



ASX ANNOUNCEMENT

27 July 2023

Quarterly Activity Report for April to June 2023

Papyrus Australia Ltd (ASX:PPY) is pleased to report its activities **pertaining to the quarter ended 30 June 2023** and the quarterly Appendix 4C cash flow report released to the market on 27 July 2023.

Highlights

- Consolidation of Papyrus Egypt into Papyrus Australia
- Equipment fabrication completed for the first contract in the Cooperation Protocol Roadmap with the Egyptian Government
- Expanding the commercialisation activities for Papyrus Australia Ltd
- Production capability improvements for Papyrus Egypt for the manufacture of banana fibre in Sohag, and food packaging products in Sharqiah

Egyptian Government Cooperation Protocol Roadmap contract developments

1. Egyptian Government's National Authority for Military Production (MP) Contract execution update: The fabrication, assembly and factory acceptance testing for the equipment has been completed and is ready for shipping. Installation planning has commenced in Egypt.

Papyrus Australia Ltd

2. In April 2023, Papyrus announced the proposal to consolidate Papyrus Egypt (PPYEg) enterprise within Papyrus Australia, subject to an independent valuation currently being conducted by BDO in Egypt.
3. The consolidation will align the entities more closely and benefit Papyrus with shared financial and operational resources and greater strategic and operational control. Following the completion of the independent valuation, an EGM will be held for shareholders to consider the proposed consolidation.
4. In May, the Papyrus Australia founder and Managing Director Mr. Ramy Azer retired from his Papyrus Australia Board appointment, to concentrate on the planned consolidation of Papyrus Egypt and the contracted banana fibre moulded products factory with the Government of Egypt, requiring his dedicated engagement.
5. Mr. Azer was pivotal in the development of Papyrus Australia and Papyrus Egypt, spearheading the advancement of our technology from concept development through to the establishment of the commercial-scale facilities in Egypt. The Papyrus Board is extremely grateful to Mr Azer for his unwavering commitment, passion, and tireless efforts in driving the growth and success of Papyrus and his ongoing relations with the Government of Egypt to establish more factories.
6. The Board appointed the company's Chief Operating Officer Mr. Daniel Schmidt as Interim CEO, as he has played a vital role in the development and execution of our business strategy and possesses a comprehensive understanding of our operations.

Mr Schmidt will lead the company through this transitional consolidation period to review the governance and management needs with the Board.

7. In June, Papyrus executed a service agreement with shareholders BPE Investments Pty Ltd (BPE) and Union Pacific Equities Pty Ltd (Union Pacific), which aims to support Papyrus in advancing its international business and strengthen its position as a world-leading agricultural waste fibre technology company. Under the terms of the service agreement, BPE and Union Pacific will provide a range of services to Papyrus facilitating profile promotion, collaborations, establishing strategic partnerships, market expansion and fundraising support. The Board anticipates positive outcomes from this constructive agreement, in growing networks to drive international growth for our environmentally friendly technology.

Other Business Development

8. Business development engagements conducted from Australia continues with meetings held with potential customers in India, the Philippines, Ecuador, Peru, Portugal and Nigeria. The discussions included technology commercialisation, the structure of business partnerships and the moulded packaging products market, which will facilitate their business development planning.

Papyrus Egypt

Operational Activities and Business Development

9. Papyrus Egypt have been providing information for the independent valuation of PPYEg by BDO in Egypt for the proposed consolidation with Papyrus Australia.
10. The primary production line machinery in Sohag is being drawn up in anticipation of design work for modularised primary processing plants.
11. The team at the Sohag fibre processing factory are continuing work on increasing the fibre production capability including the design for a larger shredder, to maintain the supply to the Sharqiah moulding facility and in preparation for supply for the MP moulding facility which is due to be delivered, installed and commissioned in the coming months.

Financials

Papyrus Australia Financial comments

12. During the quarter, the following related party payments were made.
 - a. \$ 22,210 to CC&C Pty Ltd for consultancy services rendered by Pascal Gouel as Company Director, and reimbursement of expenses incurred.
13. The expenditure reported for the quarter ending in June 2023 Appendix 4C cash flow report for Papyrus relates primarily to:
 - a. staff costs
 - b. travel costs
 - c. overhead and compliance 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