ASX ANNOUNCEMENT

28 July 2026

Quarterly Activity Report for April to June 2026

Papyrus Australia Ltd (ASX:PPY) is pleased to report its activities pertaining to the quarter ended 30 June 2026 and the quarterly Appendix 4C cash flow report released to the market on 28 July 2026.

Executive Chair Overview

Papyrus Australia delivered a quarter of strong commercial and operational progress, highlighted by the achievement of the first two milestones under the TBS Mining Solutions Pty Ltd (TBS) contract, continued advancement of the Company's scalable manufacturing pathway, and shareholder approval of the capital-raising initiatives announced in April.

During the quarter, Papyrus executed a binding Board Production Contract with a Vietnam-based paperboard manufacturer, satisfying Milestone 1 of the TBS Contract. The Company subsequently delivered 200 Biodegradable Collar Keeper® product samples to TBS, completing Milestone 2 and demonstrating the ability to convert Papyrus' agricultural-waste pulp into customer-ready paperboard products using commercial-scale equipment.

Activity at the Adelaide Rapid Prototyping & R&D Facility continued throughout the quarter, with work focused on pulp furnish optimisation, production of customer evaluation materials, engineering and design for scale production, and preparation for transfer to the Company's manufacturing pathway.

Financially, Papyrus progressed a multi-component capital-raising program and held an Extraordinary General Meeting on 24 June 2026. Shareholders approved all resolutions put to the meeting, enabling the relevant share issues, loan conversions and convertible note arrangements to proceed.

Papyrus enters the September quarter focused on progressing TBS product testing and acceptance, validating board specifications, and advancing the manufacturing capability required to support commercial production.

Operational Activity

1. TBS Contract and Commercial Delivery

Milestone 1 - Execution of Board Production Contract

Papyrus executed a binding Board Production Contract with a Vietnam-based paperboard manufacturer, satisfying Milestone 1 of the TBS Contract.

Under the agreement, Papyrus will supply pulp produced in Australia using its proprietary technology for conversion into paperboard jumbo rolls to Papyrus' specifications. Two initial production trial runs will be completed at a fixed cost, with long-term pricing to be negotiated following the trials.

The arrangement enables Papyrus to focus on delivery and scale-up of its proprietary fibre technology while leveraging established manufacturing capability for non-core processing steps.

Milestone 2 - Delivery of 200 Product Samples

Papyrus delivered 200 Biodegradable Collar Keeper® product samples to TBS, completing Milestone 2 under the TBS Contract.

The samples were produced using pulp processed through Papyrus' proprietary technology and converted into paperboard using commercial-scale equipment operated by third-party manufacturing partners. This represented the first production-scale conversion of Papyrus pulp into paperboard for customer qualification purposes.

2. Rapid Prototyping & R&D Facility - Adelaide

The Adelaide Rapid Prototyping & R&D Facility continued operating throughout the quarter as a critical platform for product validation, customer engagement and scale-up preparation.

- Production and optimisation of pulp furnish for high-strength board applications.
- Production of pulp and products for customer evaluation.
- Completion of the second phase of engineering and design work required to support scale production of pulp.
- Preparation for scale-up transfer to the manufacturing facility.

3. Technology and Manufacturing Pathway

- Validation of pulp performance on commercial-scale board-forming lines.
- Refinement of board specifications for Collar Keeper® applications.
- Engagement of Hall Chadwick Melbourne Pty Ltd to support establishment of the Company's high-volume production capability in Vietnam.

Financial Activity

Capital Raising Activities

During April, Papyrus advanced a multi-component capital-raising program comprising:

a. $175,000 share placement.
b. $150,000 new short-term director loans, also converted to shares.
c. $263,846 in existing short-term loans converted to secured convertible notes.
d. $264,279 in existing related-party loans converted to unsecured convertible notes.

The funds raised are intended to support commercialisation activities and delivery of the TBS contract.

Extraordinary General Meeting

During June, Papyrus held an Extraordinary General Meeting in relation to the capital-raising program with all resolutions being approved by shareholders.

Expenditure

The expenditure reported for the quarter ending June 2026 in the Appendix 4C cash flow report for Papyrus relates primarily to:

a. Commercial board production trials.
b. Pulp processing and sample production.
c. Prototyping equipment installation and R&D Facility operating costs.
d. Staff, legal, interest, compliance and other overhead costs.

