



ASX ANNOUNCEMENT
14 February 2022

Major milestones achieved: signed Partnership Agreement and appointment of Australian GM

Papyrus signs Partnership Agreement with Al Ahram in Egypt to enable the transition from plastic to banana fibre based packaging – the first such transition worldwide and the beginning of a new era of sustainable packaging products in Egypt.

Papyrus also undertakes new banana fibre packaging product sales in Egypt, and appoints General Manager of Operations in Australia.

Highlights

- Partnership Agreement signed with Al Ahram for Plastics Manufacturing in Egypt “Al Ahram”
- 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 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
- The Partnership Agreement requires the preparation of a business plan with input from both parties which is underway and about which the market will be informed when concluded
- Mr Daniel Schmidt has been appointed by Papyrus Australia as “General Manager of Operations of based in Adelaide.

Papyrus Australia Ltd (“PPY”/ “Company”/ “Papyrus”), a world-leading agricultural waste fibre technology company, is pleased to advise that:-

1. Joint Venture for moulded fibre for products to replace plastic packaging

PPY has executed a new business Partnership Agreement with Egyptian corporate entity “Al Ahram for Plastics Manufacturing” based in Sohag, Egypt, intended to establish a new manufacturing facility in Sohag to manufacture moulded fibre products utilising 100% banana fibre produced in Sohag by Papyrus Egypt, being the beginning of the transformation of the existing and substantial Al Ahram business from plastic to fibre based packaging, to service existing customers.

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The Partnership Agreement requires the preparation of a Business Plan by Al Ahram with input from Papyrus Australia. The Business Plan will determine the capital requirements necessary to establish the new fibre products manufacturing facility. Following completion of the Business Plan, a new joint venture company will be established in Egypt with Al Ahram holding 65% equity and Papyrus Australia holding the remaining 35%.

The raw material required for the production of various moulded fibre packaging products at the new JVC factory is refined banana fibre pulp which will be supplied by Papyrus Egypt on commercial terms to be agreed. It is anticipated Al Ahram will gradually replace the production of its plastic packaging products with similar moulded fibre products to be manufactured at the JVC facility utilising Papyrus Egypt banana fibre pulp.

Under the Partnership Agreement, Al Ahram will be responsible for the management and operation of the JVC facility, including responsibility for sales, marketing and distribution of the moulded fibre packaging products to existing customers, the detail of which will be determined in the Business Plan. The parties are absolutely confident that the JVC will be profitable and will be the forerunner of other like projects in Egypt.

2. Moulded fibre packaging production facility at Sharqiah Egypt

As previously reported (ASX announcement 21 October 2021) Papyrus Egypt has leased a fully operational moulded fibre packaging facility at Sharqiah, Egypt, where since November 2021 100% banana fibre moulded fibre packaging products have been produced to absolutely satisfy Al Ahram and other potential customers that utilising 100% banana fibre is an ideal natural fibre to produce high volume packaging products to replace plastic packaging.

In addition, the Sharqiah factory's production in excess of what is required to satisfy Al Ahram and other potential customers, has provided the opportunity to not only test new moulded packaging processes and products which are under development, but also to produce additional moulded banana fibre packaging products for market distribution and sale in Egypt by Papyrus Egypt.

Accordingly, PPY is pleased to announce that the leased Sharqiah factory has since early February commenced commercial production of moulded banana fibre packaging products for the Egyptian market to customers who have directly approached Papyrus Egypt.

3. Papyrus Egypt Sohag factory – new processing developments

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 JVC with Al Ahram, and additionally as required by the Sharqiah facility for commercial sales.

This inventive process of super refining the banana fibre to produce banana fibre pulp suitable for moulding is the subject of a new Patent application being processed by our Patent Attorney in Australia as previously reported (ASX Announcement 21 September 2021).

4. General Manager of Operations

Reporting to our Managing Director Ramy Azer, and working in Adelaide together with Peter Rostig our General Manager Engineering & Business Development, Daniel Schmidt, with more than 17 years of senior-level experience across procurement, operations and project management, and sales and marketing roles, in the Australian Mining and Metals industry, will join Papyrus Australia in early June 2022 as General Manager of Operations, responding to our emerging international management needs.

Daniel brings technical knowledge founded on study and developed understanding – he has earned, over time, a Bachelor of Business Studies, majoring in Management and Retail.

He is an experienced leader who can drive high levels of performance through a structured way of working, authentic leadership and high levels of team Collaboration Daniel has led small and large teams with strength in continuous improvement program management, cost reduction program management, lean thinking and stakeholder/supplier engagement to align the work and function to deliver a best for business outcome.

We are delighted to have secured the engagement of Daniel Schmidt.

Edward Byrt – Chairman

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