



ASX ANNOUNCEMENT

31 July 2024

Quarterly Activity Report for April to June 2024

Papyrus Australia Ltd (ASX:PPY) is pleased to report its activities pertaining to the quarter ended 30 June 2024 and the quarterly Appendix 4C cash flow report released to the market on 31 July 2024.

Highlights

- The Egyptian Government contracted facility (MP) commenced production under PPYEg operations management
- At the General Meeting of 28 June 2024, PPY shareholders approved the Consolidation of PPYEg with PPY
- PPYEg signed the substantial phase two contracts with the Egyptian Government
- New PPY Executive Director Mr Al Jawhari was appointed to the Board
- PPY Executive Director Mr Pascal Gouel retired from the PPY Board
- Final Industry Growth Program report from AusIndustry was received

Egyptian Government Developments

1. The installation and commissioning of the first production facility for the Egyptian Government's National Authority for Military Production (MP) was successfully completed in April, accomplishing all requirements of the contract milestone with the MP. The MP paid the milestone payment to Papyrus Egypt (PPYEg).
2. Once installation and commissioning were completed, PPYEg and the MP crew commenced production on the newly installed moulding facility. Commencing operations with one shift per day, with the capacity to produce up to 7,000 pieces per hour, the target is to increase to three shifts per day over the coming months. The MP crew is trained on operations, maintenance and automation controls and is under PPYEg management for the first 12 months. Following the end of the 12-month warranty period, the final 5% payment is due from the MP.
3. The location of the first production facility is within the Egyptian Military Armoured Production and Repair Factory (200), (Factory 200), one of the companies affiliated with the National Authority for Military Production (MP). In May, PPYEg signed two further significant contracts with the Egyptian Government's Factory 200 planned for installation in early 2025.
 - a. The first phase two contract is for the supply, installation and commissioning of a primary processing line which will convert banana plantation waste into cellulosic fibre (for moulded packaging) and organic liquid (for a fertilizer product). Importantly this processing line will enable Factory 200 to process their local plantation waste and become a fully self-sufficient integrated processing plant.
 - b. The second contract is for an additional moulding line which will increase the sites current production capacity from 50 million pieces to 100 million pieces per annum. This capacity represents potential revenue once in full operation, of up to \$2.7m USD per year from moulded product sales by PPYEg through the product offtake agreement.

4. These two contracts incorporate a supply agreement for the MP's Factory 200 to manufacture some components under PPYEg confidential control. The manufacture of the oven for the second moulding line commenced, which will upskill the workforce, reduce shipping time, cost, import fees and taxes and contribute to long-term sustainable development goals. In addition, locally manufactured MP components will complement AOI/PPY components in further contracts.

Papyrus Australia Ltd

5. The proposed Consolidation for PPY to take 100% control of PPYEg was considered by shareholders at the General Meeting held on 28 June 2024. The shareholders received the comprehensive Independent Expert assessment and Legal Counsel consideration and passed the resolution with a 99.94% approval vote. The next step in the process is to finalise due diligence.
6. PPY appointed Mr Al Jawhari as Executive Director to the Board to lead international projects. Mr Jawhari has global commercial experience that will assist PPY to ensure the successful commercialisation of our current and future joint ventures.
7. The Executive Director of Business Development Mr Pascal Gouel, retired as a Director of PPY effective 30 June 2024. Mr Gouel joined PPY in July 2022 and provided invaluable commercial and international experience to assist the establishment of the PPY commercialisation strategy.
8. Director and Company Secretary Mr Vince Rigano, travelled to Egypt to attend meetings in early April, with the MP, the Australian Ambassador, the Arab Organisation for Industrialization (**AOI**), local suppliers and EBFC shareholders.
9. PPY received the final report following participation in the Industry Growth Program (**IGP**) of the Department of Industry, Science and Resources (AusIndustry). The report has mapped a strategy for potential government funding options for Papyrus which will assist PPY to target funding for further product development.

Papyrus Egypt

10. The Egyptian Banana Fibre Company (EBFC) at a shareholders meeting, approved the proposed Consolidation with PPY.
11. The Factory 200 crew is preparing to increase production from one shift to two shifts per day.
12. The Minister of the MP supported PPYEg to submit samples of the organic liquid extracted from the banana plantation fibre processing at Sohag to the Egyptian Government to apply for accreditation and certification for use as an organic fertilizer.
13. The Sharqiah moulding facility lease was terminated and experienced staff members transferred to the MP Factory 200 project to operate the facility and train MP Factory 200 staff.
14. PPYEg contributed to the 'National Egyptian Green Industry Projects' booklet being produced by the Egyptian Department of Petroleum and Renewable Energy, to define the reduced environmental impact and improved environmental outcomes from the new operations at Factory 200.

Financials

Papyrus Australia Financial comments

15. During the quarter to June 2024, the following related party payments were made.

- \$ 2,718 to V P Rigano & Co Pty Ltd for reimbursement of expenses incurred by Vince Rigano as Company Director.

16. The expenditure reported for the quarter ending in June 2024 Appendix 4C cash flow report for Papyrus relates primarily to:

- Staff costs
- Consolidation related costs
- 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