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

Al Jawhari
Executive Chair
ENDS

Appendix 4C

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

Name of entity	
Papyrus Australia Ltd	
ABN	**Quarter ended ("current Quarter")**
63 110 868 409	June 2026

	Consolidated statement of cash flows		Current quarter $A'000	Year to date (12 months) $A'000
1.	**Cash flows from operating activities**			
1.1	Receipts from customers		-	-
1.2	Payments for			
	(a)	research and development	(161)	(311)
	(b)	product manufacturing and operating costs		
	(c)	advertising and marketing		
	(d)	leased assets		
	(e)	staff costs	(97)	(254)
	(f)	administration and corporate costs	(157)	(832)
1.3	Dividends received (see note 3)			
1.4	Interest received			
1.5	Interest and other costs of finance paid		(14)	(60)
1.6	Income taxes paid			
1.7	Government grants and tax incentives		45	746
1.8	Other (provide details if material)		(15)	(62)
1.9	**Net cash from / (used in) operating activities**		**(399)**	**(773)**

2.	**Cash flows from investing activities**			
2.1	Payments to acquire or for:			
	(a)	entities		
	(b)	businesses		
	(c)	property, plant and equipment	(9)	(325)
	(d)	investments		
	(e)	intellectual property		

Consolidated statement of cash flows		Current quarter $A'000	Year to date (12 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)	(9)	(9)
2.6	**Net cash from / (used in) investing activities**	**(18)**	**(334)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	325	627
3.2	Proceeds from issue of convertible debt securities	514	514
3.3	Proceeds from exercise of options	-	100
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(2)	(3)
3.5	Proceeds from borrowings	150	808
3.6	Repayment of borrowings	(650)	(1019)
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)	1	22
3.10	**Net cash from / (used in) financing activities**	**338**	**1049**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	324	303
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(399)	(773)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(18)	(334)

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (12 months) $A'000**
4.4	Net cash from / (used in) financing activities (item 3.10 above)	338	1049
	Adjustment		
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	**245**	**245**

5.	**Reconciliation of cash and cash equivalents** at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	**Current quarter $A'000**	**Previous quarter $A'000**
5.1	Bank balances	245	324
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**245**	**324**
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 quarter $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	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

7.	**Financing facilities** *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.*	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
7.1	Loan facilities	750	158
7.2	Credit standby arrangements		
7.3	Other (Convertible Notes)	514	514
7.4	**Total financing facilities**	1,264	672
7.5	**Unused financing facilities available at quarter 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 quarter 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.

On 22 April 2026, the company 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 and accrued interest that was in place with the same investors.
The investors that were issued Convertible Notes are:

- Antanas Guoga
- Maryton Australia Pty Ltd

Following approval at the EGM on 24 June 2026, the loan facility for $250k in place with a group of investors and associated interest was converted to Convertible Notes at an issue price of $1 per Convertible Note.

The Investors that provided the loan facility were:

- Irwin Biotech Nominees Pty Ltd
- J G M Investment Group Pty Ltd

The company has issued $264k Convertible Notes with an interest rate of 1% per month. The Convertible Notes expire on the 29 June 2028. The issue of these convertible notes has repaid the previous unsecured loan and accrued interest that was in place with the same investors.

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.

Following approval at the EGM held on 24 June 2026, the loan facility of $150k in place with a group of company directors was converted to ordinary fully paid shares at an issue price of $0.01, plus, 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 directors that provide the initial 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).

8.	**Estimated cash available for future operating activities**	**$A'000**
8.1	Net cash from / (used in) operating activities (item 1.9)	399
8.2	Cash and cash equivalents at quarter end (item 4.6)	245
8.3	Unused finance facilities available at quarter end (item 7.5)	592
8.4	Total available funding (item 8.2 + item 8.3)	837
8.5	**Estimated quarters of funding available (item 8.4 divided by item 8.1)**	2.10

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 quarters of funding available must be included in item 8.5.

8.6 If item 8.5 is less than 2 quarters, 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:

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:

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:

Note: where item 8.5 is less than 2 quarters, 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: 28 July 2026

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

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, 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 quarterly 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 quarterly 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.