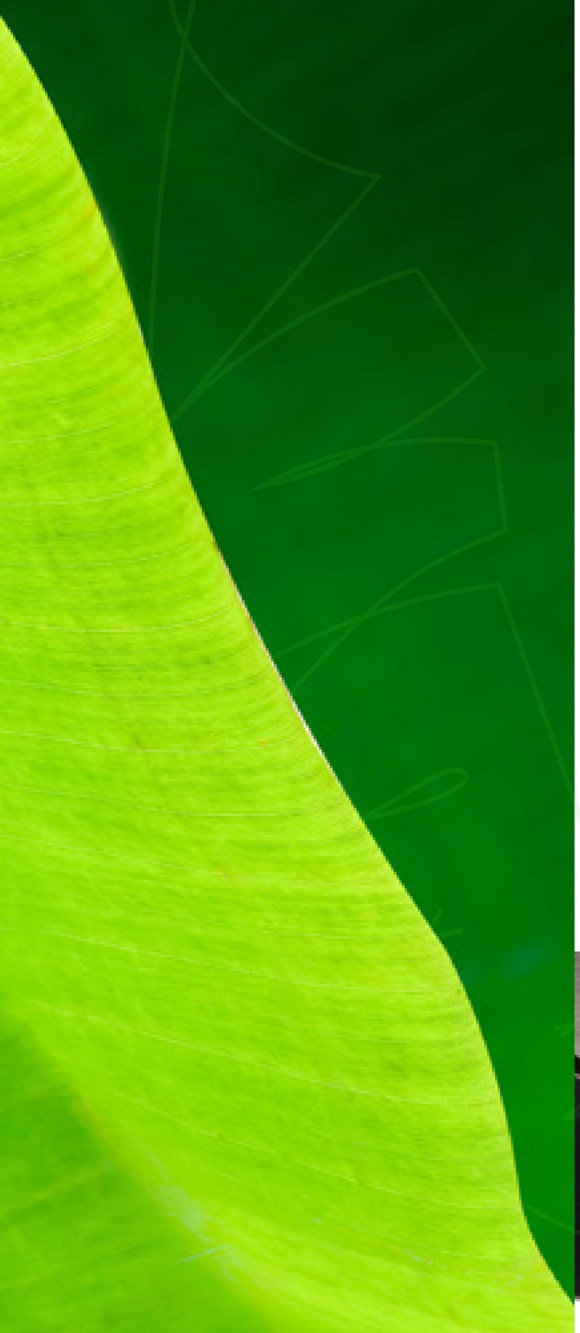
Papyrus Australia Ltd
Annual Report 2026

Papyrus Australia Ltd

ABN 63 110 868 409



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Commercialising technology to convert banana plantation waste, using mechanical processes, to produce cost competitive commercial quantities of banana fibre pulp, paper, board and moulded packaging products.

Corporate Information

Papyrus Australia Ltd
ABN 63 110 868 409

This annual report covers Papyrus Australia Ltd (ABN 63 110 868 409), and its subsidiaries (the consolidated group or 'Group'). The Group's functional and presentation currency is Australian dollars.

A description of the Group's operations and of its principal activities is included in the review of operations and activities in the directors' report on pages 8 to 17. The directors' report is not part of the financial report.

Directors

Adj. Prof. Al Jawhari
(Executive Chair)

Mr David Attias
(Non-Executive Director)

Mr Vincent Peter Rigano
(Non-Executive Director)

Mr Brad Lemmon
(Non-Executive Director)
(appointed 02 October 2024)

Mr Arthur Stavrou
(Non-Executive Director)
(appointed 29 September 2025)

Mr Nicholas DiGirolamo
(Non-Executive Director)
(resigned 1 September 2025)

Mr Jim (Zhaojing) Huang
(Non-Executive Director)
(appointed 08 November 2024)
(resigned 5 September 2025)

Company Secretary

Ms Patricia Vanni

Registered Office

C/- V P Rigano & Co Pty Ltd
Level 2, 2 Peel Street
ADELAIDE SA 5000

Principal place of business

2–3 Greenhill Road, Wayville
SA 5034.

