

ASX ANNOUNCEMENT

30 June 2026



Monthly Activity Report for May 2026

Papyrus Australia Ltd (ASX:PPY) is pleased to report its activities pertaining to the month ended 31 May 2026 and the monthly Appendix 4C cash flow report released to the market on 30 June 2026.

Executive Chair Overview

Papyrus continued to make strong operational progress during May, highlighted by the successful delivery of 200 Biodegradable Collar Keeper® product samples to TBS, completing Milestone 2 under the TBS Contract. This achievement demonstrates the scalability of our manufacturing pathway and our ability to produce customer-ready product using commercial-scale equipment.

Activity at our Adelaide Rapid Prototyping & R&D Facility remained steady, with ongoing optimisation of pulp furnish, production of customer evaluation materials, and preparation for scale-up to the manufacturing facility. These efforts continue to validate product performance and support commercial engagement.

The Company also advanced its broader technology and manufacturing pathway, refining board specifications and preparing for future production aligned with customer requirements. Expenditure during the month was directed toward sample production, pulp processing, board conversion activities, and ongoing operational costs.

Papyrus remains focused on progressing its commercialisation strategy and supporting TBS through the next phase of product testing and acceptance.

Key Highlights

- TBS Contract – Delivery of 200 Product Samples (Milestone 2)
- Validating pulp performance on commercial scale board forming lines
- Preparation for scale-up transfer to the manufacturing facility

Operational Activity

TBS Contract – Delivery of 200 Product Samples (Milestone 2)

Papyrus delivered 200 Biodegradable Collar Keeper® product samples to TBS Mining Solutions Pty Ltd (“TBS”), completing Milestone 2 under the TBS Contract.

The samples were produced using virgin agricultural-waste pulp processed through Papyrus’ proprietary technology and converted into paperboard using commercial-scale equipment operated by third-party manufacturing partners. This represents the first production-scale conversion of Papyrus pulp into paperboard for customer qualification purposes and demonstrates the scalability of the Company’s manufacturing pathway.

Rapid Prototyping & R&D Facility – Adelaide

The Adelaide R&D and Rapid Prototyping Facility continued operating at steady capacity, with work focused on:

- Production and optimisation of pulp furnish for high-strength board applications
- Ongoing production of pulp and products for customer evaluation
- Preparation for scale-up transfer to the manufacturing facility

The facility remains a critical platform for validating product performance and supporting commercial engagement.

Technology & Manufacturing Pathway

The Company continued to advance its scalable manufacturing pathway, with work focused on:

- Validating pulp performance on commercial scale board forming lines
- Refining board specifications for Collar Keeper® applications
- Preparing for future production aligned with TBS requirements

Corporate Activity

There were no related-party payments during the month. Expenditure for the month of May in the Appendix 4C cash flow report was primarily directed toward:

- commercial-scale sample production
- pulp processing and board conversion activities
- ongoing operational and compliance costs

There were no 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")

May 2026

Consolidated statement of cash flows	Current month \$A'000	Year to date (11 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) research and development	(89)	(373)
(b) product manufacturing and operating costs		
(c) advertising and marketing		
(d) leased assets		
(e) staff costs	(40)	(242)
(f) administration and corporate costs	(72)	(659)
1.3 Dividends received (see note 3)		
1.4 Interest received		
1.5 Interest and other costs of finance paid	-	(60)
1.6 Income taxes paid		
1.7 Government grants and tax incentives	45	240
1.8 Other (provide details if material)	(16)	468
1.9 Net cash from / (used in) operating activities	(172)	(626)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities		
(b) businesses		
(c) property, plant and equipment	(7)	(325)
(d) investments		
(e) intellectual property		

Consolidated statement of cash flows	Current month \$A'000	Year to date (11 months) \$A'000
(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	(7)	(325)

3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	-	437
3.2 Proceeds from issue of convertible debt securities	-	264
3.3 Proceeds from exercise of options		160
3.4 Transaction costs related to issues of equity securities or convertible debt securities	(2)	(3)
3.5 Proceeds from borrowings	130	558
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
3.10 Net cash from / (used in) financing activities	128	1048

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	451	303
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(172)	(626)

