



ASX RELEASE

29 February 2024

PAPYRUS EGYPT UPDATE

Papyrus Egypt Audited Accounts

Papyrus Australia Limited (ASX: PPY) is pleased to announce the publication of the audited accounts for the half-year ended 31 December 2023, for our joint venture operation, Papyrus Egypt (which are appended hereto). The half-year audited accounts demonstrate a significant transformation in our operations with the installation of the new banana fiber moulding line for the Egyptian Government, expanding our capacity within the Sohag factory and commencing negotiation on future facilities with the Egyptian Government and other parties in Egypt.

- **Egyptian Government (MP) banana fiber moulding line:** With the arrival of the major equipment components in September 2023 to Egypt, Papyrus Egypt received the first milestone payment from the MP. During the months between October and December the equipment was installed in the MP factory with commissioning commencing in January 2024.
- **Sohag factory upgrades:** To support the additional raw fiber demand from the MP factory the team in Sohag have completed several upgrades to enable the line to operate at the capacity required to supply the MP demand. The team have also commenced trials with the Desert Research Centre to concentrate the sap to increase the sales value as a fertiliser product.
- **Future Facilities:** Significant progress has been made with several organisations for the establishment of new banana fiber moulding factories along with the capacity expansion of the MP factory to include additional moulding lines. Initial agreements are in place with The Arab Organisation for Industrialization (AOI), MI Engineering and the Asyut Governate Egypt and the Egyptian Government for new banana fiber moulded products production facilities.

Papyrus Australia is dedicated to pioneering innovative, sustainable packaging solutions, and our joint venture with Papyrus Egypt is a key driver of these efforts. The transition to focus on moulded fibre products underscore our commitment to environmental responsibility and addressing the growing demand for eco-friendly packaging solutions. This strategic shift in focus benefits our business as we address our customer requests and contributes positively to our stakeholders and the environment.

Papyrus Australia Limited remains dedicated to achieving our mission of transforming the packaging industry through sustainable, innovative, and environmentally responsible solutions and looking beyond to the economic and social opportunities for communities.

We look forward to continuing to provide updates on our progress and development.

Edward Byrt
Chairman

About Papyrus Australia Ltd:

Papyrus Australia Ltd (ASX: PPY) is a pioneering company specializing in the development and production of sustainable packaging solutions utilizing banana fibre. The company is dedicated to environmental responsibility and continuing innovation, aiming to deliver real solutions to the core environmental impacts of decomposing agri-waste and the ever-growing problem we face globally, with abundant plastic packaging.

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Papyrus Egypt LLC

Half Year Report

for the half year ended 31 December 2023

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**Statement of Profit or Loss and Other Comprehensive Income
For the period ended 31 December 2023**

	Note	31 December 2023 EGP	31 December 2022 EGP
Revenue	3	22,531,716	1,321,495
Cost of sales		(8,832,820)	(245,636)
Employment expenses		(1,988,702)	(907,701)
Marketing expenses		(83,076)	(867,588)
Research & development expenses		(1,738,525)	(2,654,711)
Impairment (expense)/reversal	4	(4,236,431)	845,000
Depreciation		(399,206)	(564,435)
Other expenses		(351,684)	(80,829)
Profit/(loss) before income tax expense		4,901,272	(3,154,405)
Income tax expense/ (benefit)		-	-
Profit/(loss) for the period		4,901,272	(3,154,405)
Other comprehensive income		-	-
Total comprehensive income for the period		4,901,272	(3,154,405)
Total comprehensive income attributable to members		4,901,272	(3,154,405)

The accompanying notes form part of these financial statements.

