



## ASX ANNOUNCEMENT

16 February 2023

### Monthly Activity Report for January 2023

**Papyrus Australia Ltd** (ASX:PPY) is pleased to report its activities and Appendix 4C cash flow report for the month of January 2023: **This monthly report pertains to the month ended 31 January 2023** and the monthly Appendix 4C cash flow report released to the market on 16 February 2023.

The focus of the Company for the month has been:

- Expanding the commercialisation activities for Papyrus Australia Ltd, and
- Operational activities of Papyrus Egypt Company (LLC) for the manufacture of banana fibre and liquid organic fertiliser in Sohag, and food packaging products in Sharqiah.

### Highlights

- Papyrus has commenced equipment fabrication for the first contract in the Cooperation Protocol Roadmap with the Egyptian Government
- Papyrus Egypt CEO Ms Heba Nayle is interviewed at the Sohag factory with more than 3 million views to date, significantly increasing enquiries to Egypt and Australia
- Australian activities to support the business development in Egypt

## Papyrus Australia Ltd

### Egyptian Government Developments

1. As announced to the market (ASX Announcement: 1 June 2022), Papyrus signed a Cooperation Protocol Roadmap with the Egyptian Government's National Authority for Military Production (MP) to supply Papyrus technology and IP, for the establishment of a national banana plantation waste retrieval and repurposing program.
2. The acquisition and fabrication of the equipment required for the MP moulding line is underway with the installation at the MP facility in Northern Egypt scheduled to commence in the April-Jun quarter of 2023.

### Other Business Development

3. The Australian Management team has been developing the project schedule for the Banana Fibre Moulding Line Supply and Installation, for the efficient execution of the MP contract. The key milestones for equipment fabrication and project controls are detailed and the installation, commissioning, training and handover planning is underway.
4. An update to the fertiliser market analysis was conducted to provide continued support of the pricing of the Papyrus fertiliser products. The report indicates 3 major positive market factors that Papyrus is positioned well to respond to:

- a. Continued strong demand for agricultural fertilisers
  - b. Continued strong pricing in traditional NPK fertilisers and organic alternatives
  - c. Increasing interest in alternatives to the traditional synthetic fertilisers
5. Relationship development has continued with major growers and investors in Indonesia, Guatemala, Kenya, Uganda, Thailand, Belize, Peru and Queensland, with parties interested in partnerships with Papyrus for technology and the development of 'in country business models'.
6. A significant increase in enquiries from potential customers seeking to market the food packaging products followed an interview held at the Sohag factory in Egypt by a popular broadcaster with the Papyrus Egypt CEO. Enquires were received from Australia, Papua New Guinea, Egypt, Lebanon, Iraq, Qatar, Jordan, Oman, Turkey, UAE, Saudi Arabia, Libya, Algeria, Bahrain, Palestine, Luxemburg, Ireland, Philippines, Pakistan, India, The Gambia, Ivory Coast, United Kingdom, Canada, Trinidad, and the USA. Enquiries for veneer products and packaging material to replace polystyrene have also been received from several countries.
7. An EGM for Papyrus Australia was held on 18 January 2023, to consider the leadership of the company. The Meeting has been convened by the Directors following receipt of a request from four shareholders pursuant to section 249D of the Corporations Act. The two resolutions to remove Director Mr Edward Byrt and Director Mr Vincent Rigano were not carried.

## **Papyrus Egypt**

### **Operational Activities and Business Development**

8. In order to assist with the current extensive workload in Egypt, key Australian personnel will provide in country support in engineering, business development, commercialisation and business structuring in February 2023. This will increase the capability to execute the MP contracts and establish a timeline for securing further technology sales and partnerships.
9. Papyrus Egypt is receiving a growing number of global enquiries, from visitors to COP27 and from the 22 January 2023 interview of the Egypt CEO Ms Heba Nayle at the Sohag factory. The interview by an influential Egyptian broadcaster Mahmoud Saad, now has circa 3 million views and has been picked up by other broadcasters in Egypt and around the world. This comprehensive interview can be viewed here: <https://www.facebook.com/watch/?v=492389069636529>
10. Improvements in the design of the filters in Sohag has enabled the use of recycled water filtered from the sap to be used for a reverse wash to clean the lines and rollers and increase the conveyor belt volume to 50 tons.
11. The Papyrus CEO along with other invested groups were involved in negotiations with various government departments in Egypt to provide clarity around regulations and alleviate inconsistencies in the certification process for organic fertilizer products. This will result in a streamlined process to assist the registrations going forward and provide supplier and market confidence.

12. An additional shredder is being prepared to increase the productivity of the fibre processing in the Sohag factory.
13. Both the Sohag and Sharqiah factories continue to support finalisation of the R&D work required for commercialisation of the technology while they begin to ramp up commercial production activity. Each plant continues to review processes for cost optimization in order to establish sustainable profit and growth.

### Papyrus Egypt Unaudited Profit and Loss Year to Date ended 31 January 2023

<b>Profit and Loss for Period 1 July 2022 to 31 January 2023</b>		
	<b>Month Ended Jan 2023 (AUD)</b>	<b>Year to Date Ended Jan 2023 (AUD)</b>
<b>Sales</b>		
Musa Fertiliser	893	16,799
Food packaging products	4,651	57,335
Other Sales		56
<b>Total Sales</b>	<b>5,544</b>	<b>74,190</b>
<b>Cost of Goods Sold</b>		
Musa Fertiliser	76	1,437
Food packaging products	2,672	32,944
Other COGS	0	13
<b>Total Cost of Goods Sold</b>	<b>2,749</b>	<b>34,394</b>
<b>Gross Profit (Loss)</b>	<b>2,795</b>	<b>39,796</b>
<b>Overhead Costs</b>		
Sales & Marketing Expenses	613	48,996
Stock Writeoff	285	11,699
Administration, Trials and R&D Costs	29,363	202,169
<b>Total Overhead Costs</b>	<b>30,261</b>	<b>262,864</b>
<b>Other Income</b>	468	5,239
<b>Net Profit (Loss)</b>	<b>(26,998)</b>	<b>(217,829)</b>

#### Notes:

Papyrus Egypt trades in Egyptian Pounds. The above table has converted the EGP to AUD at an exchange rate of 18 EGP to 1 AUD.

#### Papyrus Australia Financial comments

14. In January 2023, a capital raise of A\$300,000 from sophisticated investors was finalised for working capital requirements.



15. During the quarter, the following related party payments were made.
  - a. \$5,013 to CC&C Pty Ltd for consultancy services rendered by Pascal Gouel as Company Director, and reimbursement of expenses incurred.
16. The expenditure reported for the month ending in January 2023 Appendix 4C cash flow report for Papyrus relates primarily to:
  - a. staff costs
  - b. engineering costs
  - c. overhead related costs

Except for the payment referred to above during the month, there was no other payment to an associate or a related party.

As approved by the Board.

**ENDS**

