



ASX ANNOUNCEMENT 28 February 2022

Papyrus Australia Ltd (ASX:PPY) advises that the Company has moved from quarterly activity reports to monthly activity reports to keep the market more informed regarding its activities. **This monthly report pertains to the month ended 31 January 2022** and the Monthly Appendix 4C cash flow report released to the market on 28 February 2022.

The focus of the Company in the past month has been:

- to support the Papyrus Egypt Company (PPYEg) activities in Egypt, which provide increasingly positive results, and
- to continue activities pursuing new opportunities to exploit its technology.

This report and future monthly reports will focus on two topics, namely:

- corporate activities of Papyrus Australia Ltd in Australia, and
- operational activities of Papyrus Egypt Company (LLC) for the manufacture of banana fiber products in Sohag, Egypt.

Papyrus Australia Ltd

Corporate Activities

1. The moulded fibre packaging facility in Sharqiah, Egypt, has successfully produced moulded fibre packaging products utilising 100% banana fibre pulp, which led to the announcement by the Company that the Sharqiah factory had produced a world first 100% banana fibre burger clam shell packaging product (ASX announcement 7 January 2022).
2. The successful results at the Sharqiah facility, led to the signing of a Partnership Agreement with the long established and successful Sohag based Egyptian corporation “Al Ahram for Plastic Manufacturing” on 26 January 2022, to enable Al Ahram to transition from plastic to banana fibre based packaging – the first such transition worldwide and the beginning of a new era of sustainable banana fibre packaging products in Egypt.

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3. The key elements of the Partnership Agreement are:-
 - A new joint venture company “JVC” will be established in Egypt with Al Ahram holding 65% equity and PPY the remaining 35%, operating within the existing Al Ahram manufacturing facilities in Sohag.
 - Papyrus Egypt will produce and sell the required refined banana fibre to the JVC for the production of moulded fiber products in Sohag.
 - Al Ahram will provide the factory building at Sohag Egypt to the JVC on commercial terms to be agreed, to house the moulded product manufacturing equipment and production lines.
 - Preparation of a business plan with input from both parties is underway and expected to be completed in the near future and announced to the market.
4. The Company continued to field enquires from potential users of the technology from other countries.
5. The Company continued the development of a sales and marketing plan, which will focus on how the Company’s technology will be rolled out.
6. During the reporting month, a payment of \$20,833 was made to a related party in accordance with the remuneration agreement for the Managing Director.

Papyrus Egypt Company (PPYEg)

Operational Activities

- Having completed the trials for moulded fibre packaging products, the leased Sharqiah factory was reconfigured and commenced commercial production of moulded banana fibre packaging products for the Egyptian market to customers who have directly approached Papyrus Egypt.
- Significant additional fibre refining equipment has been ordered and some is now in the process of being installed at the Sohag factory. This upscaling of refining capacity at Sohag will continue to take place over the coming months.
- The additional fibre refining equipment will ensure that sufficient banana fibre and banana fibre pulp is available to supply the impending JV with Al Ahram, and additionally as required by the Sharqiah facility for commercial sales.
- Demand for ‘Musa’ continues to grow, with the addition of new clients wishing to purchase the product, resulting in the employment of additional sales personnel to service these clients and areas not previously serviced.

- Research and development continued at the Sohag factory in order to upscale the production capacity and improve the quality of the fibre, required for moulded products.

Consolidated Financial Reporting

The expenditure reported in the January 2022 Appendix 4C cash flow report (ASX: Announcement 28 February 2022) for PPY relates primarily to:

- staff costs
- compliance costs and related expenses
- expenditure relating to the Papyrus Egypt operations at the Sohag and Sharqiah factories.

Except for the payment referred to under corporate activities during the month, there was no other payment to an associate or a related party.

As approved by the Board.

ENDS