



## ASX Announcement

28 April 2023

### **Papyrus Australia announces a proposal to consolidate with Papyrus Egypt**

The Board of Papyrus Australia Ltd (PPY) is pleased to announce a proposal to consolidate the Papyrus Egypt (PPYEg) enterprise within Papyrus Australia. This move will strategically align and support the future direction of the company's operations in Egypt.

The consolidation presents PPY with a number of advantages, including but not limited to:

- the ability to recognise revenues and profits from PPYEg at PPY level through consolidated financials
- the ability to have full control of the strategic and operational direction of PPYEg
- a clearer alignment of interests between PPYEg management and shareholders to that of PPY
- an enhanced ability to share financial and operational resources between the two entities.

Presently, Papyrus Australia owns 50% of the Papyrus Egypt enterprise in its own right and approx. 39% of the PPYEg joint venture partner, Egypt Banana Fibre Company (EBFC), through equity acquired in the past two years as previously announced to the market. This gives PPY a 50% economic interest in PPYEg and 50% of the voting rights in relation to the joint venture.

The directors of both entities have agreed terms for the consolidation process and outcome which will be presented for PPY shareholder approval at an EGM. The terms envisage an allotment of PPY shares to the equity owners of EBFC in consideration of the transfer of their remaining equity in EBFC to PPY. This is subject to an independent valuation of PPYEg which is being undertaken by BDO. Further information will be provided to the market as the consolidation process progresses over the coming months.

In the interim, PPYEg continues to focus on implementing the Ministry of Military Production contract of installing and commissioning a moulding line where the raw material, refined banana fibre, will be supplied by the PPYEg Sohag plant.

Approved by the Board.