**Statement of Financial Position
As at 31 December 2023**

	Note	31 December 2023 EGP	30 June 2023 EGP
CURRENT ASSETS			
Cash and cash equivalents		1,202,598	166,665
Trade and other receivables	4	245,527	175,094
Inventories	5	396,987	554,711
Other current assets		927,800	5,000
TOTAL CURRENT ASSETS		2,772,912	901,471
NON-CURRENT ASSETS			
Property, plant and equipment		23,695,142	21,598,378
TOTAL NON-CURRENT ASSETS		23,695,142	21,598,378
TOTAL ASSETS		26,468,054	22,499,849
CURRENT LIABILITIES			
Trade and other payables	6	19,936,442	19,011,775
TOTAL CURRENT LIABILITIES		19,936,442	19,011,775
NET ASSETS		6,531,612	3,488,073
EQUITY			
Issued capital		1,000,000	2,857,733
Retained earnings		5,531,612	630,340
TOTAL EQUITY		6,531,612	3,488,073

The accompanying notes form part of these financial statements.

Statement of Changes in Equity For the Period Ended 31 December 2023

	Issued Capital EGP	Retained Earnings EGP	Reserves EGP	Total EGP
Balance at 1 July 2022	2,136,733	9,592,065	-	11,728,798
Comprehensive income				
Loss for the period	-	(3,154,405)	-	(3,154,405)
Total comprehensive income for the period	-	(3,154,405)	-	(3,154,405)
transactions with owners, in their capacity as owners, and other transactions	-	-	-	-
Total transactions with owners and other transactions	-	-	-	-
Balance at 31 December 2022	2,136,733	6,437,660	-	8,574,393
Balance at 1 July 2023	2,857,733	630,340	-	3,488,073
Comprehensive income				
Profit for the period	-	4,901,272	-	4,901,272
Total comprehensive income for the period	-	4,901,272	-	4,901,272
transactions with owners, in their capacity as owners, and other transactions				
Shares not issued (i)	(721,000)	-	-	(721,000)
Related party shares not issued (ii)	(1,136,733)	-	-	(1,136,733)
	-	-	-	-
Total transactions with owners and other transactions	(1,857,733)	-	-	(1,857,733)
Balance at 31 December 2023	1,000,000	5,531,612	-	6,531,612

- (i) Funds subscribed from unrelated parties for issue of shares not proceeded with and returned.
(ii) Funds subscribed from related parties for issue of shares returned.

The accompanying notes form part of these financial statements.

Statement of Cash Flows
For Period Ended 31 December 2023

Note	31 December 2023 EGP	31 December 2022 EGP
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	22,540,007	1,235,623
Payments to suppliers and employees	(6,506,511)	(2,186,423)
NET CASH PROVIDED BY/(USED IN) OPERATING ACTIVITIES	16,033,496	(3,422,046)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant & equipment	(2,495,970)	(494,996)
CASH FLOWS USED IN FINANCING ACTIVITIES	(2,495,970)	(494,996)
Refund of Proceeds from issue of shares	(721,000)	-
Receipt from related parties borrowings	3,000,000	4,503,423
Repayment of related party borrowings	(14,780,593)	-
NET CASH PROVIDED BY/(USED IN) FINANCING ACTIVITIES	(12,501,593)	4,503,423
Net increase in cash and cash equivalents	1,035,933	586,381
Cash at the beginning of the financial year	166,665	1,255,553
CASH AT THE END OF THE PERIOD	1,202,598	1,841,934

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

For the Period ended 31 December 2023

This financial report covers the financial statements and notes of Papyrus Egypt LLC ('the Company') as an Individual entity. Papyrus Egypt LLC is a for-profit company limited by shares, incorporated and domiciled in Egypt. The financial statements are prepared for the benefit of members.

The financial statements are presented in Egyptian Pounds ('EGP') which is the company's functional and presentation currency.

1. General Information and Basis of Preparation

The financial statements are for the six months ended 31 December 2023 and are general purpose financial statements that have been prepared in accordance with International Accounting Standard IAS34 *Interim Financial Reporting* as appropriate for for-profit orientated entities.

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 Company presented a net current asset deficiency of EGP17,163,530 (June 2023: EGP18,110,304).

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

- the ability of the Company to raise additional capital from shareholders;
- the potential cash flows resulting from the revenue generated from the sale of fibre to the Egyptian Government ("EM") project and the offtake contract income for the sale of output generated by EM project;
- the execution of potential contracts with other Government governorates for the establishment of similar facilities to the EM project.
- the ongoing financial support from Papyrus Australia Ltd

However, there remains a material uncertainty which may cast significant doubt as to whether the Company will continue as a going concern, and therefore the Company may be unable to realise its assets and discharge 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.