Share Registry

Computershare Investor Services Pty Ltd
Level 5, 115 Grenfell Street
ADELAIDE SA 5000

Auditors

BDO Audit Pty Ltd
Level 19, BDO Centre
30 Pirie Street
ADELAIDE SA 5000

Papyrus Australia Ltd

ABN 63 110 868 409

Letter from the Chairman

Papyrus Australia Limited
Annual Report for the Financial Year Ending 30 June 2026

Dear Shareholders,

On behalf of the Board of Directors, it is my privilege to present Papyrus Australia's Annual Report for the year ended 30 June 2026.

FY26 has been an important year of transition for Papyrus Australia as the Company progressed from technology development and validation into early-stage commercialisation, including its first major commercial contract, with estimated revenue of approximately $4.2 million over the initial 3.5-year term, subject to the contract terms and conditions. Building on the foundations established in FY25, we achieved significant operational and commercial milestones across our Adelaide Rapid Prototyping & R&D Facility, Australian commercial production pathway, Vietnam production activities and our relationship with TBS Mining Solutions Pty Ltd.

Technology Development

Throughout FY26, Papyrus continued to advance and validate its proprietary fibre processing technology through the Rapid Prototyping & R&D Facility at Adelaide University's Future Industries Institute.

The facility transitioned from installation to full operation during the year and has become a central platform for process validation, product development and customer engagement.

Key developments included:

- Installation and commissioning of the moulding line and prototype pulp preparation system.
- Commissioning and optimisation of the Prototype Primary Process to support continuous fibre extraction trials.
- Optimisation of pulp furnish for high-strength board applications and validation of Papyrus pulp on commercial-scale board-forming lines.
- Production of pulp for TBS board trials and continued refinement of board specifications for the Collar Keeper® application.
- Production of the first moulded trays at the Adelaide facility, meeting internal quality expectations for strength, form and surface finish.
- Continued engineering and design work to support scale production of pulp and prepare the technology for commercial scale-up.
- Continued progression of Papyrus' patent portfolio in key markets.

The Adelaide facility has provided Papyrus with the technical platform required to validate its technology, develop product applications and support the transition toward commercial-scale production.

Technology Commercialisation

The transition from development toward commercialisation was marked by several important milestones during FY26.

TBS Mining Solutions

Following the binding Terms Sheet signed in the September 2025 quarter, Papyrus executed its Contract for Manufacture and Supply of Products with TBS Mining Solutions Pty Ltd on 27 November 2025 for the manufacture and supply of biodegradable Collar Keeper® products.

The contract positions Papyrus as the exclusive global producer of this fibre-based variant and provides estimated revenue of approximately $4.2 million over its initial 3.5-year term.

During the June 2026 quarter, Papyrus delivered the first commercial-scale product samples to TBS using third-party board-forming and conversion equipment. Testing of this initial batch has provided valuable performance data which is informing final product development and refinement of key board attributes.

Papyrus and TBS have agreed to produce and test an additional batch of samples as part of the acceptance process, with both parties remaining committed to completing development work and progressing toward commercial launch.

Vietnam Production

Papyrus also continued to progress its high-volume production pathway in Vietnam during FY26.

In the June 2026 quarter, the Company executed a binding Board Production Contract with a Vietnam-based paperboard manufacturer, satisfying Milestone 1 of the TBS Contract.

Under this arrangement, Papyrus will supply pulp produced in Australia using its proprietary technology for conversion into paperboard jumbo rolls to Papyrus' specifications. This allows

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

Papyrus continued site visits and due diligence with prospective manufacturing partners during the year as it works toward establishing an efficient high-volume production capability in the region.

