

## **Chairman's report to the 2021 AGM on 26 November 2021.**

This report is presented to shareholders on behalf of the board. Those directors who are present today will answer any questions shareholders may have following the formalities.

Our Managing Director Ramy Azer will give a presentation by Zoom after the formalities regarding the status and future plans for Egypt and will take questions.

I refer shareholders to the company's operations report contained within the published annual report for 2021, which gave a satisfactory overview of the activities of the company during the past financial year.

### **Financial support from significant shareholders.**

I wish to note the outstanding visionary and financial support we have received in Australia during the past 12 months, primarily from Union Pacific Equities P/L and L39 Capital P/L, who are true believers in what Papyrus is seeking to achieve. They have demonstrated their belief in the company by significant and timely investments.

Additional significant visionary, promotional and financial support from Mr Siew Hong Koh and Mr Ben Elias from Sydney is appreciated and recognised.

The company also retains the confidence of all directors who have supported the company, both financially and in ongoing governance responsibilities, especially Ramy Azer, who spent the entire year in Egypt to support and strategically guide the emerging business of Papyrus Egypt. Together with his wife Phoebe Azer, through their company Talisker (SA) Pty Ltd, they maintained significant financial support which was repaid during the reporting period – such is their belief in and commitment to the Papyrus opportunity.

### **Papyrus Australia support for Papyrus Egypt.**

The sole focus of the company in the reporting year 2020/2021 has been to support Ramy Azer in his endeavours guiding and developing Papyrus Egypt. Progress has been very positive through 2020/2021 as a result of the essential strategic support and guidance of Ramy Azer and the Papyrus Egypt Chief Executive Ms Heba Nayle who now directs and manages the Sohag factory operations.

I note that in the year under review, Ramy significantly improved the productive capability of the factory, in the production of raw fibre available for further processing into products, and in the production of new agricultural products especially the liquid fertiliser, Musa.

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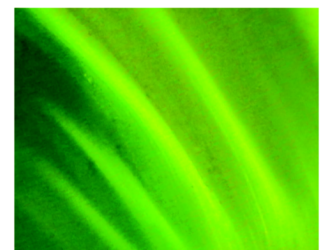
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Process and mechanical improvements in the dewatering of the fibre to procure more Musa and other agri-products was pivotal and led to financial reward for Papyrus Egypt with increased revenues from sales of those products.

In addition, the technical and mechanical improvements in the dewatering and fibre production processes undertaken by Ramy over the year 2020/2021 resulted in a new Patent being applied for by the company in Australia in September 2021.

Our Patent Attorney believes that the new Provisional Australian Patent will be a very significant addition to our Patent portfolio in addition to our accumulated “confidential information” and “know-how” about processing banana waste and banana fibre acquired from the operations in Egypt.

Ramy Azer remains the pre-eminent expert on processing banana waste and banana fibre worldwide. That asset is our corporate asset and will be essential to our future as we graduate from the demonstration factory in Sohag to the many other opportunities presenting in banana growing countries worldwide.

Post the reporting period, Papyrus Egypt has recently embraced the production of 100% moulded banana fibre to successfully make products for food packaging – a world first - which are to be purchased by the Halim family food packaging company, replacing their plastic food packaging with banana fibre packaging products.

Ramy will later this morning address that emerging opportunity and additional flow-on opportunities in Egypt which we will report further to the market as they develop.

Shareholders must be mindful that the Egypt operations are only a demonstration of capability in a relatively small operation in the Egyptian economy. They are not the operations we would necessarily expect in, for example, Australia, China, India or The Philippines where we are being pursued by people interested in the commercial opportunities the Papyrus technologies present.

The recently announced leasing of the Moulded Multipackaging Factory in Sharquiah has enabled us to fast track the testing and production of moulded packaging products utilising 100% banana fibre and provides a zero-waste solution utilising our technology.

We expect that experience from the demonstration factory in Sohag and the Sharquiah moulding factory will inform the specifications for factories to be designed to meet different local or regional requirements in different countries and economies.

Banana waste product sales in Egypt have continued with growing volume and value through the year to 30 June 2021 and beyond, with all revenue generated used to support the factory, and expand its production output to meet increased demand for its products.

Sales have steadily increased since June 2021 to the point where a relatively regular and reliable cash flow is now being generated in Egypt.

We are reporting financial performance monthly and we will be reporting the October 2021 results to the market next week.

