastic pollution, address their commitments to reduce environmental degradation and work towards their sustainable development targets.

#### The European Bank for Reconstruction and Development (EBRD) Support

The European Bank for Reconstruction and Development (EBRD) provided funding support for Papyrus to engage an independent consultant to develop a five-year business plan for the full commercialisation of the Papyrus Egypt production facility in Sohag Egypt. In addition to the significant financial implications, receiving funding from the EBRD is recognition of the enormous potential of Papyrus' technology, given the EBRD's commitment to promote environmentally sound and sustainable development. The comprehensive report was completed and presented to Papyrus and contains valuable marketing and operational information.

#### Award for Papyrus Egypt CEO

The Papyrus Egypt CEO Ms Heba Nayle, received the Silver Award in the 'She Goes Green' category of the Africa Goes Green Awards at COP27, in recognition of the vital leadership of female entrepreneurs in sustainable private sector development, business and social impact, potential for scalability and innovative contributions to green growth. Recognising sustainable natural resource management to improve human well-being and social equity, reducing environmental risks and ecological scarcity, these awards seek to promote climate change focus and recognise innovations and initiatives across Africa. This international recognition reflects the capacity for Papyrus to positively impact people, communities, and the environment.

#### Papyrus Australia

### 5. Commercialisation Model

Engagements at COP27 provided the opportunity to engage prospective partners on the commercialisation model. The model has three basic tiers and is designed to be flexible, enhance collaboration and support growth of the use of banana fibre as a viable alternative to plastics and wood-based fibre alternatives;

1. Equipment Fabrication, Installation and Sales  
Equipment production is supported by a strong network of supply partners
2. Network of Production Facilities
  - Papyrus engages on a range of production partnership models including own and operate, joint ventures and toll processing
3. Product Sales
  - Papyrus is growing its network of distribution partners to link demand for its products with the production facilities

### 6. Expansion of engagements in Major Banana Growing Regions

The success of Papyrus at COP27 expanded engagements with a number of top tier banana growing organisations and investment bodies globally, who have expressed interest in the Papyrus technology to make valuable use of banana plantation waste for economic benefits and to address climate mitigation targets.

Partnership discussions with interested groups from Africa, Asia, South America and Europe combines addressing environmental and sustainability issues, and utilising fibre for biodegradable food packaging products. Interest in potential joint ventures has grown with major banana growers, packaging manufacturers and other stakeholders.

Papyrus Egypt is also receiving strong interest from groups in Africa for the technology and partnerships, which will be pursued following the implementation of the first contract with the MP.

### 7. Growth opportunities with new investments

This year we received our first international impact investment from Europe.

We also secured a service agreement with BPE Investments Pty Ltd and Union Pacific Equities Pty Ltd, to leverage their capability to provide us with valuable growth opportunities and validate our reputation as a trusted partner in the industry. We will work closely to drive mutual success and deliver innovative solutions.

### 8. Papyrus Patent Application

The International Patent relating to the Papyrus technology to produce banana fibre and pulp for moulded fibre products has been published by the International Bureau of the World Intellectual Property Organisation (WIPO) in March 2023.

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Filing the patent application for the 'Method and apparatus for producing a mouldable cellulosic fibrous material' is an important achievement for Papyrus in acquiring broad-ranging international patent protection for this state-of-the-art zero waste process and an important milestone in the protection of technology IP as commercialisation progresses.

### 9. The Board, the AGM and EGM

The Non-Executive Directors continued to forego their remuneration during the year.

In July 2022 Mr Pascal Gouel was appointed to the Board as Executive Director International Business Development, to assist Papyrus in global commercialising at scale and supporting Papyrus' strategic objectives in the international market.

With experience working in Egypt, Kuwait, Saudi Arabia and the United Arab Emirates, Mr Gouel has unique experience and skillsets, invaluable in facilitating the Company's strategic objectives including the proposed consolidation of Egypt with Australia.

At the November AGM Mr Gouel presented a detailed update on the success of Papyrus at COP27 and the growing commercialisation opportunities and engagements underway, which will progress the expansion of business partnerships.

In November 2022 following the AGM, Ms Kerry Chikarovski resigned as Director, having provided firsthand government knowledge to facilitate strategic governance to our Board during her tenure from November 2021.

In May 2023, the Papyrus founder and Managing Director Mr Ramy Azer, retired from the Board to focus on the MP contract and will continue to liaise with Egyptian Government for future facilities on behalf of Papyrus. Having developed the Papyrus technology from concept through to the established commercial-scale facilities in Egypt, the Board is extremely grateful to Mr Azer for the design of the Papyrus innovative technology, his unwavering commitment, passion, and tireless efforts to drive the growth of Papyrus and his ongoing relations with the Government of Egypt to establish more factories.

The Board appointed the Chief Operating Officer Mr Daniel Schmidt as Interim CEO during a transition period while consolidation with Egypt is considered and the structural requirements of the growing Papyrus group is ascertained. Mr Schmidt's strategic operational skills have advanced the development and execution of Papyrus' business strategy and strengthening international partnerships.

#### FY24 horizon

There is a strong groundswell of demand for products that provide a positive impact to both social and environmental outcomes. Papyrus is well positioned with its production of banana fibre pulp and moulded fibre products to provide real world solutions that support a reduction in emissions from farming and a reduction in demand for plastics.

Papyrus is focused on the continued ramp up of the operation in Egypt and specifically completing the construction and production ramp up of the first new banana fibre moulding facility for the Egyptian Government.

Papyrus is also focused on expanding the technology with new partners in other banana growing regions. With a number of promising developments over FY23 Papyrus is well positioned to continue expansion outside the operation in Egypt.

### SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There have been no significant changes in the state of affairs of the Company during the year ended 30 June 2023.

### LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The Company continues to investigate new opportunities for approval by the Company's shareholders and the ASX if required. The outcome of these investigations cannot be predicted at this time. The Group may require further capital to sustain its activities.

### ENVIRONMENTAL REGULATION

The Group's operations are not subject to any significant environmental regulations under either Commonwealth or State legislation. The Group however believes that it has adequate systems in place for the management of any future environmental regulations.

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### MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

There have been no significant matters subsequent to the end of the financial year.

#### Shares under option

At the date of this report, the following options to acquire ordinary shares in the Company were on issue:

| Issue Date | Expiry Date | Exercise Price | Vesting date | Net Issued / (Exercised or expired) during year | Number under option at the date of this report |
|------------|-------------|----------------|--------------|---|--|
| 4/05/2021  | 4/05/2026   | \$0.20         |              | 250,000   | 250,000  |
| 4/05/2021  | 4/05/2026   | \$0.40         |              | 250,000   | 250,000  |
| 1/04/2022  | 1/04/2025   | \$0.10         |              | 250,000   | 250,000  |
| 5/01/2023  | 5/01/2024   | \$0.06         |              | 2,727,273                                       | 2,727,273                                      |
| 9/06/2023  | 9/06/2025   | \$0.03         |              | 14,285,714                                      | 14,285,714                                     |
| 28/6/2023  | 28/09/2024  | \$0.03         |              | 25,000,000                                      | 25,000,000                                     |

#### Shares issued as a result of the exercise of options

No options were exercised during the year ended 30 June 2023 (41,666,667 options were exercised during 2022 financial year).

#### Options Expired

25,750,000 options expired during the year ended 30 June 2023.

#### New options issued

On 5 January 2023 the company issued 2,727,273 unlisted options exercisable at \$0.06 per option and with an expiry date of one year from date of issue, being 5 January 2024 were issued as part of capital raise to sophisticated investors.

On 9 June 2023 the company issued 14,285,714 unlisted options exercisable at \$0.03 per option and with an expiry date of two year from date of issue, being 9 June 2025 were issued as part of capital raise to sophisticated investors.

On 28 June 2023 the Company entered into a deed with Sydney based BPE Investments Pty Ltd and Union Pacific Investments Pty Ltd to promote the Company to potential users of its environmentally friendly technology, improve the Company's opportunities and profile in Australia and internationally and increase value to shareholders. As a result of the deed execution, the Company issued 25,000,000 unlisted options exercisable at \$0.03 per option, and expiring in fifteen months from the date of issue.

Option holders do not have any rights to participate in any issues of shares or other interests of the company or any other entity. There have been no other options granted over unissued shares or interests of any control entity within the Group during or since the end of the reporting period. For details of options issued to directors and executives as remuneration, refer to the remuneration report.

### INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

To the extent permitted by law, the Company has indemnified (un-insured) each director and the secretary of the Company. The liabilities insured include costs and expenses that may be incurred in defending civil or criminal proceedings (that may be brought) against the officers in their capacity as officers of the Company or a related body, and any other payments arising from liabilities incurred by the officers in connection with such proceedings, other than where such liabilities arise out of conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Company.

A premium of \$41,456 was paid for Papyrus Directors and Officers D&O Liability Insurance for the year ended 30 June 2023 (2022: nil)

# Papyrus Australia Ltd

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## Directors' Report

30 June 2023

### REMUNERATION REPORT - AUDITED

This report outlines the remuneration arrangements in place for key management personnel of Papyrus Australia Ltd.

#### Remuneration philosophy

The Board is responsible for determining remuneration policies applicable to Directors and senior executives of the entity. The broad policy is to ensure that remuneration properly reflects the individuals' duties and responsibilities and that remuneration is competitive in attracting, retaining and motivating people with appropriate skills and experience. At the time of determining remuneration, consideration is given by the Board to the Group's financial performance.

#### Employment contracts

The employment conditions of the Managing Director, Mr Ramy Azer, are formalised in a one-year service contract between his related entity Ramy Azer (an incorporated Egyptian entity BRN 4294) and Papyrus Australia Ltd and his fee is \$250,000 per annum (exclusive of GST) and a displacement allowance of \$50,000 payable by the joint venture company Papyrus Egypt. The Company may terminate the services contract without cause by providing one (1) month's written notice or making payment in lieu of notice, based on the annual fee. Termination payments are generally not payable on resignation or dismissal for serious misconduct. In the instance of serious misconduct, the Company can terminate employment at any time. It is noted that this contract expired on the 30 November 2022 and as Mr Ramy Azer retired as Managing Director effective from 19 May 2023 a new contract was not renegotiated but Mr Azer was paid at the same rate as the previous contract until his retirement date.