Australian Commercial Production Facility

Papyrus also advanced planning for its Australian Commercial Production Facility during FY26.

Manufacturing site lease negotiations progressed during the year, supported by logistics and feasibility work undertaken to identify a suitable site. The Company also placed orders for long-lead pulp preparation equipment, securing critical-path components ahead of the facility's establishment.

These activities represent an important step toward establishing the production capacity required to support Papyrus' commercialisation strategy.

Funding

Papyrus continued to receive strong support from investors, directors and Australian Government programs during FY26.

During the year:

- The Company received a $510,000 Research and Development Tax Incentive refund relating to FY25 expenditure.
- Papyrus secured an R&DTI-backed loan facility of up to $500,000 to support FY26 and FY27 R&D expenditure, with $166,335 drawn as at 30 June 2026.
- Papyrus was awarded a $250,000 Early-Stage Commercialisation Grant through the Australian Government's Industry Growth Program, matched by investor funding, with $235,000 received during FY26.
- Private and sophisticated investors and directors contributed approximately $1.2 million through new equity, convertible notes, loans and option exercises during the year.

This support has underpinned the commissioning and operation of the Adelaide Rapid Prototyping & R&D Facility, procurement of long-lead equipment for the Australian Commercial Production Facility, delivery of obligations under the TBS Contract and the Company's broader transition toward commercial-scale production.

Structure and Governance

Papyrus continued to strengthen its Board and leadership team during FY26 to support the Company's transition into commercialisation.

- Mr Daniel Schmidt was appointed Chief Executive Officer effective 4 August 2025.
- Ms Patricia Vanni was appointed Company Secretary effective 25 August 2025.
- Mr Arthur Stavrou was appointed as a Non-Executive Director effective 29 September 2025.
- Mr Nick Di Girolamo and Mr Jim Huang resigned as Non-Executive Directors in September 2025.

The Board thanks Mr Di Girolamo and Mr Huang for their contribution during an important period of transition for the Company.

Ms Vanni brings more than 20 years of experience across corporate law, corporate governance, mergers and acquisitions, contracts, compliance and company secretarial services. She has experience working with ASX-listed, private and not-for-profit companies and is responsible for communications with the ASX in relation to Listing Rule matters.

Mr Stavrou brings more than 20 years of legal and corporate experience, including international commercial negotiations and commercial law, further strengthening the Board's governance, strategy and high-value contract negotiation capability as Papyrus expands its activities internationally.

During FY26, the Company also continued to draw on external corporate, legal and governance support, including Automic Group and Kain Lawyers, supporting Papyrus' obligations as an ASX-listed company and its transition toward commercial operations.

Egypt Investment

During FY26, the Board continued to review Papyrus' investment in Egypt and assess the available commercial, financial and legal pathways in relation to the Company's interests in Papyrus Egypt and EBFC.

The Board remains focused on determining the most appropriate way forward while protecting Papyrus' interests and shareholder value.

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FY27 Outlook

Papyrus enters FY27 with a clearer pathway toward commercial-scale production.

Having validated our technology through the Adelaide Rapid Prototyping & R&D Facility and delivered our first commercial-scale product samples to TBS, our focus is now increasingly on execution and scale-up.

Our key priorities include:

- Establishing and bringing the Adelaide scale-up production facility into operation.
- Progressing the Collar Keeper® product through the remaining acceptance process and toward commercial production for TBS.
- Continuing to develop our Vietnam production partnership and high-volume manufacturing pathway.
- Further optimising and scaling Papyrus' proprietary fibre processing technology.
- Continuing engagement with prospective customers and commercial partners across packaging and fibre-based product applications.
- Continuing to assess the Company's investment in Egypt through both commercial and legal pathways.

The progress made during FY26 has provided Papyrus with a stronger platform from which to pursue sustained commercial operations and broader commercial applications for our technology.

Closing Remarks

FY26 has been a significant year in Papyrus Australia's progression toward commercialisation.