## **The Future**

### **The Immediate Future**

- ☐ A Budget and a detailed Business Development and Marketing Plan have been developed which will guide our immediate decisions.
- ☐ We have a strategy in place to take 100% control of Papyrus Egypt.
- ☐ Strengthening Papyrus Egypt by sustained profitability will eventually relieve Papyrus Australia from financially supporting Papyrus Egypt.
- ☐ Papyrus Egypt has appointed key staff to support Heba Nayle
  - A Financial Controller utilising online Zoho accounting immediately available to our company accountant in Adelaide
  - Sales and collections staff – for local and regional fibre and agri product sales and collections
  - Engineers supporting the mechanical processes
- ☐ Promoting our technology to other plantation owners and investors in Egypt and Africa (using Sohag growers and Papyrus Egypt as the demonstration site).
- ☐ Maximising the production of 100% moulded banana fibre products in the new facility in Sharquiah
- ☐ Support the Halim family to build a dedicated new moulded products factory proximate to Sohag to replace their plastic food packaging products in Egypt.
- ☐ Measuring and monetising the greenhouse gas assets achieved through the abatement of methane gas otherwise emitted by rotting banana waste in plantations

### **The Mid Term vision for Australia.**

I am advocating a vision to establish in Australia, at the earliest opportunity, a new environmentally sustainable industrial and enterprise hub. This hub would feature the first commercial banana waste processing facility to significantly reduce greenhouse gas emissions in plantations, together with complementary fibre processing facilities to make building products. The hub would also include a facility to produce moulded food quality packaging to replace plastic products.

Such a new zero waste processing facility and enterprise will be located in an established banana growing region. As a bonus it will offer the production of the valuable agricultural products we make in Egypt, especially the liquid fertiliser Musa, which we believe will have an immediate and strong market in Australia given its natural organic and known beneficial properties for enhanced plant growth.

To enable this vision, we will engage with an accomplished and reputable Australian engineering business to enhance the design and to manufacture the specialised and Patented Papyrus machinery required to operate a banana waste processing facility and complementary banana fibre product making facilities.

The appointment of Ms Kerry Chikarovski AM as an Executive Director (Government Relations) underpins our stated desire to facilitate operations in Australia and to establish the first complete waste banana processing facility and complementary fibre product making facilities. Thanks go in particular to shareholder UPE and the Sydney team of Mr Koh and Mr Elias for achieving this important appointment.

Shareholders will soon see the roll-out in Australia of a market education strategy about Papyrus and our environmental credentials, being developed by our media consultant

Brilliant Logic and to be profiled by Ms Chikarovski. This will be complemented by a corporate video reflecting core operations in Egypt and promoting our environmentally sustainable processes and products.

The opportunity is existing now for Papyrus Australia to achieve the long-held goal to be a technology development and licensing entity to exploit banana waste and residual agricultural fibre beyond banana as previously announced.

### **Governance.**

I thank the directors for their ongoing support and guidance which is greatly appreciated. I also record our thanks and appreciation to Managing Director Ramy Azer who continues to enthusiastically represent the company in Egypt and worldwide as opportunities arise.

Our most important tasks now are to ensure that Papyrus Egypt is fully supported to achieve its absolute business potential, and that we develop revenues and become a profitable company for shareholder benefit.

To achieve this, we will need appropriate additional executive support and the company will address that need as a priority.

We have been valuably supported since April 2021 by our new Manager Engineering and Business Development – Peter Rostig – for whom we and particularly Ramy Azer are grateful for his valuable contributions.

### **Remuneration**

The board is committed and working with determination and perseverance to achieve a sound and a sustainable future for the company. Ramy Azer received his first remuneration from the company in a decade starting on 1 December 2020.

As a matter of record, directors have not taken any fees since late in 2010. No liability is accruing for any of these items. The directors are all absolutely committed to this company and its potential, and I am hopeful that this issue will be addressed by the end of the present financial year.

I thank the directors for their tireless commitment to the future of Papyrus Australia and I thank the shareholders for their patience. I am looking forward to an exciting and positive future.

### **Conclusion**

There is no doubt in my mind that Papyrus Australia has emerged stronger than ever after the past years' work and investment supporting new and improved foundations in Egypt.

Last week the Australian Ambassador to Egypt visited the Sohag operations together with Egyptian Government Ministry Officials which received significant media and Government attention in Egypt and which will soon be featured on our website.

I also believe that we have now started to address one of our main historic challenges, namely, “key man risk” posed by our singular reliance on our MD Ramy Azer. Heba Nayle is now an equal to Ramy as a banana fibre processing expert in Egypt, and Peter Rostig is on top of the technical, engineering and machinery side of the business as a complement to Ramy in Australia.

We are now a corporate entity with an expanding team of capable executives ready to carry on with the work started by the founder Ramy Azer in the 1990’s.

Ted Byrt.  
Chairman.  
26 November 2021.