Consolidated statement of cash flows		Current month \$A'000	Year to date (11 months) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(7)	(325)
4.4	Net cash from / (used in) financing activities (item 3.10 above)		
	Adjustment	128	1048
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	400	400

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	400	451
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)	400	451
The bank balance at 5.1 includes \$214k 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	-
6.2 Aggregate amount of payments to related parties and their associates included in item 2	-
<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>	

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

7. Financing facilities	Total facility amount at month end \$A'000	Amount drawn at period end \$A'000
<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>		
7.1 Loan facilities	1150	558
7.2 Credit standby arrangements		
7.3 Other (Convertible Notes)	264	264
7.4 Total financing facilities	1414	822
7.5 Unused financing facilities available at month end		592
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.	

A loan facility for \$250k is in place 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 quarters term deposit rates" (whichever is the greater plus a 1% margin). Currently no drawdowns have been made on this facility.

A loan facility for \$250k is in place with an interest rate of 18% per annum. The facility drawn down to \$250k. The loan is unsecured and can be requested to be repaid after 30 June 2026. The loan will transition to convertible notes subject to shareholder approval at the EGM on 24 June 2026.

The Investors providing the loan facility are:

- Jgm investments group atf muchnicki family trust
- Irwin biotech nominees atf bioa trust

The company has issued \$264k of Convertible Notes with an interest rate of 1% per month. The Convertible Notes expire on the 22 April 2028. The issue of these convertible notes has repaid the previous unsecured loan that was in place with the same investors.

The investors that were issued Convertible Notes are:

- Antanas Guoga
- Maryton Australia Pty Ltd

An R&DTI secured facility for up to \$500k is in place with Advanced Innovation Management Pty Ltd. This facility enables drawdown of funds aligned to FY26 and FY27 R&D expenditure. Interest payable on the drawdown amount is 16.5% per annum capitalised on a monthly basis, in addition an application fee of 2% is payable and a further 1% drawdown / redraw fee is payable after the initial drawdown. The facility term will expire within 24 months. To-date, \$158k has been drawn down. The repayment of the facility drawn down and any associated interest will be made upon receipt of the R&D tax offset following the lodgement of 2026 and 2027 tax returns.

A loan facility for \$150k is in place with a group of company directors. The loan is interest free. The loan is unsecured and maturity is on 30 June 2026.

The directors providing the loan facility are:

- Mr. Aljawhari, through his related entity Jewel Creek Ventures P/L. (\$100k).
- Mr. Lemmon. (\$25k).
- Mr. Stavrou, through his related entity Emilart Holdings P/L. (\$25k).

The loan terms are such that, subject to shareholder approval, the loan will convert to ordinary fully paid shares at an issue price of \$0.01, in addition, for each two (2) shares issued, one (1) free unlisted option will be issued with a conversion price of \$0.02 per option converted and an expiry date of two (2) years from issue date.

The facility drawn down to \$150k.

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(172)
8.2	Cash and cash equivalents at month end (item 4.6)	400
8.3	Unused finance facilities available at month end (item 7.5)	592
8.4	Total available funding (item 8.2 + item 8.3)	992

8.5 Estimated months of funding available (item 8.4 divided by item 8.1)

5.77

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.

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: No.

R & D expenditure for the period included approx. \$40k one off costs that are unlikely to occur in future periods.

The amount referred to above, distorts the calculation in item 8.5 which in the Companies view is designed to reflect the period of time remaining before current available funds are exhausted based on normal operating activities. Hence, for the purpose of calculating item 8.5 this amount should be removed, in order to not mislead the market relating to the Company being able to fund its future operating activities. Accordingly, applying this process to the calculating, the resulting number of funding months available would be 7.52

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?

Answer: Yes.

The Company continually reviews its funding options to ensure that it raises sufficient cash to maintain its operating activities. Based on the success of past capital raising activities the Company expects that any future capital raising activities will be successful.

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?

Answer: Yes.

Based on the success of previous capital raisings, the delivery revenue from the previously announced \$4.2m TBS Mining contract and progress of the commercialisation road map initiatives.

Note: where item 8.5 is less than 6 months, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.

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: 30 June 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.