

ASX ANNOUNCEMENT

27 February 2026



Monthly Activity Report for January 2026

Papyrus Australia Ltd (ASX:PPY) is pleased to report its activities pertaining to the month ended 31 January 2026 and the monthly Appendix 4C cash flow report released to the market on 27 February 2026.

Executive Chair Overview

Papyrus Australia made strong operational progress during January, advancing both the Rapid Prototyping & R&D Facility in Adelaide and the Australian Commercial Production Facility toward commercial readiness. These developments continue to validate our technology and support the Company's transition from development to early commercialisation.

At the R&D Facility, all major prototype systems were installed and commissioned during the month, enabling early production, product testing, and customer sample development. The first trays produced from the moulding line met quality expectations, and the establishment of a plantation-waste supply chain further strengthened operational readiness. January also saw Papyrus deepen its collaboration with the University's technology and industry hub through the University Internship Program, providing valuable analytical insight to the Company while offering students meaningful exposure to real-world technology development and iterative design.

The Australian Commercial Production Facility progressed through procurement and site establishment activities, with long-lead pulp-preparation equipment ordered and additional components prepared for shipment. Lease negotiations for the preferred manufacturing site advanced during January, positioning the project to move into installation and commissioning once finalised.

To support these critical-path activities, Papyrus received the final tranche of the \$500,000 in investor loans during the month. The Board expresses its sincere appreciation for the confidence and support shown by investors at this pivotal stage, enabling the Company to maintain momentum as it prepares for commercial production.

Papyrus enters February with strong operational traction and a clear pathway forward, well positioned to continue executing its commercialisation strategy and establishing itself as a leader in sustainable, high-performance fibre products.

Operational Activity

Rapid Prototyping & R&D Facility

The Adelaide Rapid Prototyping & R&D Facility progressed through several key commissioning stages, moving the site firmly into early production capability. This facility underpins Papyrus's product development, customer engagement, and certification programs.

Key Achievements

- **Prototype Primary Process commissioned and optimised**, enabling continuous fibre extraction trials and validating core mechanical performance.
- **Prototype Pulp Preparation system installed and commissioned**, establishing an integrated pulp-making for product testing and board-trial feedstock.
- **Moulding Line installed and undergoing commissioning**, with optimisation underway across heat, pressure, and cycle-time parameters.

- **Plantation waste supply chain established**, securing consistent feedstock for the facility and providing a pilot model for future commercial operations.
- **First trays produced from the moulding line**, with quality outcomes meeting expectations for strength, form, and surface finish.

Collaboration with University Partners

Papyrus has also strengthened its innovation ecosystem through a collaboration with Adelaide University's technology and industry hub, securing valuable support via the University Internship Program. This partnership provides Papyrus with fresh insight and analytical capability aligned with advanced manufacturing and sustainable materials. In turn, Papyrus is pleased to support the University and its students by offering meaningful industry experience in technology development, prototype optimisation, and the iterative design processes that underpin commercialisation of new technologies.

Commercial Production Facility – Australia

The Australian Commercial Production Facility advanced through its establishment phase, with procurement, site selection, and equipment readiness progressing in parallel. This facility will serve as Papyrus's first commercial-scale manufacturing hub, supporting high-end board production for industrial and mining applications.

Key Achievements

- **Long-lead equipment for the pulp preparation line ordered**, securing critical-path components for the production build.
- **Manufacturing site lease negotiations**, with the preferred location identified and commercial terms being finalised completion.
- **Pulp preparation equipment completed and ready for shipment**, enabling staged installation once the site is secured.

Financial Activity

1. Papyrus Australia received \$150,000 in loans from new and existing sophisticated investors completing the \$500,000 targeted across December and January for procurement of long lead equipment for the production facility.
2. During the month of January the following related party payment was made:
 - \$ 1,100 to David Attias Non-executive Director for reimbursement of travel costs

The expenditure reported for the month ending January 2026 Appendix 4C cash flow report for Papyrus relates primarily to:

- a. Prototyping equipment procurement costs
- b. Staff, legal, compliance and other overhead costs

There were no other payments to an associate or a related party.



Al Jawhari

Executive Chair

ENDS

Appendix 4C

Monthly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

Papyrus Australia Ltd

ABN

63 110 868 409

Month ended ("current Month")

January 2026

Consolidated statement of cash flows	Current month \$A'000	Year to date (7 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) research and development	(64)	(158)
(b) product manufacturing and operating costs		
(c) advertising and marketing		
(d) leased assets		
(e) staff costs	(22)	(125)
(f) administration and corporate costs	(44)	(496)
1.3 Dividends received (see note 3)		
1.4 Interest received		
1.5 Interest and other costs of finance paid		(46)
1.6 Income taxes paid		
1.7 Government grants and tax incentives		195
1.8 Other (provide details if material)	(4)	438
1.9 Net cash from / (used in) operating activities	(134)	(192)
Note: Following the half year audit there has been adjustments to the allocation of cashflow within operating activities and this is reflected in the updated YTD figures. This has not impacted the net cashflow or the cash position of the company.		