The Company has employment contracts with the following:

- Mr Daniel Schmidt, Chief Executive Officer with a remuneration of \$205,000 per annum plus superannuation. The contract has no fixed term with each party can terminate the contract with 3 months' notice in writing.
- Effective 19 May 2023 Mr Daniel Schmidt was appointed as Interim CEO following the retirement of the Managing Director Mr Ramy Azer.
- Mr Peter Rostig, Manager – Engineering & Business Development with a remuneration of \$135,000 per annum plus superannuation. The contract has no fixed term with each party can terminate the contract with 3 months' notice in writing. Mr Rostig tendered his resignation effective from the 30 June 2023 will be available to provide engineering services to Papyrus as required.

The Company has consultancy contracts with the following executive directors:

- On the 1st November 2021, the Company entered into a services deed with Chikarovski and Associates to provide services with a remuneration of \$30,000 per annum. The deed had no fixed term and may be terminated by either party with 30 days' notice in writing. Following Ms Chikarovski resigned as Director on 25 November 2022, the deed lapsed.
- On 29 July 2022, the Company entered into a service arrangement with CC&C Pty Ltd for consultancy services to be provided by Mr Pascal Gouel as Executive Director International Business Development., with an annual remuneration of \$50,000 plus GST.

#### Key management personnel remuneration and equity holdings

The Board currently determines the nature and amount of remuneration for key management personnel of the Group. The policy is to align key management personnel objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives.

The non-executive directors and other executives receive a superannuation guarantee contribution required by the government, which is currently 10.5%, and do not receive any other retirement benefits. Some individuals, however, may choose to sacrifice part of their salary to increase payments towards superannuation. All remuneration paid to key management personnel is expensed as incurred. Executives are also entitled to participate in the Group share option scheme. Options are valued using the Black-Scholes methodology.

The Board policy is to remunerate non-executive Directors at market rates based on comparable companies for time, commitment and responsibilities. The Board determines payments to non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required.

Non-executive Directors' fees are determined within an aggregate director's fee pool limit, which is periodically recommended for approval by shareholders. The pool does not include the remuneration payable to the Managing Director Mr Ramy Azer or other executive Directors. The maximum currently stands at \$300,000 per annum and was approved by shareholders prior to the Company listing in April 2005. It should be noted that other than the Managing Director, and the Executive Director International Business Development, no other directors have received any remuneration during the 2023 financial year.

#### USE OF REMUNERATION CONSULTANTS

During the financial year, there were no remuneration recommendations made in relation to key management personnel for the Company by any remuneration consultants. The Company did not use any remuneration consultation during financial year 2023.



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## Directors' Report

30 June 2023

### REMUNERATION REPORT (continued) - AUDITED

#### VOTING AND COMMENTS MADE AT THE COMPANY'S 2022 ANNUAL GENERAL MEETING

Papyrus Australia Ltd motion in relation to the approval of 2022 remuneration report passed with a vote total of more than 98%. The Company did not receive any specific feedback at the AGM on its remuneration report.

#### DETAILS OF REMUNERATION

##### Amounts of remuneration

Detail of the remuneration of key management personnel of the Group are set out in the following tables.

They key management personnel of the Group consisted of the following directors Papyrus Australia Limited:

Mr Edward Byrt, Chairman

Mr Ramy Azer, Managing Director (retired 19 May 2023)

Mr David Attias, Non-Executive Director

Ms Kerry Chikarovski Executive Director (Resigned 25 November 2022)

Mr Vincent Peter Rigano, Non-Executive Director

Mr Pascal Gouel, Executive Director (appointed 29 July 2022)

And the following person:

Mr Daniel Schmidt – Interim Chief Executive Officer

Mr Peter Rostig – Manager – Engineering

There has been a change to the key management personnel of the group since the end of the reporting period.

Mr Peter Rostig – Manager – Engineering retired from his full-time position and will be available to provide engineering services to Papyrus as required.

Table 1: Directors' remuneration for the year ended 30 June 2023 and 30 June 2022

|                      | Primary Benefit     | Post-Employment      | Share-based Payments | Total Benefit  |
|----------------------|---------------------|----------------------|----------------------|----------------|
|                      | Salary & Fees<br>\$ | Superannuation<br>\$ | Options<br>\$        | \$             |
| Mr Ramy Azer         |                     |                      |                      |                |
| 2023(*)              | 221,102             | -                    | -                    | 221,102        |
| 2022                 | 250,000             | -                    | -                    | 250,000        |
| Ms Kerry Chikarovski |                     |                      |                      |                |
| 2023(**)             | 12,500              | -                    | -                    | 12,500         |
| 2022                 | 20,000              | -                    | 64,832               | 84,832         |
| Mr Pascal Gouel      |                     |                      |                      |                |
| 2023 (***)           | 45,837              | -                    | -                    | 45,837         |
| 2022                 | -                   | -                    | -                    | -              |
| <b>Total</b>         |                     |                      |                      |                |
| <b>2023</b>          | <b>279,439</b>      | <b>-</b>             | <b>-</b>             | <b>279,439</b> |
| <b>2022</b>          | <b>270,000</b>      | <b>-</b>             | <b>64,832</b>        | <b>336,832</b> |

(\*) Represents remuneration to Mr Azer under the service contract discussed above. The remuneration above doesn't included benefits paid to Mr Azer by Papyrus Egypt, the entity that the Company has joint control over and accounts for using equity method.

(\*\*) Represents the payments made to Ms Chikarovski under the consultancy contract as discussed above, up until her resignation as Company Director on 25 November 2022.

(\*\*\*) Represents the payments made to Mr Pascal Gouel under the consultancy arrangement as discussed above upon his appointment as Executive Director of the Company on 29 July 2022.

Table 2: Remuneration of key management personnel for the year ended 30 June 2023 and 30 June 2022

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## Directors' Report

30 June 2023

### REMUNERATION REPORT CONTINUED- AUDITED

#### DETAILS OF REMUNERATION (continued)

|                   | Primary Benefit     | Post-Employment      | Share-based Payments | Primary Benefit |
|-------------------|---------------------|----------------------|----------------------|-----------------|
|                   | Salary & Fees<br>\$ | Superannuation<br>\$ | Options<br>\$        | \$              |
| Mr Peter Rostig   |                     |                      |                      |                 |
| 2023(***)         | 135,000             | 14,158               | -                    | 149,158         |
| 2022              | 108,555             | 9,163                | 13,155               | 117,718         |
| Mr Daniel Schmidt |                     |                      |                      |                 |
| 2023(***)         | 205,000             | 21,525               | -                    | 226,525         |
| 2022              | 41,394              | 4,139                | -                    | 45,533          |
| <b>Total</b>      |                     |                      |                      |                 |
| <b>2023</b>       | <b>340,000</b>      | <b>35,683</b>        | <b>-</b>             | <b>375,683</b>  |
| <b>2022</b>       | <b>149,949</b>      | <b>13,302</b>        | <b>13,155</b>        | <b>163,251</b>  |

(\*\*\*) Represents remuneration to Mr Schmidt under the service contract discussed above.

(\*\*\*\*) Mr Rostig under the service contract discussed above, a sign-on incentive was provided to Mr Rostig as part of his appointment with the Company. 500,000 unlisted options under a contract of employment were issued 4 May 2021, of these 250,000 vested on 4 May 2022 have an exercise price of \$0.20 per option and expire on 4 May 2026. The remaining 250,000 options will vest on 4 May 2023 if Mr Rostig remains in employment with the Company, have an exercise price of \$0.40 per option and an expiry date of 4 May 2026. The options had a fair value of \$8,868 and \$8,573 at the grant date, determined using Black Scholes valuation model respectively

#### Options holdings of Directors and Key Management Personnel

|                    | Balance at 1<br>July 2022 | Granted as<br>remuneration | Other<br>Changes -<br>Exercised | Other<br>Changes -<br>Issued | Balance at 30<br>June 2023 | Vested and<br>Exercisable at<br>30 June 2023 |
|--------------------|---------------------------|----------------------------|---------------------------------|------------------------------|----------------------------|--|
| K Chikarovski (**) | 4,000,000                 | -                          | -                               | (4,000,000)                  | -                          | -  |
| P Rostig           | 500,000                   | -                          | -                               | -                            | 500,000                    | 500,000                                      |
| <b>Total</b>       | <b>4,500,000</b>          | <b>-</b>                   | <b>-</b>                        | <b>(4,000,000)</b>           | <b>500,000</b>             | <b>500,000</b>                               |

(\*\*) 4,000,000 unlisted options were issued but have been removed from this table on Ms Chikarovski resignation as a director All remuneration for both 2023 and 2022 for key management personnel was fixed and not linked to performance.

# Papyrus Australia Ltd

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## Directors' Report

30 June 2023

### REMUNERATION REPORT CONTINUED- AUDITED

#### DETAILS OF REMUNERATION (continued)

Key Management Personnel (Direct) Shareholdings

|               | Balance at 1 July 2021 | Other Changes  | Balance at 30 June 2022 |
|---------------|------------------------|----------------|-------------------------|
| R Azer        | 48,613,253             | -              | 48,613,253              |
| E Byrt        | 25,779,481             | -              | 25,779,481              |
| D Attias      | -                      | -              | -                       |
| K Chikarovski | -                      | 100,000        | 100,000                 |
| V Rigano      | 12,830,445             | -              | 12,830,445              |
| <b>Total</b>  | <b>87,223,179</b>      | <b>100,000</b> | <b>87,323,179</b>       |

|                    | Balance at 1 July 2022 | Other Changes       | Balance at 30 June 2023 |
|--------------------|------------------------|---------------------|-------------------------|
| R Azer (*)         | 48,613,253             | (48,613,253)        | -                       |
| E Byrt             | 25,779,481             | -                   | 25,779,481              |
| D Attias           | -                      | -                   | -                       |
| K Chikarovski (**) | 100,000                | (100,000)           | -                       |
| V Rigano           | 12,830,445             | -                   | 12,830,445              |
| P Gouel            | -                      | -                   | -                       |
| <b>Total</b>       | <b>87,323,179</b>      | <b>(48,713,253)</b> | <b>38,609,926</b>       |

(\*) Mr Azer retired from the board during the period. The Other Changes represents additional shares acquired during the period of 12,270,636 and the change to reflect the retirement, not a disposal of shares.

