

ASX ANNOUNCEMENT

30 September 2026



Monthly Activity Report for August 2026

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

Executive Chair Overview

August was a month of strong progress for Papyrus as we continued to advance our commercialisation program, strengthened our funding position and extended our intellectual property portfolio.

Working collaboratively with TBS, we agreed a revised milestone timetable that provides the time needed to produce and deliver an additional batch of product samples for testing and acceptance. During the month we completed production of board for this second batch, incorporating learnings from the initial production-scale trial. Alongside this, the expanded pulp production capacity at our Adelaide Rapid Prototyping & R&D Facility positions us to support initial commercial production requirements.

Our R&D facility continues to generate new insights, reflected in the filing of a provisional patent application for moulded fibre products with fibre reinforcement elements, a natural extension of our core cellulosic fibre technology.

The additional \$500,000 in funding facilities secured during the month reflects the continued support of our investors and provides capacity to progress the TBS contract and our broader commercialisation activities. We also released our FY26 Preliminary Final Report, capping a year in which Papyrus moved from technology development into early-stage commercialisation.

On behalf of the Board, I thank our team, partners and shareholders for their ongoing support, and I look forward to updating the market as we progress through the acceptance process with TBS and towards commercial supply.

Key Highlights

- Completed production of board for second batch of TBS samples
- TBS contract milestones revised for production of additional samples
- Expanded pulp production capability at the Adelaide Rapid Prototyping & R&D Facility
- Provisional patent application filed Moulded Fibre Product Manufacturing
- Additional \$500,000 in funding facilities secured
- FY26 Preliminary Final Report (Appendix 4E) released

Operational Activity

TBS Contract – Variation to Project Milestones

On 3 August 2026, Papyrus announced that it had agreed with TBS Mining Solutions Pty Ltd (TBS), a subsidiary of Aquirian Limited (ASX: AQN), to vary the project milestone timetable under the Contract for Manufacture and Supply of Products dated 27 November 2025. This provides the time required for PPY to produce and deliver additional product samples for TBS testing and acceptance.

TBS Contract – Completed Production of Board for TBS Samples

During August, Papyrus completed the second production-scale trial of its pulp on a paperboard line with its manufacturing partners, producing board for the second batch of TBS samples required under the contract variation. Papyrus representatives attended the production run and worked with our manufacturing partners to optimise the conversion of Papyrus pulp into paperboard for the TBS application.

The second run incorporated learnings from the initial production-scale trial and supports continued refinement of product and board specifications as the Company progresses product development with TBS.

Rapid Prototyping & R&D Facility - Adelaide

During August, the Adelaide Rapid Prototyping and R&D Facility increased its pulp production capacity to support initial commercial production requirements for TBS boards. The increased capacity enables small scale pulp production while maintaining ongoing product development and R&D activities.

Provisional Patent Filed - Moulded Fibre Product Manufacturing

During the month, PPY filed a provisional patent application (Australian Application No. 2026907194) titled "Method of Manufacturing Moulded Fibre Product With Fibre Reinforcement Elements". The application, filed on 21 August 2026, arose from new insights generated at PPY's R&D facility, and PPY considers it to be a natural extension of its unique cellulosic fibrous pulp technology.

PPY believes the underlying technology may, subject to further research, development and validation, have potential applications across a range of structural and lightweight moulded fibre products, such as unmanned aerial vehicle (UAV) airframes. Filing the provisional application secures a priority date and a 12-month period during which PPY may progress research and development and evaluate future commercialisation potential and options.

Statements regarding potential future applications of the technology are forward-looking, are not yet supported by prototyping, testing or commercial validation, and are subject to risks that may mean the technology is not ultimately developed into commercial products.

Financial Activity

Funding Activities

On 14 August 2026, Papyrus announced that it had secured an additional \$500,000 in funding facilities through four unsecured loan agreements with professional and sophisticated investors.

Subject to shareholder approval, which the Company intends to seek at its 2026 Annual General Meeting, the outstanding loan amounts (including accrued interest) will convert into Tranche 2 Unsecured Convertible Notes.

The lenders were introduced by the Company's lead manager, L39 Capital Pty Ltd (L39 Capital). The funds will be used to progress the Company's commercialisation activities, support delivery of the TBS contract and for working capital.