2. Significant Accounting Policies

The interim financial statements have been prepared in accordance with the same accounting policies adopted in the Company's last annual financial statements for the year ended 30 June 2023.

(a) Revenue and other income

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. Sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

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.

2. Significant Accounting Policies (continued)**(b) Trade and other receivables**

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

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

(c) Trade and other payables

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

3 REVENUE

	31 December 2023 EGP	31 December 2022 EGP
Sale of musa liquid fertiliser	252,260	1,235,623
Sale of machinery (a)	22,266,401	-
Other income	13,055	85,872
	<u>22,531,716</u>	<u>1,321,495</u>

(a) In prior period, the company entered into a contract with the Egyptian Government's National Authority for Military Production (MP) with regard to the delivery and installation of a banana fibre mouding line machinery. The delivery of all processing equipment components required for such installation was completed during this 31 December 2023 and associated revenue was recognise accordingly.

4 TRADE AND OTHER RECEIVABLES

	31 December 2023 EGP	30 June 2023 EGP
CURRENT		
Trade receivables	245,527	175,095
Other receivables	4,236,431	-
Allowance for impairment (a)	(4,236,431)	-
	<u>245,527</u>	<u>175,095</u>

(a) Other receivables represent payments made to the directors of the Company during the period ended 31 December 2023, for which provision for expected credit losses were subsequently fully provided for.

5 INVENTORIES

	31 December 2023 EGP	30 June 2023 EGP
Raw materials	268,612	462,006
Finished goods	128,375	92,705
Total	<u>396,987</u>	<u>554,711</u>

The accompanying notes form part of these financial statements.

6 TRADE AND OTHER PAYABLES

	31 December 2023 EGP	30 June 2023 EGP
CURRENT		
Trade payables	-	471,891
Other payables	19,936,442	18,539,884
	19,936,442	19,011,775
NON-CURRENT		
Other payables	-	-
	19,936,442	19,011,775

(a) Trade payables

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

(b) Other payables


Other payables relate to advances provided by Papyrus Australia Ltd of EGP19,678,151, Ramy Azer of EGP125,000 and Heba Nayle of EGP125,000. Mr Azer and Ms Nayle are both managers of the Company during the half year period. These payables are not interest bearing and are repayable from future cashflows.

Directors' Declaration

The Managers of the Company declare that:

- the attached financial statements and notes comply with International Accounting Standard IAS 134 *Interim Financial Reporting*;
- giving a true and fair view of its financial position as at 31 December 2023 and of its performance for the half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the management Committee.



Ramy Azer
Manager

29 February 2024

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF PAPYRUS EGYPT LLC

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Papyrus Egypt LLC (the Entity), which comprises the statement of financial position as at 31 December 2023, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year then ended, material accounting policy information and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the accompanying half-year financial report of the Entity does not present fairly, in all material respects, the financial position of the Entity as at 31 December 2023, and of its financial performance and its cash flows for the half-year ended on that date, in accordance with International Accounting Standard IAS 34 *Interim Financial Reporting*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Entity in accordance with 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 the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Material uncertainty relating 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 conclusion is not modified in respect of this matter.

Responsibility of the directors for the financial report

The directors of the Entity are responsible for the preparation and fair presentation of the half-year financial report in accordance with International Financial Reporting Standards (IFRS) and for such internal control as the directors determine is necessary to enable the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error.



Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the half-year financial report does not present fairly, in all material respects, the financial position of the Entity as at 31 December 2023 and of its financial performance and its cash flows for the half-year ended on that date in accordance with International Accounting Standard IAS 34 *Interim Financial Reporting*.

A review of a financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

A stylized blue signature of the BDO logo, written in a cursive-like font.

BDO Audit Pty Ltd

A blue handwritten signature of Linh Dao, written in a cursive style.

Linh Dao
Director

Adelaide, 29 February 2024

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