(\*\*) Ms Chikarovski resigned from the board during the period. The Other Change represents the change to reflect the resignation, not a disposal of shares.

#### Other transactions with key management personnel

The Company has an unsecured loan representing a draw down facility provided by Talisker (SA) Pty Ltd ("Talisker"), an entity associated with the Company's Managing Director, Mr Ramy Azer. The loan is unsecured and repayable from future revenues or proceeds from future equity raisings, subject to not materially prejudicing the ability of the Company to repay its creditors. The balance of the loan at 30 June 2023 is \$0 (2022: \$0). As at 30 June 2022, the accrued interest of \$40,867 associated with the loan historically is still outstanding. The interest was agreed between the parties to be paid only when the group makes sufficient profit. This interest portion was presented in the financial statement of the Group within the 'Trade and other payables' a current liability.

The Company had unsecured payable owing to with V Rigano. The payable was short-term in nature and no interest is charged on this. The balance of the loan which relates to reimbursement of expenses is as follows:

|          | Balance at 30 June 2022 | Balance at 30 June 2023 |
|----------|-------------------------|-------------------------|
| V Rigano | 1,033                   | 2,035                   |

**END OF AUDITED REMUNERATION REPORT.**

# Papyrus Australia Ltd

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## Directors' Report

30 June 2023

### DIRECTORS' MEETINGS

The number of meetings of directors (including meetings of committees of directors) held during the year and the number of meetings attended by each director were as follows:

|   | Directors'<br>Meetings       |                 | Audit Committee              |                 |
|---|------------------------------|-----------------|------------------------------|-----------------|
| Number of meetings held                           | 22                           |                 | 2                            |                 |
| Number of meetings attended:                      | Number eligible<br>to attend | Number attended | Number eligible<br>to attend | Number attended |
| Mr Edward Byrt                                    | 22                           | 22              | 2                            | 2               |
| Mr Ramy Azer (retired 19 May 2023)                | 16                           | 12              | 0                            | 0               |
| Mr David Attias                                   | 22                           | 20              | 2                            | 2               |
| Mrs Kerry Chikarovski (resigned 25 November 2022) | 5                            | 5               |                              |                 |
| Mr Vincent Rigano                                 | 22                           | 22              | 2                            | 2               |
| Mr Pascal Gouel                                   | 22                           | 20              | -                            | -               |

Members acting on the audit committee of the Board are:

|                |   |          |
|----------------|---|----------|
| Vincent Rigano | Non-executive                           | director |
| Edward Byrt    | Non-executive                           | director |
| David Attias   | Non-executive                           | director |
| Ramy Azer      | Managing director (retired 19 May 2022) |          |

### PROCEEDINGS ON BEHALF OF THE COMPANY

The Group was not a party to any proceedings during the year.

### NON-AUDIT SERVICES

BDO Audit Pty Ltd, in its capacity as auditor for Papyrus Australia Ltd, has not provided any non-audit services throughout the reporting period.

In February 2023, BDO Services commenced application for the Research and Development Tax Incentive (R&DTI) Tax offset for Papyrus Australia Ltd.

In April 2023, BDO Services Egypt was engaged to prepare an independent valuation of Papyrus Egypt.

### AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration for the year ended 30 June 2023 as required under section 307C of the Corporations Act 2001 has been received and can be found on page 21.

Signed in accordance with a resolution of the directors.



Edward Byrt  
Chairman

29<sup>th</sup> September 2023

DECLARATION OF INDEPENDENCE  
BY ANDREW TICKLE  
TO THE DIRECTORS OF PAPYRUS AUSTRALIA LIMITED

As lead auditor of Papyrus Australia Limited for the year ended 30 June 2023, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Papyrus Australia Limited and the entities it controlled during the period.



Andrew Tickle  
Director

BDO Audit Pty Ltd

Adelaide, 29 September 2023

# Papyrus Australia Ltd

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## Consolidated Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 30 June 2023

|  | Note  | Consolidated Group |                    |
|--|-------|--------------------|--------------------|
|  |       | 30 June<br>2023    | 30 June<br>2022    |
|  |       | \$                 | \$                 |
| Other income   | 2 (a) | 97,630             | -                  |
| Share based payment expense  |       | (11,275)           | (97,685)           |
| Consultancy expenses / Salaries and Wages                                      |       | (408,319)          | (391,941)          |
| Depreciation expense   |       | (1,352)            | (212)              |
| Employee benefits expenses   | 2 (b) | (371,587)          | (163,251)          |
| Other expenses   | 2 (c) | (446,359)          | (276,346)          |
| Share of net profits of associate and joint venture                            |       | (362,386)          | (247,336)          |
| <b>Loss before income tax benefit</b>  |       | <b>(1,503,598)</b> | <b>(1,176,771)</b> |
| Income tax benefit   | 3     | -                  | -                  |
| <b>Loss for the period</b>   |       | <b>(1,503,598)</b> | <b>(1,176,771)</b> |
| Other compressive income   |       | -                  | -                  |
| <b>Total comprehensive income for the year</b>                                 |       | <b>(1,503,598)</b> | <b>(1,176,771)</b> |
| Loss attributable to the parent  |       | (1,503,598)        | (1,176,771)        |
| <b>Loss for the year</b>   |       | <b>(1,503,598)</b> | <b>(1,176,771)</b> |
| Total comprehensive income attributable to the parent                          |       | (1,503,598)        | (1,176,771)        |
| <b>Total comprehensive income attributable to members of the parent entity</b> |       | <b>(1,503,598)</b> | <b>(1,176,771)</b> |
| <b>Earnings per share:</b>   |       |                    |                    |
|  |       | Cents              | Cents              |
| Basic earnings per share   | 4     | (0.32)             | (0.27)             |
| Diluted earnings per share   | 4     | (0.32)             | (0.27)             |

The accompanying notes form part of these financial statements.

# Papyrus Australia Ltd

ABN 63 110 868 409

## Consolidated Statement of Financial Position As at 30 June 2023

| Note  | Consolidated Group |                 |
|---|--------------------|-----------------|
|   | 30 June<br>2023    | 30 June<br>2022 |
|   | \$                 | \$              |
| <b>CURRENT ASSETS</b>                             |                    |                 |
| Cash and cash equivalents                         |                    |                 |
| Trade and other receivables                       | 5                  | 425,003         |
| Prepayments                                       | 6                  | 1,559,071       |
| <b>TOTAL CURRENT ASSETS</b>                       | 7                  | 6,067           |
| <b>NON-CURRENT ASSETS</b>                         |                    |                 |
| Property, plant and equipment                     | 8                  | 1,990,141       |
| Investments accounted for using the equity method | 9                  | 2,421,641       |
| <b>TOTAL NON-CURRENT ASSETS</b>                   |                    | 2,280           |
| <b>TOTAL ASSETS</b>                               |                    | 689,856         |
|   |                    | 1,052,242       |
|   |                    | 692,136         |
|   |                    | 1,055,202       |
|   |                    | 2,682,277       |
|   |                    | 3,476,843       |
| <b>CURRENT LIABILITIES</b>                        |                    |                 |
| Trade and other payables                          | 10                 | 201,791         |
| <b>TOTAL CURRENT LIABILITIES</b>                  |                    | 203,984         |
| <b>NON-CURRENT LIABILITIES</b>                    |                    |                 |
| Other non-current liabilities                     |                    | -               |
| <b>TOTAL NON-CURRENT LIABILITIES</b>              |                    | -               |
| <b>TOTAL LIABILITIES</b>                          |                    | -               |
|   |                    | 201,791         |
|   |                    | 203,984         |
| <b>NET ASSETS / (LIABILITIES)</b>                 |                    | 2,480,486       |
| <b>EQUITY</b>                                     |                    |                 |
| Issued capital                                    | 11                 | 26,372,581      |
| Reserves  | 12                 | 25,672,581      |
| Accumulated losses                                |                    | 1,071,488       |
| Total attributable to owners of parent            |                    | 1,060,263       |
| <b>TOTAL EQUITY / (DEFICIT)</b>                   |                    | (24,963,583)    |
|   |                    | (23,459,985)    |
|   |                    | 2,480,486       |
|   |                    | 3,272,859       |

The accompanying notes form part of these financial statements.

# Papyrus Australia Ltd

ABN 63 110 868 409

## Consolidated Statement of changes in equity For the Year Ended 30 June 2023

|   |    | Consolidated Group |                                |                      |             |
|---|----|--------------------|--------------------------------|----------------------|-------------|
|   |    | Issued Capital     | Earnings/ (Accumulated losses) | Share Option Reserve | Total       |
|   |    | \$                 | \$                             | \$                   | \$          |
| Balance at 1 July 2021  |    | 25,032,581         | (22,283,214)                   | 952,578              | 3,701,945   |
| Comprehensive income  |    |                    |                                |                      |             |
| Loss for the year   |    | -                  | (1,176,771)                    | -                    | (1,176,771) |
| Total comprehensive income for the period                                     |    | -                  | (1,176,771)                    | -                    | (1,176,771) |
| transactions with owners, in their capacity as owners, and other transactions |    |                    |                                |                      |             |
| Shares Issued via exercise of options on 19 January 2022                      |    | 75,000             | -                              | -                    | 75,000      |
| Shares issued via exercise of options on 24 January 2022                      |    | 150,000            | -                              | -                    | 150,000     |
| Shares issued via exercise of options on 30 March 2022                        |    | 75,000             | -                              | -                    | 75,000      |
| Shares issued via private placement on 1 April 2022                           |    | 15,000             | -                              | -                    | 15,000      |
| Shares issued via exercise of options on 29 April 2022                        |    | 150,000            | -                              | -                    | 150,000     |
| Shares issued via exercise of options on 11 May 2022                          |    | 175,000            | -                              | -                    | 175,000     |
| Share based payments  |    | -                  | -                              | 97,685               | 97,685      |
| Unlisted Options issued to sophisticated investor on 20 August 2021           |    | -                  | -                              | 10,000               | 10,000      |
| Total transactions with owners and other transactions                         | 11 | 640,000            | -                              | 107,685              | 747,685     |
| Balance at 30 June 2022   |    | 25,672,581         | (23,459,985)                   | 1,060,263            | 3,272,858   |
| Balance at 1 July 2023  |    | 25,672,581         | (23,459,985)                   | 1,060,263            | 3,272,858   |
| Comprehensive income  |    |                    |                                |                      |             |
| Loss for the year   |    | -                  | (1,503,598)                    | -                    | (1,503,598) |
| Total comprehensive income for the period                                     |    | -                  | (1,503,598)                    | -                    | (1,503,598) |
| transactions with owners, in their capacity as owners, and other transactions |    |                    |                                |                      |             |
| Shares issued via private placement on 5 January 2023                         |    | 300,000            | -                              | -                    | 300,000     |
| Shares issued via private placement on 9 June 2023                            |    | 400,000            | -                              | -                    | 400,000     |
| Share based payments  |    | -                  | -                              | 11,225               | 11,225      |
| Total transactions with owners and other transactions                         | 11 | 700,000            | -                              | 11,225               | 711,225     |
| Balance at 30 June 2023   |    | 700,000            | (24,963,583)                   | 11,225               | 2,480,486   |

The accompanying notes form part of these financial statements.