We have moved our Adelaide R&D capability into full operation, progressed our Australian scale-up pathway, established a production pathway in Vietnam, executed a major commercial supply contract with TBS and delivered our first commercial-scale product samples.

There remains important work ahead as we progress toward sustained commercial production. However, the achievements of FY26 have strengthened the Company's foundations and established clear priorities for the year ahead.

On behalf of the Board and management team, I thank our shareholders for their continued support and confidence in Papyrus Australia. I also acknowledge the efforts of our employees, advisers, technical partners and collaborators who have contributed to the progress achieved throughout the year.

We look forward to building on these foundations as we continue the commercialisation of Papyrus' technology and work to create long-term value for our shareholders.

Yours sincerely,

Adj. Prof. Al Jawhari
Executive Chair
Papyrus Australia Ltd

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Company Overview

Papyrus Australia is commercialising technology to convert banana plantation waste, using mechanical processes, to produce cost competitive commercial quantities of banana fibre pulp, paper, board and moulded packaging products.

Board & Management

Papyrus benefits from a strong Board and Executive team, with significant global experience in commercialisation, technology, R&D, compliance, investment and operations.

Facilities

Papyrus technology has been deployed in two commercial scale facilities in Egypt including a processing plant converting banana waste into a raw fibre and organic liquid and a separate facility converting the raw fibre into pulp and food packaging products using fibre moulding machines.

Papyrus Australia is establishing the Rapid Prototyping and Research and Development Facility in Adelaide at the University of South Australia to enable the future commercialisation projects.

Research & Development

We conduct ongoing R&D to continually innovate the conversion process with the objective of developing new products, enhanced processes, more efficient equipment and wider applications for the banana fibre.

Technology & Intellectual Property

Papyrus has a range of patent and trademark processes occurring to protect the innovative processes, methodologies and equipment that Papyrus has developed to efficiently convert banana plantation waste into high quality consumable products.

Our Purpose

Seeking a sustainable, eco-friendly response to growing environmental uncertainty, we have developed our technology to directly address the negative impacts of emissions from decaying agri-waste, deforestation and plastic pollution.

Vision

Be the global technology leader for the conversion of banana plantation waste into consumable products.