The amount of funding drawn during the month is reflected in the accompanying Appendix 4C cash flow report.

FY26 Preliminary Final Report (Appendix 4E)

On 31 August 2026, Papyrus released its unaudited Preliminary Final Report (Appendix 4E) for the year ended 30 June 2026.

Expenditure

The expenditure reported for the month of August 2026 in the Appendix 4C cash flow report for Papyrus relates primarily to:

- R&D Facility operating and product development costs
- Commercial-scale production and TBS product development activities
- Staff, legal, compliance and other corporate overhead costs

\$12k was paid to L39 for brokerage in relation to the \$200k loan received in July and \$2k was paid to Directors to refund Papyrus related travel 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")

August 2026

Consolidated statement of cash flows	Current month \$A'000	Year to date (2 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) research and development	(52)	(120)
(b) product manufacturing and operating costs		
(c) advertising and marketing		
(d) leased assets		
(e) staff costs	(54)	(109)
(f) administration and corporate costs	(98)	(166)
1.3 Dividends received (see note 3)		
1.4 Interest received		
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Government grants and tax incentives		
1.8 Other (provide details if material)	-	32
1.9 Net cash from / (used in) operating activities	(204)	(363)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities		
(b) businesses		
(c) property, plant and equipment	(50)	(56)
(d) investments		
(e) intellectual property	(3)	(3)

Consolidated statement of cash flows		Current month \$A'000	Year to date (2 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 (Plant purchases pre-payments)	(120)	(120)
2.6	Net cash from / (used in) investing activities	(173)	(179)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)		
3.2	Proceeds from issue of convertible debt securities		
3.3	Proceeds from exercise of options		
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(2)	(2)
3.5	Proceeds from borrowings	375	720
3.6	Repayment of borrowings		
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	372	718

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	426	245
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(204)	(363)

Consolidated statement of cash flows		Current month \$A'000	Year to date (2 months) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(173)	(179)
4.4	Net cash from / (used in) financing activities (item 3.10 above) Adjustment	372	718
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	421	421

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	421	426
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) 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.	421	426

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	14
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>		

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	1450	878
7.2	Credit standby arrangements		
7.3	Other (Convertible Notes)	528	528
7.4	Total financing facilities	1978	1406
7.5	Unused financing facilities available at month end		572
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 requested 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 investors that were issued Convertible Notes are:

- Antanas Guoga & Maryton Australia Pty Ltd

On 29 June 2026, the company issued \$264k of Convertible Notes with an interest rate of 1% per month. The Convertible Notes expire on the 29 June 2028. The investors that were issued Convertible Notes are:

- Irwin Biotech Nominees Pty Ltd & J G M Investment Group 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, \$303k 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 \$200k is in place, with Irwin Biotech Nominees Pty Ltd, with an interest rate of 1.5% per month. The facility is drawn down to \$200k. The loan is unsecured and can be requested to be repaid 30 days after the sunset date being 1 January 2028. Subject to shareholder approval at the 2026 AGM, the loan will convert to issued shares at a price of \$0.01 per share. In addition, one (1) option for every two (2) shares will be issued at an exercise price of \$0.015 with expiry date of three years from issue date.

A loan facility for \$500k is in place, with an interest rate of 1.5% per month. The facility is drawn down to \$375k. The loan is unsecured and can be requested to be repaid 30 days after the sunset date being 1 December 2027. Subject to shareholder approval at the 2026 AGM, the loan will convert to unsecured convertible notes with a face value of \$1.00, an interest rate of 1% with a maturity date of 2 years after issue date.

The lenders were:

- Antanas Guoga
- Maryron Australia Pty Ltd
- Muchnicki Family Trust
- Roseman Retirement Fund

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(204)
8.2	Cash and cash equivalents at month end (item 4.6)	421
8.3	Unused finance facilities available at month end (item 7.5)	572
8.4	Total available funding (item 8.2 + item 8.3)	993
8.5	Estimated months of funding available (item 8.4 divided by item 8.1)	4.87

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: 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?

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 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 of the previously announced Aquarian Contract for \$4.2 million, successful progress of projects in the commercialisation road map and the related capital raising which is being managed by L39.

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 September 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.