# Papyrus Australia Ltd

ABN 63 110 868 409

## Consolidated Statement of Cash Flows For the Year Ended 30 June 2023

### Consolidated Group

|  |             | 30 June<br>2023<br>\$ | 30 June<br>2022<br>\$ |
|--|-------------|-----------------------|-----------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>          | <b>Note</b> |                       |                       |
| Receipts from customers                              |             | -                     | -                     |
| Payments to suppliers and employees                  |             | (1,237,523)           | (750,760)             |
| <b>NET CASH USED IN OPERATING ACTIVITIES</b>         | <b>13</b>   | <b>(1,237,523)</b>    | <b>(750,760)</b>      |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>          |             |                       |                       |
| Purchase property, plant & equipment                 |             | -                     | (3,172)               |
| Loans made to joint venture entity                   |             | (413,742)             | (576,440)             |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>          |             | <b>(413,742)</b>      | <b>(579,612)</b>      |
| Proceeds from issue of shares                        |             | 700,000               | 625,000               |
| Proceeds from issue of options                       |             | -                     | 10,000                |
| Repayment of borrowings                              |             | -                     | -                     |
| <b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>     |             | <b>700,000</b>        | <b>635,000</b>        |
| Net (decrease)/increase in cash and cash equivalents |             | (951,265)             | (695,372)             |
| Cash at the beginning of the financial year          |             | 1,376,268             | 2,071,640             |
| <b>CASH AT THE END OF THE FINANCIAL YEAR</b>         | <b>5(a)</b> | <b>425,003</b>        | <b>1,376,268</b>      |

The accompanying notes form part of these financial statements.

# Papyrus Australia Ltd

ABN 63 110 868 409

## Notes to the Financial Statements

For the year ended 30 June 2023

This financial report covers the consolidated financial statements and notes of Papyrus Australia Ltd ('the Company') as an Individual entity and the consolidated Group comprising Papyrus Australia Ltd and its Controlled Entities ('the Group'). Papyrus Australia Ltd is a for-profit Group limited by shares, incorporated and domiciled in Australia, whose shares are publicly traded on the Australian Securities Exchange. The financial statements were authorised for issue by the Board of Directors on 29 September 2023.

Each of the entities within the Group prepare their financial statements based on the currency of the primary economic environment in which the entity operates (functional currency). The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

The separate financial statements and notes of the parent entity, Papyrus Australia Ltd, have not been presented within this financial report as permitted by amendments made to the Corporations Act 2001.

### 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### (a) Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

These financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The significant accounting policies used in the preparation and presentation of these financial statements are provided below and are consistent with prior reporting periods unless otherwise stated.

Except for the cash flow information, the financial statements are prepared on an accruals basis and are based on historical costs, except for the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

#### Going Concern

The financial statements have been prepared on the 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 presented in the financial statements, the Group incurred a loss before comprehensive income of \$1,503,598 and had net cash outflows of \$425,003 as at 30 June 2023.

The Directors believe it is reasonably foreseeable that the Group will continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report considering the following factors;

- ☐ the ability of the Group to raise additional capital either through an additional placement and/or the exercise of options;
- ☐ the expected repayment of amounts loaned to Papyrus Egypt;
- ☐ access to additional funding through the Group's agreement with Talisker to support operations;
- ☐ potential cash flows from PPYEg resulting from the revenue generated from the sale of fibre to the Egyptian Government project and the offtake contract income for the sale of output generated by Egyptian Government project.

However, there remains a material uncertainty which may cast significant doubt as to whether the Group will continue as a going concern, and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report. The financial report does not include any adjustments relating to the amounts or classification of recorded assets or liabilities that might be necessary if the entity does not continue as a going concern.

#### (b) Principles of Consolidation

The consolidated financial statements include the financial position and performance of controlled entities from the date on which control is obtained until the date that control is lost.

Intragroup assets, liabilities, equity, income, expenses and cash flows relating to transactions between entities in the consolidated entity have been eliminated in full for the purpose of these financial statements.

Appropriate adjustments have been made to a controlled entity's financial position, performance and cash flows where the accounting policies used by that entity were different from those adopted by the consolidated entity. All controlled entities have a June financial year end.

A list of controlled entities is contained in Note 16 to the financial statements.

# Papyrus Australia Ltd

ABN 63 110 868 409

## Notes to the Financial Statements

For the year ended 30 June 2023

### 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Subsidiaries

Subsidiaries are all entities (including structured entities) over which the parent has control. Control is established when the parent is exposed to or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity.

#### (c) Business Combinations

The acquisition method of accounting is used to account for all business combinations regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, shares issued, or liabilities incurred or assumed at the date of exchange. Costs directly attributable to the combination are expensed as incurred. Where equity instruments are issued in a business combination, the fair value of the instruments is their published market price as at the date of exchange unless, in rare circumstances, it can be demonstrated that the published price at the date of exchange is an unreliable indicator of fair value, and that other evidence and valuation methods provide a more reliable measure of fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Except for non-current assets or disposal groups classified as held for sale (which are measured at fair value less costs to sell), all identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of the business combination over the net fair value of the Group's share of the identifiable net assets acquired is recognised as goodwill. If the cost of acquisition is less than the Group's share of the net fair value of the identifiable net assets of the subsidiary, the difference is recognised as a gain in the income statement, but only after a reassessment of the identification and measurement of the net assets acquired.

#### (d) Revenue and other income

Revenue is recognised when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the entity and specific criteria relating to the type of revenue has been satisfied.

Revenue is measured at the fair value of the consideration received or receivable and is presented net of returns, discounts and rebates.

All revenue is stated net of the amount of goods and services tax (GST).

#### Interest revenue

Interest is recognised using the effective interest method.

#### Grant revenue

Government grants are recognised at fair value where there is reasonable assurance that the grant will be received, and all grant conditions will be met. Grants relating to expense items are recognised as income over the periods necessary to match the grant to the costs they are compensating. Grants relating to assets are credited to deferred income at fair value and are credited to income over the expected useful life of the asset on a straight-line basis.

#### (e) Finance costs

Finance costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other finance costs are recognised in income in the period in which they are incurred.

#### (f) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

Bank overdrafts also form part of cash equivalents for the purpose of the consolidated statement of cash flows and are presented within current liabilities on the consolidated statement of financial position.

#### (g) Trade and other receivables

For trade receivables, the Group applies a simplified approach in calculating Expected Credit Losses ('ECLs') as allowed in accordance with AASB 9 Financial Instruments.

Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

# Papyrus Australia Ltd

ABN 63 110 868 409

## Notes to the Financial Statements

For the year ended 30 June 2023

### 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (h) Income Tax

The tax expense recognised in the consolidated statement of profit or loss and other comprehensive income relates to current income tax expense plus deferred tax expense (being the movement in deferred tax assets and liabilities and unused tax losses during the year).

Current tax is the amount of income taxes payable (recoverable) in respect of the taxable profit (tax loss) for the year and is measured at the amount expected to be paid to (recovered from) the taxation authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is provided on temporary differences which are determined by comparing the carrying amounts of tax bases of assets and liabilities to the carrying amounts in the financial statements.

Deferred tax is not provided for the following:

The initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

Taxable temporary differences arising on the initial recognition of goodwill.

Temporary differences related to investment in subsidiaries, associates and jointly controlled entities to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax consequences relating to a non-monetary asset carried at fair value are determined using the assumption that the carrying amount of the asset will be recovered through sale.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and losses can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date 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 deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Current tax assets and liabilities are offset where there is a legally enforceable right to set off the recognised amounts and there is an intention either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset where there is a legal right to set off current tax assets against current tax liabilities and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Current and deferred tax is recognised as income or an expense and included in profit or loss for the period except where the tax arises from a transaction which is recognised in other comprehensive income or equity, in which case the tax is recognised in other comprehensive income or equity respectively.

Tax consolidation legislation

Papyrus Australia Ltd and its wholly owned Australian subsidiaries have formed an income tax consolidated group.

# Papyrus Australia Ltd

ABN 63 110 868 409

## Notes to the Financial Statements

For the year ended 30 June 2023

### 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (h) Income Tax (continued)

Each entity in the tax consolidated group accounts for their own current and deferred tax amounts. These tax amounts are measured using the 'stand-alone taxpayer' approach to allocation.

Current tax liabilities (assets) and deferred tax assets arising from unused tax losses and tax credits in the subsidiaries are immediately transferred to the parent entity.

#### (i) Goods and Services Tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payable are stated inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the consolidated statement of financial position.

Cash flows in the consolidated statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

#### (j) Plant and Equipment

Each class of plant and equipment are measured using the cost model as specified below.

Where the cost model is used, the asset is carried at its cost less any accumulated depreciation and any impairment losses. Costs include purchase price, other directly attributable costs and the initial estimate of the costs of dismantling and restoring the asset, where applicable.

