



**ASX RELEASE**  
**23 November 2022**

**Chairman's report to the AGM on 23 November 2022**

This report is presented to shareholders on behalf of the board. Our new Executive Director International Business Development - Pascal Gouel - will give a verbal presentation after the formalities regarding the COP27 Conference outcomes 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 2022, which gave a satisfactory overview of the activities of the company during the past financial year.

Last year I welcomed shareholders to the AGM acknowledging that after several years of trial and error in Egypt, we had reached a new stage. Two new, valuable environmentally sensitive banana plantation waste products were in trial production in the Sohag factory, namely, organic liquid fertiliser, and banana fibre pulp for the manufacture of food packaging to replace plastic packaging, and they were emerging as the key products for the immediate future direction for our manufacturing business in Egypt, utilising our proprietary technology. Further measurable progress has been made with the production of these products this last year.

The most significant commercial development for the company occurred in April this year when we were approached by the Egyptian Government which is now committed to establish a national banana plantation waste retrieval industry. They will apply the Papyrus technology to process the banana plantation waste and to focus on the manufacture of organic liquid fertiliser, and banana fibre pulp for the manufacture of food packaging to replace plastic packaging.

Egypt generates around two million tonnes of banana plantation waste annually within established banana plantations within the Nile Valley and in the Delta, and to date there has been no system to retrieve and commercially process this valuable resource - until now. Historically, disposal of banana plantation waste in Egypt has been effected by dumping it in The Nile, or simply leaving it to rot in the plantation, causing a significant impairment to the environment by the emission of methane gas in the rotting process.

The Egyptian Government acknowledges that Papyrus Australia has the technology to enable the process and conversion of banana plantation waste into valuable environmentally friendly products and at the same time to prevent the emission of methane gas into the environment.

The Egyptian Government first signed a Co-operation Protocol with Papyrus Australia which it announced to the public of Egypt in April 2022. The Government then agreed to a Roadmap to progress the creation of the national banana plantation waste retrieval industry and recently, after months of discussion and negotiation about the best way forward, the Government of Egypt signed a Project Contract with Papyrus Egypt to establish the first commercial moulded banana fibre products factory. The factory will be established in Cairo and run by the Ministry of Military Production (MoMP) with the assistance of Papyrus Egypt.

The decision to start the new industry by establishing the moulded banana fibre products factory was a sensible decision which will provide the MoMP with much needed food packaging products for its own use and for commercial sale. Starting its industry production at the end of the chain gives the Ministry the confidence that the future establishment of banana plantation waste processing facilities in banana plantations will have an established path to market for the primary products of liquid fertiliser and banana fibre for moulding. An initial bonus for Papyrus Egypt is that our factory in Sohag will supply the immediate needs to the MoMP factory, boosting the productive capacity of our factory in Sohag.

We expect that the new commercial venture will be in operation by mid next year. Capital raising will be required by Papyrus Egypt to fund the establishment of the machinery and technology required by the MoMP in the Cairo factory, and we expect that by the end of next year significant cash flow from that factory will be received.

It is a pleasure to be able to confirm that the past year has been as productive as we could have hoped in Egypt, especially in the development and improvement of new proprietary technology (which is the subject of a comprehensive patent application in Australia) to refine primary banana fibre to produce the banana fibre pulp required for the moulding process, under the outstanding guidance of our MD Ramy Azer who joins us today from Egypt via Zoom - welcome Ramy.

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

The sole focus of the company in the reporting year 2021/2022 has been to support Ramy Azer in his endeavours guiding and developing Papyrus in Egypt - which has been very positive through 2021/2022 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 banana fibre moulded products, and in the production of new agricultural products especially the liquid fertiliser, Musa.

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.

The new patent application for the fibre shredding and refinement which was applied for by the company in Australia in September 2021, is progressing under the guidance of our patent attorney who 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.

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 presently at the level of operations we are anticipating under the Ministry of Military Production's plan to establish the Egyptian national banana plantation waste retrieval industry nor as 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.

In November 2021 we announced our lease of the Moulded Multi-Packaging Factory in Sharquiah. This lease 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 different economies.

Banana waste product sales in Egypt have continued with growing volume and value through the year to 30 June 2022 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 July 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 2022 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 PPYEg.
- Strengthening PPYEg by sustained profitability will eventually relieve Papyrus Australia from financially supporting PPYEg.
- 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 PPYEg as the demonstration site).
- Maximising the production of 100% moulded banana fibre products in the new facility in Sharquiah.
- 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 have established in Australia at the earliest opportunity a new environmentally sustainable industrial and enterprise hub. This hub would comprise the first commercial banana waste processing facility to significantly reduce greenhouse gas emissions in plantations and to produce organic liquid fertiliser and valuable banana fibre, together with complementary fibre processing facilities to make building products and also 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 and would have as a bonus 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.

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 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.

We have been valuably supported since March 2022 by our new Chief Operating Officer– Daniel Schmidt – 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 continued to receive remuneration from the company which commenced on 1 December 2020.

New Executive Directors Ms Kerry Chikarovski and Pascal Gouel receive a modest remuneration as reported in the financials, but as a matter of record, the other directors do not receive remuneration and some 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.

At the end of October and during November, Vince Rigano and I visited the Egypt operations, we met the Minister for Military Production and the Australian Ambassador while in Cairo. We have seen firsthand the significant progress being achieved in Egypt.

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.

Edward Byrt  
Chairman  
23 November 2022