



## ASX ANNOUNCEMENT

31 January 2025

### Quarterly Activity Report for October to December 2024

**Papyrus Australia Ltd** (ASX:PPY) is pleased to report its activities pertaining to the quarter ended 31 December 2024 and the quarterly Appendix 4C cash flow report released to the market on 31 January 2025.

#### Highlights

- Papyrus Australia signed a Terms Sheet with Thanh Dung Co in Vietnam
  - New Services Engagement with L39 to support the Vietnam project
  - New non-Executive Directors appointed to the board
  - Papyrus receives \$332k Tax refund for FY24 for R&D Tax Incentives
  - \$131k R&D Tax Incentive loan secured
  - Progress of Papyrus Egypt (PPYEg) Consolidation with PPY
1. In October Papyrus Australia signed a terms sheet with Thanh Dung Co Ltd in Vietnam for a Joint Venture production facility that will see the commercialising and deployment of Papyrus' latest patent pending phase 2 technology. This collaboration is a significant opportunity for Papyrus Australia to continue the expansion of its innovative technology to transform banana plantation agriwaste into moulded fibre packaging in Vietnam. Thanh Dung Co is a diversified manufacturing company with a significant carton-board production capacity utilizing recycled cardboard and wastepaper. With access to 13,000 hectares of banana plantations around the Hai Duong Province, the site has sufficient raw material for the initial development stage and there is significant potential for expansion on the same site. A detailed project feasibility assessment and due diligence is planned for early 2025, followed by the signing of a Binding Joint Venture Heads of Agreement.
  2. Papyrus engaged cornerstone investor L39 Capital Pty Ltd to support the development and delivery of the Joint Venture (JV) agreement with Thanh Dung Co in Vietnam. L39 can leverage its extensive network of investors to secure the necessary funding for the execution of the JV and further commercialisation projects. The agreement comprises milestones including location and partner due diligence, execution of the operating structure/management system and business plan and establishing the JV entity to operate as an independent commercial entity locally and internationally.
  3. Three non-Executive Directors have been appointed to the Papyrus Australia Board, with Mr Brad Lemmon and Mr Nick Di Girolamo joining in October and Mr Jim (Zhaojing) Huang joining in November.
    - **Mr. Lemmon** is a highly experienced business leader with over 30 years' experience in materials, waste recovery and recycling industries, spanning operations, logistics,

commercialisation and capability integration progressing strategy to execution with an international footprint.

- **Mr Di Girolamo** is a solicitor and high-stake commercial negotiator, bringing commercial and financial management skills and strategic growth experience from a diverse portfolio of industries.
- **Mr Huang** is a Mechanical Engineer with a unique blend of expertise in the Asia-Pacific region spanning engineering, technology, finance and risk management and experience in cross-border M&A, corporate advisory, capital-raising and introducing innovative technologies in the waste processing and recycling sectors.

4. Mr Edward Byrt retired from the Papyrus Board in November, following his outstanding tenure as the Chair of Papyrus from 2009 to July 2024 then non-executive director until November. Mr Byrt oversaw the complex relocation and transition of PPY operations to Egypt, the establishment of PPYEg and the significant technology development that resulted in achieving the first contracts with the Egyptian Government.
5. To support the protection of PPY intellectual property, PPY has registered a provisional patent application for the technology to 'Produce a Mouldable Cellulosic Fibrous Pulp'. This new patent represents a significant advancement in our proprietary technology and will extend the application into food contact grade packaging and other advanced packaging applications.
6. This important step in advancing the PPY technology research and development into phase 2 will diversify and expand our product offerings and open new market opportunities to leverage our sustainable, environmentally friendly technology.
7. PPY progressed engagement with several parties seeking to commercialise our technology. We look forward to providing more details on these opportunities as they progress further along the development pipeline.
8. The Papyrus Annual General Meeting was held in November and all resolutions were carried. The Chief Operating Officer Mr Daniel Schmidt presented the Papyrus Commercialisation Roadmap. [Papyrus Commercialisation Roadmap November-2024](#)
9. The projects horizon for 2025 includes the establishment of a Phase 2 Technology prototype in Australia and a Phase 2 Technology commercial demonstration plant in Australia in addition to the development of the PPY JV commercial plant in Vietnam.
10. The Consolidation strategy work for PPY continued with further due diligence of the Egypt operation. The Papyrus Australia Executive Chairman will travel to Egypt in January 2025 for meetings to progress the consolidation proposal.

11. Legal proceedings brought against PPY and the directors in September, by Perfection Australia Group Pty Ltd ('PAG') and BPE Investments Pty Ltd ('BPE') regarding the terms of an Agreement entered earlier this year, were officially dismissed in December by consent.

**Papyrus Australia Financial comments**

12. Papyrus Australia received a tax refund of \$332k from the Australian Government Research and Development Tax Incentive Program for FY24 expenditure on R&D related to both Phase 1 and 2 of its technology. Following the repayment of the R&DTI loans with Radium Capital together with interest costs and other related costs, the nett proceeds that Papyrus received was \$53k.
13. In November 2024, Papyrus Australia received loan funds of \$ 131,136 from Radium Capital against the future FY25 R&D Tax Incentive, as part of the Australian Government Research and Development Tax Incentive Program (R&DTI).
14. During the quarter to December 2024, the following related party payments were made.
  - \$ 3,583 to V P Rigano & Co Pty Ltd for reimbursement of expenses incurred by Vince Rigano as Company Director.
  - \$ 507 to David Attias as Company Director for reimbursement of travel expenses incurred.
  - \$ 454 to Jim Huang as Company Director for reimbursement of travel expenses incurred.
  - \$ 853 to Nick Di Girolamo as Company Director for reimbursement of travel expenses incurred.
15. The expenditure reported for the quarter ending in December 2024 Appendix 4C cash flow report for Papyrus relates primarily to:
  - Research and Development Costs
  - Staff costs
  - Legal fees
  - Audit and Compliance costs
  - Other overhead related costs

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

As approved by the Board.

**ENDS**