##### Depreciation

The depreciable amount of all plant and equipment is depreciated on a straight- line and diminishing value basis from the date that management determine that the asset is available for use.

Assets held under a finance lease and leasehold improvements are depreciated over the shorter of the term of the lease and the assets useful life.

The estimated useful lives used for each class of depreciable asset are shown below:

| Fixed asset class   | Useful life    |
|---------------------|----------------|
| Plant and Equipment | 2.5 - 20 years |

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of profit or loss and other comprehensive income.

# Papyrus Australia Ltd

ABN 63 110 868 409

## Notes to the Financial Statements

For the year ended 30 June 2023

### 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (k) Financial instruments

##### Initial recognition and measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

##### (i) Financial assets

###### Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

###### Subsequent measurement of financial assets at amortised cost

The Group measures financial assets at amortised cost if both of the following conditions are met:

- ☐ The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- ☐ The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

##### Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- ☐ The rights to receive cash flows from the asset have expired; or
- ☐ The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

# Papyrus Australia Ltd

ABN 63 110 868 409

## Notes to the Financial Statements

For the year ended 30 June 2023

### 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (k) Financial Statements (continued)

##### Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

##### (ii) Financial liabilities

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss. Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of the new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

##### (l) Impairment of non-financial assets

At the end of each reporting period, the Group determines whether there is any evidence of an impairment indicator for non-financial assets.

Where this indicator exists and regardless for goodwill, indefinite life intangible assets and intangible assets not yet available for use, the recoverable amount of the assets is estimated.

Where assets do not operate independently of other assets, the recoverable amount of the relevant cash-generating unit (CGU) is estimated.

The recoverable amount of an asset or CGU is the higher of the fair value less costs of disposal and the value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss.

Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss, except for goodwill.

##### (m) Trade and other payables

Trade and other payables are carried at amortised costs and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

##### (n) Interest bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost.

# Papyrus Australia Ltd

ABN 63 110 868 409

## Notes to the Financial Statements

For the year ended 30 June 2023

### 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (o) Equity settled compensation

Group provides benefits to employees of the Group in the form of share-based payments, whereby employees receive options incentives (equity-settled transactions).

There is currently one plan in place to provide these benefits, the Employee Share Option Plan (ESOP) which provides benefits to employees.

The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they were granted. The fair value is determined using the Black-Scholes option pricing model.

The cost of equity-settled transactions is recognised as an expense in the consolidated statement of profit or loss and other comprehensive income, together with a corresponding increase in the share option reserve, when the options are issued. However, where options have vesting terms attached, the cost of the transaction is amortised over the vesting period.

Upon the exercise of options, the balance of share-based payments reserve relating to those options is transferred to issued capital.

#### (p) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options which vest immediately are recognised as a deduction from equity, net of any tax effects.

#### (q) Earnings per share

The Group presents basic and diluted earnings per share information for its ordinary shares.

Basic earnings per share is calculated by dividing the profit attributable to members of the Group by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share adjusts the 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 additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

In accordance with AASB 133 'Earnings per Share', as potential ordinary shares may only result in a situation where their conversion results in an increase in loss per share or decrease in profit per share from continuing operations, no dilutive effect has been taken into account in 2022 and 2023.

#### (r) Critical accounting estimates and judgments

The preparation of financial reports requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Except as described below, in preparing this report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial report for the year ended 30 June 2023.

#### Key estimates Impairment of assets

The Group assesses impairment at each reporting date by evaluating conditions specific to the Group that may lead to an impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined.



# Papyrus Australia Ltd

ABN 63 110 868 409

## Notes to the Financial Statements

For the year ended 30 June 2023

### 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (s) Investment in associate and joint venture

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operational policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint agreement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries. The Group's investment in its associate and joint venture are accounted for using the equity method.

Under the equity method, the investment in an associate or joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of the net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

The Statement of profit or loss reflects the Group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains or losses resulting from transactions between the Group and associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group's share of the profit or loss of an associate and a joint venture is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interest in the subsidiaries of the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring to account policies in line with those of the Group.

#### (t) New Accounting Standards and Interpretations

##### New Accounting Standards issued but not yet effective and not been adopted early by the Group

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the group has decided not to adopt early. The Group has reviewed and assessed that none of these new accounting standards, used but not yet effective, are expected to have material impact on the group.

# Papyrus Australia Ltd

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## Notes to the Financial Statements

For the year ended 30 June 2023

### 2 REVENUE AND EXPENSES

| Consolidated Group   |                 |
|--|-----------------|
| 30 June<br>2023  | 30 June<br>2022 |
| \$   | \$              |
| <b>REVENUE</b>   |                 |
| (a) <i>Other income</i>  |                 |
| Other income   |                 |
| 97,630   | -               |
| <b>97,630</b>  | <b>-</b>        |
| <b>EXPENSES</b>  |                 |
| (b) <i>Employee benefit expenses</i>   |                 |
| Wages, salaries and other remuneration expenses  |                 |
| 371,587  | 163,251         |
| Total employee benefit expenses  |                 |
| <b>371,587</b>   | <b>163,251</b>  |
| Included in wages, salaries and other remuneration expenses were defined superannuation contribution expense for the year ended 30 June 2023 \$35,683 (2022: \$13,302) |                 |
| (c) <i>Other expenses</i>  |                 |
| Audit and accounting fees  |                 |
| 79,866   | 122,024         |
| Legal fees   |                 |
| 3,516  | (900)           |
| Marketing  |                 |
| 107,923  | -               |
| Travel and accommodation   |                 |
| 87,455   | 51,473          |
| Governance and secretarial costs   |                 |
| 12,371   | 2,245           |
| Intellectual property expenses   |                 |
| 6,056  | 19,020          |
| Information technology   |                 |
| -  | 4,825           |
| Patent Costs   |                 |
| 17,113   | -               |
| Insurance  |                 |
| 37,341   | -               |
| Share registry and ASX expenses  |                 |
| 79,959   | 66,564          |
| Other expenses   |                 |
| 14,759   | 11,095          |
| <b>446,359</b>   | <b>276,346</b>  |

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# Papyrus Australia Ltd

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## Notes to the Financial Statements

For the year ended 30 June 2023

### 3 INCOME TAX EXPENSE

The major components of tax expense (income) comprise:

|  | Consolidated Group |                 |
|--|--------------------|-----------------|
|  | 30 June<br>2023    | 30 June<br>2022 |
|  | \$                 | \$              |
| Income tax expense   | -                  | -               |
| A reconciliation between tax expense and the product of accounting Loss before income tax multiplied by the Group's applicable one tax |                    |                 |
| Loss before income tax   | (1,503,598)        | (1,176,771)     |
| At the Group's income tax rate of (2022:25%)   | (375,900)          | (294,193)       |
| Share-based payments expensed during the year  | 11,275             | 24,421          |
| Expenditure not allowable for income tax purposes  | 5,385              | 83              |
| Tax losses not recognized due to not meeting recognition criteria  | 359,240            | 269,689         |
|  | -                  | -               |

The Group has tax losses arising in Australia of \$14,205,264 (2022: \$13,846,024)

No deferred tax asset has been recognized because it is not likely future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realized.

### 4 EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing net loss for the year attributable to ordinary equity holders of the Group by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net loss attributable to ordinary equity holders of the Group by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

In accordance with AASB 133 'Earnings per Share', as potential ordinary shares may only result in a situation where their conversion results in an increase in loss per share or decrease in profit per share from continuing operations, no dilutive effect has been taken into account in 2023 or 2022.

The following reflects the income and share data used in the basic and diluted earnings per share computations:

#### (a) Reconciliation of earnings to profit or loss from continuing operations

|  |             |             |
|--|-------------|-------------|
| Net loss attributable to ordinary equity holders of the parent | (1,503,598) | (1,176,771) |
|--|-------------|-------------|

#### (b) Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS

|  |             |             |
|--|-------------|-------------|
| Weighted average number of ordinary shares for basic earnings per share        | 473,079,388 | 438,836,237 |
| Effect of dilution   |             |             |
| Share options  | -           | -           |
| Weighted average number of ordinary shares adjusted for the effect of dilution | 473,079,388 | 438,836,237 |

# Papyrus Australia Ltd

ABN 63 110 868 409

## Notes to the Financial Statements

For the year ended 30 June 2023

### 5 CASH AND CASH EQUIVALENTS

|                          | Consolidated Group |                  |
|--------------------------|--------------------|------------------|
|                          | 30 June<br>2023    | 30 June<br>2022  |
|                          | \$                 | \$               |
| Cash at bank and in hand | 425,003            | 1,376,268        |
|                          | <b>425,003</b>     | <b>1,376,268</b> |

Cash at bank earns interest at floating rates based on daily bank deposit rates.

Short-term deposits are made for varying periods of between one day and six months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

#### (a) Reconciliation of cash

Cash and Cash equivalents reported in the consolidated statement of cash flows are reconciled to the equivalent items in the consolidated statement of financial position as follows:

|                          |                |                  |
|--------------------------|----------------|------------------|
| Cash at bank and in hand | 425,003        | 1,376,268        |
|                          | <b>425,003</b> | <b>1,376,268</b> |

### 6 TRADE AND OTHER RECEIVABLES

|                   | Consolidated Group |                  |
|-------------------|--------------------|------------------|
|                   | 30 June<br>2023    | 30 June<br>2022  |
|                   | \$                 | \$               |
| CURRENT           |                    |                  |
| Other receivables | 1,551,035          | 1,039,623        |
| GST recoverable   | 8,036              | 5,750            |
|                   | <b>1,559,071</b>   | <b>1,045,373</b> |

Other Receivable represent receivable from Papyrus Egypt, a joint venture company that the Group accounts for using equity method. No expected credit losses were recognized for the receivable for the year ended 30 June 2023 (2022: Nil) as there did not note a significant increase in credit risk. This amount is interest free and repayable on demand.

