

ASX ANNOUNCEMENT

28 April 2026



Quarterly Activity Report for January to March 2026

Papyrus Australia Ltd (ASX:PPY) is pleased to report its activities pertaining to the quarter ended 31 March 2026 and the quarterly Appendix 4C cash flow report released to the market on 28 April 2026.

Executive Chair Overview

Papyrus Australia delivered a quarter of strong operational progress, marked by the commissioning and early operation of the Adelaide Rapid Prototyping & R&D Facility and continued advancement of the Australian Commercial Production Facility. These achievements represent significant steps in the Company's transition from technology development to early commercialisation.

Across the quarter, the R&D Facility moved from installation to active production, enabling fibre extraction trials, pulp preparation, moulded product sample production, and the generation of pulp for the TBS contract board trials. The Commercial Production Facility advanced in parallel, with long-lead equipment procurement, site negotiations, and equipment readiness progressing toward installation.

Financially, Papyrus completed the final tranche of its \$500,000 investor loan program in January and released its Interim Financial Report for the half-year ending 31 December 2025.

Papyrus enters the June quarter with strong operational traction, a validated technology platform, and a clear pathway toward commercial production.

Operational Activity

1. Rapid Prototyping & R&D Facility – Adelaide

The R&D Facility achieved major commissioning and operational milestones across the quarter, transitioning from installation to active production and research activity.

Key Achievements

- **Prototype Primary Process commissioned and optimised**, enabling continuous fibre extraction trials and validating core mechanical performance.
- **Prototype Pulp Preparation system installed, commissioned and operating**, establishing integrated pulp-making capability for moulded product testing and production of TBS board samples.
- **Moulding Line installed, commissioned and operating** to produce moulded product samples with optimisation underway across heat, pressure, and cycle-time parameters.
- **First trays produced**, meeting internal quality expectations for strength, form, and surface finish.
- **Plantation-waste supply chain established**, securing consistent feedstock and providing a pilot model for future commercial operations.

Research & Development Programs

With commissioning complete, the facility began delivering on its core R&D objectives:

- **Optimisation of pulp furnish** for multiple product applications through systematic fibre processing trials.
- **Equipment design optimisation** to refine material flow, process settings, and scale-up engineering.

- **Production of moulded product samples** for internal evaluation and customer engagement.
- **Production of pulp for TBS contract board trials**, supporting validation of Papyrus fibre technology for commercial board production.

Collaboration with University Partners

Papyrus strengthened its innovation ecosystem through the University Internship Program, providing analytical capability and supporting students in advanced manufacturing and sustainable materials development.

2. Commercial Production Facility – Australia

The Commercial Production Facility progressed through its establishment phase, with procurement, site readiness, and equipment preparation advancing in parallel.

Key Achievements

- **Long-lead pulp preparation equipment ordered**, securing critical-path components.
- **Manufacturing site lease negotiations advanced**, with commercial terms nearing completion.

Financial Activity

Interim Financial Report

Papyrus released its Interim Financial Report for the half-year ending 31 December 2025, providing shareholders with an updated view of the Company's financial position.

Investor Loan Funding

In January, Papyrus received \$150k the final tranche of the \$500k investor loans, supporting working capital and procurement of long-lead equipment for the Commercial Production Facility.

R&DTI Loan Facility

In March, Papyrus secured a \$500k loan facility with Advanced Innovation Management Pty Ltd for its R&DTI program. Papyrus has drawn down the facility by \$158k.

Related Party Payments

- \$1,100 reimbursement to a Non-Executive Director for travel.