2. Cash flows from investing activities

2.1 Payments to acquire or for:

(a) entities

(b) businesses

Consolidated statement of cash flows	Current month \$A'000	Year to date (7 months) \$A'000
(c) property, plant and equipment	(62)	(241)
(d) investments		
(e) intellectual property		
(f) other non-current assets		
2.2 Proceeds from disposal of:		
(a) entities		
(b) businesses		
(c) property, plant and equipment		
(d) investments		
(e) intellectual property		
(f) other non-current assets		
2.3 Cash flows from loans to other entities		
2.4 Dividends received (see note 3)		
2.5 Other (provide details if material)		
2.6 Net cash from / (used in) investing activities	(62)	(241)

3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)		262
3.2 Proceeds from issue of convertible debt securities		
3.3 Proceeds from exercise of options		160
3.4 Transaction costs related to issues of equity securities or convertible debt securities		(1)
3.5 Proceeds from borrowings	150	500
3.6 Repayment of borrowings		(369)
3.7 Transaction costs related to loans and borrowings		
3.8 Dividends paid		
3.9 Other (provide details if material)	1	1
3.10 Net cash from / (used in) financing activities	151	553

Consolidated statement of cash flows		Current month \$A'000	Year to date (7 months) \$A'000
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	468	303
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(134)	(192)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(62)	(241)
4.4	Net cash from / (used in) financing activities (item 3.10 above)		
	Adjustment	151	553
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	423	423

5.	Reconciliation of cash and cash equivalents at the end of the month (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current month \$A'000	Previous month \$A'000
5.1	Bank balances	423	468
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	Cash and cash equivalents at end of month (should equal item 4.6 above)	423	468
	The bank balance at 5.1 includes \$239k which is held in Egypt by PPY's 100% owned subsidiary PPYM, and the funds are restricted.		

6. Payments to related parties of the entity and their associates	Current month \$A'000
6.1 Aggregate amount of payments to related parties and their associates included in item 1	1
6.2 Aggregate amount of payments to related parties and their associates included in item 2	-
<ul style="list-style-type: none"> • Payment to David Attias Non-executive Director for reimbursement of travel costs \$1100 	
<p><i>Note: if any amounts are shown in items 6.1 or 6.2, your monthly activity report must include a description of, and an explanation for, such payments.</i></p>	

7. Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at month end \$A'000	Amount drawn at period end \$A'000
7.1 Loan facilities	750	500
7.2 Credit standby arrangements		
7.3 Other (please specify)		
7.4 Total financing facilities	750	500
7.5 Unused financing facilities available at month end		250
<p>7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after month end, include a note providing details of those facilities as well.</p> <p>The loan facility for \$250k is in place with Talisker Pty Ltd a company associated with Ramy Azer. Drawdowns at the board's discretion can be request in tranches of \$50k. Interest is only payable on any drawdown amounts and is calculated by applying the NAB "Usaver savings account or, the 12 months term deposit rates" (whichever is the greater plus a 1% margin. Currently no drawdowns have been made on this facility.</p> <p>A loan facility for \$500k is in place with a group of investors introduced through L39 Pty Ltd. The interest payable on the loan balance is 18% per annum. The facility has been drawn down by \$500k. The loan is unsecured and maturity is 7 April 2026.</p> <p>The Investors providing the loan facility are:</p> <ol style="list-style-type: none"> 1. Irwin biotech nominees atf bioa trust 2. Antanas Guoga 3. Jgm investments group atf muchnicki family trust 4. Maryton Australia Pty Ltd 		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	134
8.2 Cash and cash equivalents at month end (item 4.6)	423
8.3 Unused finance facilities available at month end (item 7.5)	250
8.4 Total available funding (item 8.2 + item 8.3)	673
8.5 Estimated months of funding available (item 8.4 divided by item 8.1)	5.02
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated months of funding available must be included in item 8.5.</i>	
8.6 If item 8.5 is less than 6 months, please provide answers to the following questions:	
8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: Yes	
8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
<p>Answer: Yes</p> <p>The company secured \$500k of investor loans across December 2025 and January 2026 to support cash flows and the company is in the process of securing the balance of funding required for commercialisation and execution of the TBS contract through further capital raise activity.</p> <p>The company has also successfully received loans from Radium Capital secured by future R&DTI refunds. The Company is in the process of applying for its next round of loans with Radium Capital. All prior loan applications have been approved and there is no current concern by the company that this round of loans will not get approval.</p>	
8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
<p>Answer: Yes</p> <p>Based on the success of previous capital raising and loans the company expects it will raise adequate funds over the coming months to support its commercialisation projects and continued operations.</p>	
<i>Note: where item 8.5 is less than 2 months, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>	

NOTE: The information provided in this Appendix 4c does not include financial information of Papyrus Egypt, as Papyrus Australia has written down the value of its investment to zero at the end of FY25. The impairment does not affect PPY's shareholding interest in PPYeg and EBFC, which remains unchanged.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 27 February 2026

Authorised by: By the Board
(Name of body or officer authorising release – see note 4)

Notes

1. This monthly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past month, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this monthly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 107: Statement of Cash Flows apply to this report. If this monthly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.