### 7 PREPAYMENTS

|  | Consolidated Group |                 |
|--|--------------------|-----------------|
|  | 30 June<br>2023    | 30 June<br>2022 |
|  | \$                 | \$              |
| Prepayment for the investment in equity in<br>Egypt Banana Fibre Company and Papyrus Egypt | 6.067              | -               |
| <b>Total</b>   | <b>6,067</b>       | <b>-</b>        |

# Papyrus Australia Ltd

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## Notes to the Financial Statements

For the year ended 30 June 2023

### 8 PLANT AND EQUIPMENT

|  | Consolidated Group |                 |
|--|--------------------|-----------------|
|  | 30 June<br>2023    | 30 June<br>2022 |
|  | \$                 | \$              |
| PLANT AND EQUIPMENT                                      |                    |                 |
| Plant and equipment at cost                              | 3,844              | 3,172           |
| Accumulated depreciation and impairment                  | (1,564)            | (212)           |
| (a) Movements in carrying amounts of plant and equipment | 2,280              | 2,960           |

Movement in the carrying amounts for each class of plant and equipment between the beginning and the end of the current and previous financial years:

| Consolidated                          | Plant and<br>Equipment<br>\$ |
|---------------------------------------|------------------------------|
| <b>Year ended 30 June 2023</b>        |                              |
| Balance at the beginning of year      | 2,960                        |
| Additions                             | 672                          |
| Depreciation expense                  | (1,352)                      |
| <b>Balance at the end of the year</b> | <b>2,280</b>                 |

### 9 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

| Name                             | Classification | Place of<br>Business /<br>Incorporation | Proportion of Ordinary Share<br>Interests/ Participating<br>Shares |        | Measurement<br>Method | Carrying amount |           |
|----------------------------------|----------------|---|--|--------|-----------------------|-----------------|-----------|
|                                  |                |   | 2023   | 2022   |                       | 2023            | 2022      |
| Egyptian Banana<br>Fibre Company | associate      | Sohag, Egypt                            | 39.22%   | 39.22% | Equity method         | 689,856         | 1,052,242 |
| Papyrus Egypt                    | Joint Venture  | Sohag, Egypt                            | 50%  | 50%    | Equity method         | -               | -         |

As a result of the relinquishment of its entitlement to licensing fees and royalties, the Group acquired 39.22% equity in Egyptian Banana Fibre Company for a total consideration of \$1,052,242, which resulted in an indirect interest in Papyrus Egypt by 19.66%. No further acquisition was made during the year with regard to shareholding in Egyptian Banana Fibre Company. The goodwill balance relating to these transactions were included in the carrying amount of the investment.

As a result of the above transaction, Papyrus Egypt is a joint arrangement that is structured as an incorporated entity (company) with two principal members, Papyrus Australia Limited and Egyptian Banana Fibre Company. The primary purpose of the company is to operate the factory in Sohag, Egypt with Papyrus technology and explore Egypt and the Middle East market. The Group's intention is to acquire further shareholding in Egyptian Banana Fibre Company in the future to gain control over Papyrus Egypt. The Group has 50% economic interest in Papyrus Egypt and 50% of the voting rights in relation to the joint venture. In April 2023, Papyrus Australia Ltd announced a proposal to consolidate with Papyrus Egypt, which is subject to an independent valuation by BDO Egypt which is expected to be received in the first quarter of FY2024. The outcome of the proposed consolidation will be presented for PPY shareholder approval at an EGM.

The Group has joint control, of Papyrus Egypt with the other party sharing the joint control being Egyptian Banana Fibre Company. As a result, Papyrus Egypt has been accounted for using the equity method in accordance with AASB 128 Investments in Associates and Joint Ventures.

# Papyrus Australia Ltd

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## Notes to the Financial Statements

For the year ended 30 June 2023

### 9 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (Continued)

Summarised Financial Position

|   | Consolidated Group |                 |
|---|--------------------|-----------------|
|   | 30 June<br>2023    | 30 June<br>2022 |
|   | \$                 | \$              |
| Cash and cash equivalents   | 9,682              | 96,028          |
| Total current assets  | 154,737            | 196,046         |
| Total non-current assets  | 936,985            | 1,646,995       |
| Total current liabilities   | 1,076,997          | 1,035,195       |
| Total non-current liabilities   | -                  | -               |
| Net assets  | 396,377            | 884,039         |
| Group's share (%)   |                    |                 |
| Direct shareholding   | 50.00%             | 50.00%          |
| Indirect shareholding   | 19.61%             | 19.61%          |
| Total shareholding  | 69.61%             | 69.61%          |
| Group share of joint venture's net assets   | 275,918            | 615,379         |
| Revenue   | 76,215             | 186,684         |
| Depreciation  | 25,339             | 91,116          |
| (Loss) for the year before income tax   | (520,595)          | (355,317)       |
| Income tax expense  | -                  | -               |
| (Loss) for the year   | (520,595)          | (355,317)       |
| Other comprehensive income  | -                  | -               |
| Total comprehensive income  | (520,595)          | (355,317)       |
| Group's share (%)   |                    |                 |
| Direct shareholding   | 50.00%             | 50.00%          |
| Indirect shareholding   | 19.61%             | 19.61%          |
| Total shareholding  | 69.61%             | 69.61%          |
| Group share of joint venture's net assets   | (362,386)          | (247,336)       |
| <b>Reconciliation to Carrying Amounts</b>   |                    |                 |
| Investment at beginning of the year   | 1,052,242          | 1,299,578       |
| Investments during the year   | -                  | -               |
| Excess of the entity's shares of net fair value of investee's identifiable assets and liabilities at transaction date | -                  | -               |
| Share of the JV for the year  | (362,386)          | (247,336)       |
| Closing carrying amount of investment   | 689,856            | 1,052,242       |

# Papyrus Australia Ltd

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## Notes to the Financial Statements

For the year ended 30 June 2023

### 10 TRADE AND OTHER PAYABLES

|                                      | Note  | Consolidated Group |                 |
|--------------------------------------|-------|--------------------|-----------------|
|                                      |       | 30 June<br>2023    | 30 June<br>2022 |
|                                      |       | \$                 | \$              |
| CURRENT                              |       |                    |                 |
| Trade payables                       | 9 (a) | 45,117             | 28,132          |
| Sundry payables and accrued expenses | 9 (b) | 156,674            | 175,852         |
|                                      |       | <b>201,791</b>     | <b>203,984</b>  |

#### (a) Trade payables

Trade payables are non-interest bearing and normally settled on 60-day terms.

Information regarding the risks associated with current payables is set out in Note 18.

#### (b) Sundry payables and accrued expenses

Within Sundry payables and accrued expenses, \$40,867 relates to accrued interest on the loan provided by Talisker (SA) Pty Ltd (an entity associated with the Managing Director Ramy Azer) repayable from future revenues or proceeds from future equity raisings, subject to not materially prejudicing the ability of the Company to repay its creditors.

### 11 ISSUED CAPITAL

|  |                   |            |
|--|-------------------|------------|
| fully paid ordinary shares 489,367,593 (2022: 469,627,333) | <b>25,672,581</b> | 25,032,561 |
| Total issued capital                                       | <b>25,672,581</b> | 25,032,561 |

#### (a) Ordinary shares

|   | 2023<br>Number     | Consolidated<br>2023<br>\$ | 2022<br>Number | Consolidated<br>2022<br>\$ |
|---|--------------------|----------------------------|----------------|----------------------------|
| At the beginning of the reporting period                  | 469,627,333        | 25,672,581                 | 427,710,666    | 25,032,581                 |
| (2021- Issued via exercise of options: 17 January 2022)   | -                  | -                          | 5,000,000      | 75,000                     |
| (2022: Issued via exercise of options 24 January 2022)    | -                  | -                          | 10,000,000     | 150,000                    |
| (2022: Issued via exercise of options 30 March 2022)      | -                  | -                          | 5,000,000      | 75,000                     |
| (2022: issued pursuant to private placement 1 April 2022) | -                  | -                          | 250,000        | 15,000                     |
| (2022: Issued via exercise of options 29 April 2022)      | -                  | -                          | 10,000,000     | 150,000                    |
| (2022: Issued via exercise of options 11 May 2022)        | -                  | -                          | 11,666,667     | 175,000                    |
| Issued pursuant to private placement 5 January 2023       | 5,454,546          | 300,000                    | -              | -                          |
| Issued pursuant to private placement 9 June 2023          | 14,285,714         | 400,000                    | -              | -                          |
| At the end of the reporting period                        | <b>489,367,593</b> | <b>26,372,581</b>          | 469,627,333    | 25,672,581                 |

On 5 January 2023, the Company announced that it had raised \$300,000 via a private placement of 5,454,546 ordinary fully paid shares at a price of \$0.055 per share to sophisticated investors, and the Company announced the conversion was completed.

On 9 June 2023, the Company announced that it had raised \$400,000 via a private placement of 14,285,714 ordinary fully paid shares at a price of \$0.028 per share to sophisticated investors, and the Company announced the conversion was completed.

The holders of ordinary shares are entitled to participate in dividends (in the event when a dividend is declared) and the proceeds on winding up of the Group. Via a poll at meetings of the Group, each holder of ordinary shares has one vote per share held in person.

The Group does not have authorized capital or par value in respect of its shares.

# Papyrus Australia Ltd

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## Notes to the Financial Statements

For the year ended 30 June 2023

### 11 ISSUED CAPITAL (continued)

In the event of winding up the Company, ordinary shareholders rank after all creditors and are fully entitled to any net proceeds of liquidation.

#### (b) Capital Management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximizing the return to stakeholders.

The capital structure of the Group consists of cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and accumulated losses.

Proceeds from share issues are used to maintain and expand the Group's plant and equipment requirements, research and development activities and fund operating costs.

### 12 RESERVES

|  | Note  | Consolidated Group |                 |
|--|-------|--------------------|-----------------|
|  |       | 30 June<br>2023    | 30 June<br>2022 |
|  |       | \$                 | \$              |
| Share Option Reserve                   |       |                    |                 |
| Balance at beginning of financial year |       | 1,060,263          | 952,578         |
| Share based payments                   | 13(a) | 10,503             | 97,685          |
| Unlisted options purchase payment      | 13(b) | -                  | 10,000          |
| Balance at end of the year             |       | 1,070,766          | 1,060,263       |

#### (a) Share option reserve

This reserve is used to record the value of equity benefits provided to employees and directors as part of their remuneration. Refer to Note 14 for further details of these plans. There were 250,000 share-based options issued to employees or directors that vested during the current year.