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

- a. Prototyping equipment procurement and installation costs
- b. R&D Facility operating costs
- c. Commercial Production Facility long lead equipment
- d. 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

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

Name of entity

Papyrus Australia Ltd

ABN

63 110 868 409

Quarter ended ("current Quarter")

March 2026

| Consolidated statement of cash flows | Current quarter \$A'000 | Year to date (9 months) \$A'000 |
|---|------------------------------------|--|
| 1. Cash flows from operating activities | | |
| 1.1 Receipts from customers | - | - |
| 1.2 Payments for | | |
| (a) research and development | (148) | (150) |
| (b) product manufacturing and operating costs | | |
| (c) advertising and marketing | | |
| (d) leased assets | | |
| (e) staff costs | (66) | (157) |
| (f) administration and corporate costs | (121) | (675) |
| 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 | - | 701 |
| 1.8 Other (provide details if material) | 22 | (47) |
| 1.9 Net cash from / (used in) operating activities | (313) | (374) |
| 2. Cash flows from investing activities | | |
| 2.1 Payments to acquire or for: | | |
| (a) entities | | |
| (b) businesses | | |
| (c) property, plant and equipment | (163) | (316) |
| (d) investments | | |
| (e) intellectual property | | |

| Consolidated statement of cash flows | Current quarter \$A'000 | Year to date (9 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 | (163) | (316) |

| | | |
|---|------------|------------|
| 3. Cash flows from financing activities | | |
| 3.1 Proceeds from issues of equity securities (excluding convertible debt securities) | 40 | 302 |
| 3.2 Proceeds from issue of convertible debt securities | | |
| 3.3 Proceeds from exercise of options | (40) | 100 |
| 3.4 Transaction costs related to issues of equity securities or convertible debt securities | | (1) |
| 3.5 Proceeds from borrowings | 308 | 658 |
| 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) | 21 | 21 |
| 3.10 Net cash from / (used in) financing activities | 329 | 711 |

| | | |
|---|-------|-------|
| 4. Net increase / (decrease) in cash and cash equivalents for the period | | |
| 4.1 Cash and cash equivalents at beginning of period | 471 | 303 |
| 4.2 Net cash from / (used in) operating activities (item 1.9 above) | (313) | (374) |
| 4.3 Net cash from / (used in) investing activities (item 2.6 above) | (163) | (316) |

| Consolidated statement of cash flows | | Current quarter \$A'000 | Year to date (9 months) \$A'000 |
|---|--|------------------------------------|--|
| 4.4 | Net cash from / (used in) financing activities (item 3.10 above) Adjustment | 329 | 711 |
| 4.5 | Effect of movement in exchange rates on cash held | | |
| 4.6 | Cash and cash equivalents at end of period | 324 | 324 |

| 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 | 324 | 471 |
| 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) 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. | 324 | 471 |

| 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 | 1 |
| 6.2 Aggregate amount of payments to related parties and their associates included in item 2 | - |
| 6.1 Payment to David Attias Non-executive Director for reimbursement of travel costs \$1100 | |
| <i>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.</i> | |

| 7. | Financing facilities | Total facility amount at quarter end \$A'000 | Amount drawn at quarter 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 | 1,250 | 658 |
| 7.2 | Credit standby arrangements | | |
| 7.3 | Other (please specify) | | |
| 7.4 | Total financing facilities | 1,250 | 658 |
| 7.5 | Unused financing facilities available at quarter end | | 592 |
| 7.6 | <p>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.</p> <p>The 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.</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 to \$500k. The loan is unsecured and maturity is on 7 April 2026.</p> <p>The Investors providing the loan facility are:</p> <ol style="list-style-type: none"> 1. Maryton Australia Pty Ltd 2. Jgm investments group atf muchnicki family trust 3. Antanas Guoga 4. Irwin biotech nominees atf bioa trust <p>An R & D 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.</p> <p>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.</p> <p>To-date, \$158k has been drawn down.</p> <p>The repayment of the facility draw 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.</p> | | |

| 8. | Estimated cash available for future operating activities | \$A'000 |
|-----|---|----------------|
| 8.1 | Net cash from / (used in) operating activities (item 1.9) | 313 |
| 8.2 | Cash and cash equivalents at quarter end (item 4.6) | 324 |
| 8.3 | Unused finance facilities available at quarter end (item 7.5) | 592 |
| 8.4 | Total available funding (item 8.2 + item 8.3) | 916 |

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

2.93

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 April 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.