



ASX ANNOUNCEMENT

30 May 2024

PAPYRUS SIGNS TWO SIGNIFICANT CONTRACTS WITH THE EGYPTIAN GOVERNMENT – RELEASED ON 28 MAY 2024 - CLARIFICATION

Papyrus Australia Ltd (ASX:PPY) provides clarification and additional information on the market release titled “Papyrus signs two significant contracts with Egyptian Government (“MP”) on 28 May 2024” as follows;

Contract

The contracts were signed in Egypt on 27 May 2024 at 11am Egyptian time between Papyrus Egypt LLC (company registration number 53536) and Military Armoured Production and Repair Factory (200) (“Factory 200”), one of the companies affiliated with the National Military Production Authority of the MP

Clarification of first paragraph:

- The name referred to in the first paragraph of the release was “Papyrus Egypt Banana Fibre Manufacturing Company LLC” which is incorrect, the correct name is “Papyrus Egypt LLC (company registration number 53536)” (referred to in previous market releases and company documents as “PPYeg”), which is the joint venture company established in Egypt between Papyrus Australia Ltd (PPY) (through its wholly owned subsidiary PPY Manufacturing Pty Ltd) and Egypt Banana Fibre Company (“EBFC”).
- The first paragraph is restated with the correct information as follows:
Papyrus Australia Limited (ASX: PPY), developer of sustainable technology that converts banana plantation waste into fibre and biodegradable food packaging products, is pleased to announce the signing of two substantial contracts with the Military Armoured Production and Repair Factory (200) (“Factory 200”), one of the companies affiliated with the National Military Production Authority of the MP) through its joint venture company, Papyrus Egypt LLC (company number 53536). This is on the back of the successful commissioning of the first banana fibre moulded packaging production line recently installed for the MP, that is receiving its raw material from the Papyrus Sohag Factory.

Clarification and additional information in paragraph titled “Organic liquid fertilizer and cellulosic fibre production line”

The third and fourth paragraphs stated:

“The two contracts are collectively valued at **\$1.7m USD** and equipment is due to be supplied and installed early calendar year 2025.

Papyrus will continue to sell products on behalf of the MP. Once the second moulding line is operating, the site has a total production capacity of up to 100 million pieces of moulded banana fibre packaging per year. This represents potential revenue of up to **\$2.7m USD** per year from moulded product sales by Papyrus.”

These two paragraphs are restated as follows:

“The two contracts are collectively valued at **\$1.7m USD** for the supply and installation of equipment, Factory 200 staff training and support. The equipment is due to be supplied and installed early calendar year 2025”. There are no material conditions that need to be satisfied before the customer is legally bound to proceed with the contract, furthermore, the contracts have no termination clause and will terminate once the two parties have agreed on handover.

Based on the product offtake agreement which was part of Cooperative Protocol Agreement signed with the Egyptian Government Authority (ASX announcement 6 April 2022) Papyrus will continue to sell products on behalf of the MP, there is no termination clause in the offtake agreement. Once the second moulding line is operating, the site has a total production capacity of up to 100 million pieces of moulded banana fibre packaging per year. And based on 75% of the product output exported to Europe & UK, and the remaining 25% sold within the Egyptian market, this represents potential revenue of up to **\$2.7m USD** per year recurring from moulded product sales by Papyrus Egypt LLC.”

As the two new contracts are likely to commence after 30 June 2024, these statements were based on the assumption that members of PPY and EBFC approved the proposed consolidation (the subject of a GM to be held on 28 June 2024) in which case 100% of the revenue flowing into PPYEg would be consolidated into PPY accounts.

In the event that the consolidation was not approved at the forthcoming meeting, PPY would need to continue to apply equity accounting principles for its interest in PPYEg. In addition, as PPY (which owns directly 50% of PPYEg and indirectly 19.6% through its interest in EBFC) would be entitled to receive 69.6% of the net profit of PPYEg.

As approved by the board

Vince Rigano
Company Secretary