#### (b) Unlisted options

No unlisted options were issued at a price during the current year (2022: 20,000,000 unlisted options at a price of \$0.0005 per option)

### 13 RECONCILIATION OF NET LOSS AFTER TAX TO NET CASH FLOWS FROM OPERATIONS

|  | Consolidated Group |                 |
|--|--------------------|-----------------|
|  | 30 June<br>2023    | 30 June<br>2022 |
|  | \$                 | \$              |
| Net loss   | (1,503,598)        | (1,176,771)     |
| Non-cash flow in loss:                               |                    |                 |
| - Depreciation expense                               | 1,352              | 212             |
| - Share-based payment expense                        | 11,275             | 97,685          |
| - Non-cash share issued recognized as expense        | -                  | 15,000          |
| - Share of net profit of associate & joint venture   | 362,386            | 247,336         |
| Changes in assets and liabilities                    |                    |                 |
| - Decrease/(Increase) in trade and other receivables | (111,130)          | (2,339)         |
| - Decrease/(Increase) in trade and other payables    | 2,192              | 68,117          |
| Net cash (used in)/provided by operating activities  | (1,237,523)        | (750,760)       |



# Papyrus Australia Ltd

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## Notes to the Financial Statements

For the year ended 30 June 2023

### 14 SHARE BASED PAYMENTS

#### Employee Share Option Plan

The Group established the Papyrus Australia Ltd Employee Share Option Plan and a summary of the Rules of the Plan are set out below:

- ☐ All employees (full and part time) will be eligible to participate in the Plan.
- ☐ Options are granted under the Plan at the discretion of the Board and if permitted by the Board, may be issued to an employee's nominee.
- ☐ If, prior to the expiry date of options, a person ceases to be an employee of the Group for any reason other than retirement at age 60 or more (or such earlier age as the Board permits), permanent disability, redundancy or death, the options held by that person (or that person's nominee) automatically lapse on the first to occur of a) the expiry of the period of 30 days from the date of such occurrence, and b) the expiry date. If a person dies, the options held by that person will be exercisable by that person's legal personal representative.
- ☐ Options can't be transferred other than to the legal personal representative of a deceased option holder.
- ☐ The Company will not apply for official quotation of any options issued under the plan.
- ☐ Option holders may only participate in new issues of securities by first exercising their options.

The Board may amend the Plan Rules subject to the requirements of the Listing Rules

The following table illustrates the number (No.) and weighted average exercise prices (WAEP) and movements in share options issued during the year:

A summary of the Group options issued is as follows:

| 2023<br>Exercise<br>price WAEP | Start of the<br>year No. | Granted<br>during the<br>year<br>No. | Exercised<br>during the<br>year<br>No. | Expired<br>during the<br>year<br>No. | Balance at<br>the end of<br>the year No. | Vested and<br>exercisable<br>at the end<br>of the year<br>No. |
|--------------------------------|--------------------------|--------------------------------------|--|--------------------------------------|--|---|
| 0.05                           | 750,000                  | -                                    | -                                      | 750,000                              | -  | -   |
| 0.20                           | 250,000                  | -                                    | -                                      | -                                    | 250,000                                  | 250,000   |
| 0.40                           | 250,000                  | -                                    | -                                      | -                                    | 250,000                                  | 250,000   |
| 0.10                           | 5,250,000                | -                                    | -                                      | 5,000,000                            | 250,000                                  | 250,000   |
| 0.06                           | 20,000,000               | -                                    | -                                      | 20,000,000                           | -  | -   |
| 0.06                           | -                        | 2,272,273                            | -                                      | -                                    | 2,272,273                                | 2,272,273   |
| 0.03                           | -                        | 14,285,714                           | -                                      | -                                    | 14,285,714                               | 14,285,714  |
| 0.03                           | -                        | 25,000,000                           | -                                      | -                                    | 25,000,000                               | 25,000,000  |
|                                | 26,500,000               | 41,557,987                           | -                                      | 25,750,000                           | 42,307,987                               | 42,307,987  |

| 2022<br>Exercise<br>price WAEP | Start of the<br>year No. | Granted<br>during the<br>year<br>No. | Exercised<br>during the<br>year<br>No. | Expired<br>during the<br>year<br>No. | Balance at<br>the end of<br>the year No. | Vested and<br>exercisable<br>at the end<br>of the year<br>No. |
|--------------------------------|--------------------------|--------------------------------------|--|--------------------------------------|--|---|
| 0.05                           | 750,000                  | -                                    | -                                      | 750,000                              | -  | -   |
| 0.015                          | 41,666,667               | -                                    | (41,666,667)                           | -                                    | -  | -   |
| 0.20                           | 250,000                  | -                                    | -                                      | -                                    | 250,000                                  | 250,000   |
| 0.40                           | 250,000                  | -                                    | -                                      | -                                    | 250,000                                  | -   |
| 0.10                           | -                        | 5,250,000                            | -                                      | -                                    | 5,250,000                                | 5,250,000   |
| 0.06                           | -                        | 20,000,000                           | -                                      | -                                    | 20,000,000                               | 20,000,000  |
|                                | 42,916,667               | 25,250,000                           | (41,666,667)                           | 750,000                              | 25,750,000                               | 25,500,000  |

# Papyrus Australia Ltd

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## Notes to the Financial Statements

For the year ended 30 June 2023

### 14 SHARE BASED PAYMENTS (Continued)

The weighted average remaining contractual life of options outstanding at year end was 1.42 years (2022:1.99 years).

The range of weighted average exercise prices for options outstanding at the end of the year was \$0.032 (2022: \$0.158)

For the options granted during the current financial year, the valuation model inputs used to determine the fair value at the grant date, are as follows, noting that none of the grants this year fell within the scope of AASB 2 *Share Based Payments*:

| Grant date | Expiry date | Share price at grant date | Exercise price | Expected volatility | Risk-free rate | Fair value at grant date |
|------------|-------------|---------------------------|----------------|---------------------|----------------|--------------------------|
| 5/01/2023  | 5/01/2024   | \$0.050                   | \$0.06         | 114.9%              | 2%             | \$0.013                  |
| 9/06/2023  | 9/06/2025   | \$0.028                   | \$0.03         | 148.9%              | 5%             | \$0.020                  |
| 28/6/2023  | 28/09/2023  | \$0.028                   | \$0.03         | 148.9%              | 5%             | \$0.017                  |

### 15 CONTINGENCIES AND COMMITMENTS

In the opinion of the Directors, the Group did not have any commitment or contingencies at 30 June 2023 (2022: nil).

### 16 REMUNERATION OF AUDITORS

During the financial year the following fees paid or payable for services provided by the Group's auditors and their network firms:

|   | Consolidated Group |              |
|---|--------------------|--------------|
|   | 30 June 2023       | 30 June 2022 |
|   | \$                 | \$           |
| <b>BDO Audit Pty Ltd</b>  |                    |              |
| Fee for the review of the financial report as at 31 December 2022 | 19,000             | 17,000       |
| Fee for the audit and review of the financial report              | 45,100             | 50,000       |
| Total remuneration of auditors                                    | 64,100             | 67,000       |

No non - audit services have been provided.

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## Notes to the Financial Statements

For the year ended 30 June 2023

### 17 INTEREST IN CONTROLLED ENTITIES AND JOINT VENTURES

| Name of entity                                       | Principal place of business / country of incorporation | Ownership Interest |        |
|--|--|--------------------|--------|
|  |  | 2023               | 2022   |
|  |  | %                  | %      |
| <b>Parent entity</b>                                 |  |                    |        |
| Papyrus Australia Ltd (a)                            | Australia  |                    |        |
|  |  |                    |        |
| <b>Subsidiaries</b>                                  |  |                    |        |
| Papyrus Technology Pty Ltd (b)                       | Australia  | 100                | 100    |
| PPY Manufacturing Pty Ltd (b)                        | Australia  | 100                | 100    |
| Australian Advanced Manufacturing Centre Pty Ltd (b) | Australia  | 100                | 100    |
|  |  |                    |        |
| <b>Joint Venture</b>                                 |  |                    |        |
| Papyrus Egypt LLC                                    | Egypt  | 50                 | 50     |
|  |  |                    |        |
| <b>Associate</b>                                     |  |                    |        |
| Egypt Banana Fiber Company                           | Egypt  | 39.22%             | 39.22% |

\*The percentage of ownership interest held is equivalent to the percentage voting rights for all subsidiaries.

- a. Papyrus Australia Ltd is the head entity within the tax-consolidated group.
- b. These companies are members of the tax-consolidated group.

# Papyrus Australia Ltd

ABN 63 110 868 409

## Notes to the Financial Statements

For the year ended 30 June 2023

### 18 FINANCIAL RISK MANAGEMENT

#### Categories of financial instruments

The totals for each category of financial instruments, measured in accordance with the Accounting Standards as detailed in the accounting policies to these financial statements, are as follows:

|   | Note | Consolidated Group |                  |
|---|------|--------------------|------------------|
|   |      | 30 June<br>2023    | 30 June<br>2022  |
|   |      | \$                 | \$               |
| <b>Financial assets</b>                 |      |                    |                  |
| Cash and cash equivalents               | 5    | 425,003            | 1,376,268        |
| Trade and Other receivables             | 6    | 1,559,071          | 1,045,373        |
| <b>Total financial assets</b>           |      | <b>1,984,074</b>   | <b>2,421,641</b> |
| <b>Financial Liabilities</b>            |      |                    |                  |
| Financial liabilities at amortized cost |      |                    |                  |
| Trade and other payables                | 10   | 201,791            | 203,984          |
| <b>Total financial liabilities</b>      |      | <b>201,791</b>     | <b>203,984</b>   |

#### Credit risk

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in a financial loss to the Group.

The Group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from activities.

The Group does not have any significant credit risk exposure to any single counterparty or any Group of counterparties having similar characteristics. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the Group's maximum exposure to credit risk.

#### Market risk

##### (i) Cash flow interest rate sensitivity

The Group is exposed to interest rate risk as it holds some bank deposits at floating rates.

The Group's policy is to minimize interest rate cash flow risk exposures on long-term financing. Longer-term deposits are therefore usually at fixed rates. At the reporting date, the Group is exposed to changes in market interest rates through its short-term bank deposits, which are subject to variable interest rates.

##### (ii) Financial instrument composition and maturity analysis

The Group is not materially exposed to any effects on changes in interest rates. The Group has no borrowings outstanding as at the reporting date 30 June 2023 (2022: nil). Trade payables are often settled within 30day credit term and classified as current liabilities.

#### Liquidity risk

Liquidity risk arises from the Group's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

Ultimate responsibility for liquidity risk management rests with the Board of Directors, whom have built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves.

# Papyrus Australia Ltd

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## Notes to the Financial Statements

For the year ended 30 June 2023

### 19 RELATED PARTIES

#### (a) Transactions with related parties

Transactions between related parties are on normal commercial terms and conditions no more favorable than those available to other parties unless otherwise stated.

The following transactions occurred with related parties:

Talisker (SA) Pty Ltd ("Talisker") an entity associated with Mr Ramy Azer, in 2012 entered into an agreement with the Company to provide a draw down facility of \$250,000. The unsecured loan during the year represents the draw down from the facility as at 2023: \$0 (2022: \$0). The loan is unsecured and repayable from future revenues or proceeds from future equity raisings, subject to not materially prejudicing the ability of the Company to repay its creditors. The interest bearing is at the rate of interest payable by the National Australia Bank Limited on 'Usaver savings accounts' or, '12month term deposits' (whichever is greater) plus one percent (1%) and is considered payable at the time the loan is repaid.

As at 30 June 2023, the accrued interest of \$40,867 associated with the loan historically is still outstanding. The interest was agreed between the parties to be paid only when the group makes sufficient profit. This interest portion was presented in the financial statement of the Group within the 'Trade and other payables' a current liability as disclosed at note 10(b).

Furthermore, included in Sundry payables and accrued expense was \$2,035 payable to Mr V. Rigano, a Non-Executive Director. The payable was short-term in nature and no interest is payable and is related to reimbursement of expenses.

On the 1st November 2021, the Company entered into a services deed with Chikarovski and Associates to provide services with a remuneration of \$30,000 per annum. The deed had no fixed term and may be terminated by either party with 30 days' notice in writing. This deed expired following the resignation of Ms Kerry Chikarovski on 25 November 2022.

On the 29 July 2022, the Company entered into a services deed with Mr Pascal Gouel through CC&C Pty Ltd to provide services with a remuneration of \$50,000 per annum. The deed had no fixed term and may be terminated by either party with 30 days' notice in writing.

#### (b) Interests of Key Management Personnel (KMP)

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity are considered key management personnel.

For details of Key Management Personnel's interests in shares and options of the Company, refer to Key Management Personnel disclosures in the Remuneration Report contained in the Directors' Report.

The following individuals are classified as key management personnel in accordance with AASB 124 'Related Party Disclosures'.

Mr Edward Byrt - Chairman  
Mr Ramy Azer - Managing Director (retired 19 May 2023)  
Mr David Attias - Non-Executive Director  
Ms Kerry Chikarovski - Executive Director (resigned 25 November 2022)  
Mr Vincent Peter Rigano - Non-Executive Director and Company Secretary  
Mr Pascal Gouel - Executive Director - International Business Development  
Mr Daniel Schmidt - Chief Executive Officer  
Mr Peter Rostig - Manager Engineering (resigned 30 June 2023)

# Papyrus Australia Ltd

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## Notes to the Financial Statements

For the year ended 30 June 2023

### 20 KEY MANAGEMENT PERSONNEL DISCLOSURES

Totals of remuneration paid

Key management personnel remuneration included within employee expenses for the year is shown below:

|  | 30 June<br>2023 | 30 June<br>2022 |
|--|-----------------|-----------------|
|  | \$              | \$              |
| Short- term employee benefits                              | 340,000         | 149,949         |
| Post-employment benefits                                   | 35,683          | 13,302          |
| Share based payments                                       | -               | 13,155          |
| <b>Total remuneration paid to key management personnel</b> | <b>375,683</b>  | <b>176,406</b>  |

During the year until the retirement 19 May 2023, The Group had a service contract with Ramy Azer (an Incorporated Egyptian Entity BRN164294) controlled by Mr Azer, the Managing Director and \$221,102 has been remunerated to him in accordance with the contract which expired following his retirement on 19 May 2023 (2022: \$250,000). This was included in consultancy expense in the profit or loss.

During the year until resignation on 25 November 2022, the Group had a service deed with Chikarovski and Associates, an entity controlled by Ms Kerry Chkarovski, a Director of the Group, and a payment of \$12,500 has been paid to this entity under the service deed (2022: \$20,000).

The audited remuneration report contained in the Directors' Report contains details of the remuneration paid or payable to each member of the Group's key management personnel for the year ended 30 June 2023.

On 29 July 2022, the Company entered into a services deed with CC&C Pty Ltd for consultancy services rendered by Mr Pascal Gouel as Company Director, with a remuneration of \$50,000 per annum (2022: nil). The deed has no fixed term and may be terminated by either party with 30 days' notice in writing

#### Other key management personnel transactions

For details of other transactions with key management personnel, refer to Note 19: Related Parties.

# Papyrus Australia Ltd

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## Notes to the Financial Statements

For the year ended 30 June 2023

### 21 PARENT ENTITY

The following information has been extracted from the books and records of the parent, Papyrus Australia Ltd and has been prepared in accordance with Accounting Standards.

The financial information for the parent entity, Papyrus Australia Ltd has been prepared on the same basis as the consolidated financial statements except as disclosed below.

Investments in subsidiaries, associates and joint ventures

Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the financial statements of the parent entity. Dividends received from associates are recognized in the parent entity profit or loss, rather than being deducted from the carrying amount of these investments.

|   | Consolidated       |                    |
|---|--------------------|--------------------|
|   | 30 June<br>2023    | 30 June<br>2022    |
|   | \$                 | \$                 |
| <b>Statement of Financial position</b>                            |                    |                    |
| Assets  |                    |                    |
| Current assets  | 1,990,141          | 2,421,600          |
| Non-current assets  | 692,136            | 1,055,244          |
| Total Assets  | 2,682,277          | 3,476,844          |
| Liabilities   |                    |                    |
| Current Liabilities   | 201,791            | 203,985            |
| Non-current liabilities   | -                  | -                  |
| Total liabilities   | 201,791            | 203,985            |
| Equity  |                    |                    |
| Issued capital  | 26,372,581         | 25,672,581         |
| Accumulated losses  | (24,963,583)       | (23,459,985)       |
| Reserves  | 1,071,488          | 1,060,263          |
| Total equity (deficit)  | 2,480,486          | 3,272,859          |
| <b>Statement of Profit or Loss and other Comprehensive Income</b> |                    |                    |
| Total loss for the year   | (1,503,598)        | (1,267,554)        |
| Other comprehensive loss  | -                  | -                  |
| <b>Total comprehensive loss</b>                                   | <b>(1,503,598)</b> | <b>(1,267,554)</b> |

#### Contingent liabilities

Contingent liabilities of the parent entity have been incorporated into the Group information in Note 15. The contingent liabilities of the parent are consistent with that of the Group.

#### Contractual commitments

There are no contractual commitments of the parent entity at 30 June 2023 (30 June 2022: nil).

### 22 MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

There have been no significant matters subsequent to the end of the financial year.

# Papyrus Australia Ltd

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## Directors' Declaration

The directors of the Group declare that:

1. the financial statements and notes for the year ended 30 June 2023 are in accordance with the Corporations Act 2001 and:
  - a. comply with Australian Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS); and
  - b. give a true and fair view of the financial position and performance of the consolidated group;
2. the acting Chief Executive Officer and Company Secretary have given the declarations required by Section 295A that:
  - a. the financial records of the Group for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;
  - b. the financial statements and notes for the financial year comply with the Accounting Standards; and
  - c. the financial statements and notes for the financial year give a true and fair view.
3. In the director's opinion, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable with the continuing support of creditors.

This declaration is made in accordance with a resolution of the Board of Directors.



Edward Byrt  
Chairman  
29<sup>th</sup> September 2023

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## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PAPYRUS AUSTRALIA LIMITED

### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of Papyrus Australia Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

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

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2023 and of its financial performance for the year ended on that date; 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 Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We 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.

#### Material uncertainty related to going concern

We draw attention to Note 1 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the group's ability to continue as a going concern and therefore the group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.

## 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. In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

### Investment accounted for using the equity method

| KEY AUDIT MATTER  | HOW THE MATTER WAS ADDRESSED IN OUR AUDIT   |
|---|---|
| <p>As disclosed in Note 9, the Group has a total direct and indirect interest in Papyrus Egypt of 69.61%.</p> <p>This is a key audit matter because of the significant management judgement involved in the assessment of whether the Group has control over Papyrus Egypt and the consequential accounting implications.</p> | <p>Our audit procedures to address the matter included, amongst others:</p> <ul style="list-style-type: none"><li>• Reviewing investment and shareholder documents.</li><li>• Confirming the Group's interest in each investee entity.</li><li>• Evaluating the Group's accounting for its investments for consistency with Australian Accounting Standards, including the appropriateness of the equity accounting method.</li><li>• Assessing the appropriateness and accuracy of the disclosures to the financial statements in accordance with the applicable Accounting Standards.</li></ul> |

## Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2023, 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 we do not express any form of assurance conclusion thereon.

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

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

## Responsibilities of the directors for the Financial Report

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

In preparing the financial report, the directors are responsible for assessing the ability of the group 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 Group or to cease operations, or has 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](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 pages 16 to 19 of the directors' report for the year ended 30 June 2023.

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

#### **Responsibilities**

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

A handwritten signature in blue ink that reads 'BDO'.

**BDO Audit Pty Ltd**

A handwritten signature in blue ink, appearing to read 'Andrew Tickle'.

Andrew Tickle  
Director

Adelaide, 29 September 2023