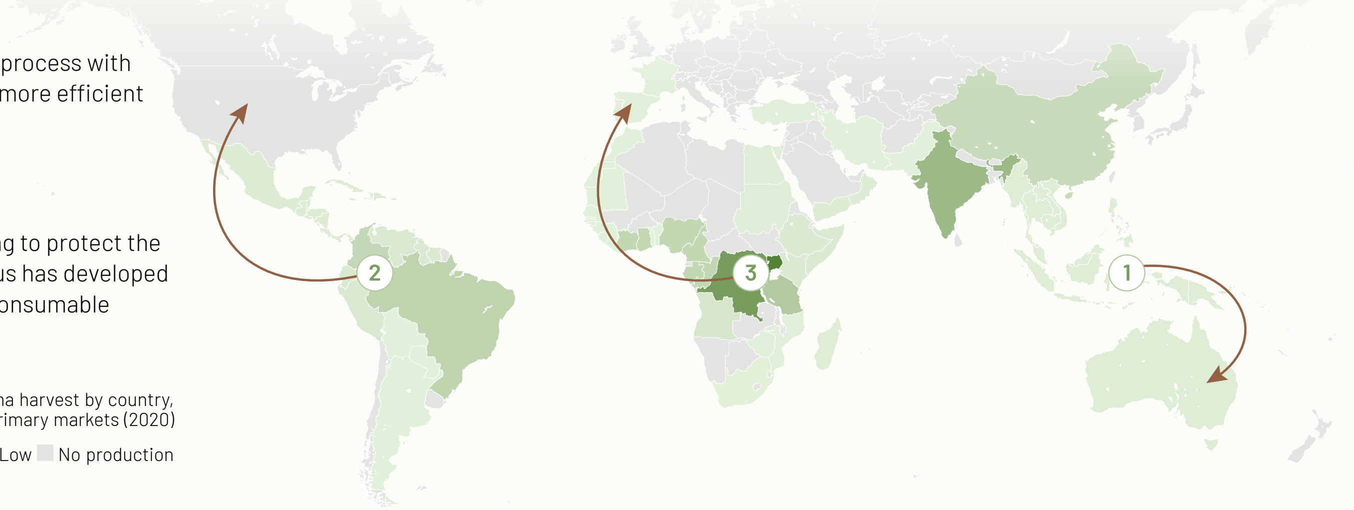
Mission

Replace plastic and forest sourced food packaging products with a 100% biodegradable, renewable, circular economy product.

Goals

Engage banana growers, packaging manufacturers and other stakeholders in global commercialisation of the technology.

Create a global waste management supply chain across the key banana growing regions of Africa, Asia-Pacific and Latin America.



Banana harvest by country,
arrows indicate primary markets (2020)

Highest Mid Low No production

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Our Environmental Impact

The Papyrus technology alleviates two key environmental and sustainability issues.

Reducing Greenhouse emissions

Banana plantation waste such as trunks, stalks and leaves emit considerable methane gases when they are left to decompose.

Global banana farm practices leave the cut down trunks and waste to decompose on the land, which can end up contaminating waterways and public infrastructure.

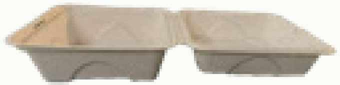
Papyrus processes the banana plantation waste so that they no longer decompose.

Replacing plastics used in food packaging

Plastic food packaging causes serious environmental and health issues, with PVC, PET, Polypropylene the most common feedstocks.

The trend is for fibre mould manufacturers to use natural feedstock such as bagasse and wood pulp, made from sugar cane and trees, however they can be expensive and energy intensive.

Papyrus technology replaces plastics and other natural feedstock in fibre moulding lines with low energy virgin banana pulp, producing a high-quality food packaging products.


Transforming abundant banana plantation waste into high-demand fibre products prevents methane emissions, reduces waterway contamination, and turns a plentiful byproduct of banana production into a valuable product in its own right.

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Directors' Report

The Directors present their report, together with the financial statements of the Group, being Papyrus Australia Ltd and its controlled entities ('the Group'), for the financial year ended 30 June 2026.

Directors

The following persons were the directors of the Group during the whole of the financial year and up to the date of this report, unless otherwise stated:

Adj. Prof. Al Jawhari (Executive Chairman, Member of the Audit Committee)

Mr. David Attias (Non-Executive Director, Member of the Audit Committee)

Mr. Vincent Peter Rigano (Non-Executive Director, Chairman of the Audit Committee)

Mr Brad Lemmon (Non-Executive Director)

Mr Arthur Stavrou (Non-Executive Director)(appointed 29 September 2025)

Mr Nick Di Girolamo (Non-Executive Director)(resigned 01 September 2025)

Mr Jim (Zhaojing) Huang (Non-Executive Director)(resigned 05 September 2025)

Al Jawhari, Adj. Prof. - B.Eng (Aeronautical/Mechanical), Lt. Col.(EAF,Ret.) (Executive Chairman)

Al Jawhari is an accomplished serial entrepreneur, innovator, and expert in technology commercialization with over 30 years of experience in building successful businesses, including five profitable exits in sectors such as defense systems, advanced manufacturing, agtech, e-commerce, and software platform development.

He is the Co-Founder and Group CEO of Starke Advanced Manufacturing Group, Managing Partner at Jewel Creek Ventures, Executive Chairman of Papyrus Australia PLC (ASX), and Vice President and South Australia Chair of the Australia Arab Chamber of Commerce and Industry. He is an Adjunct Industry Professor at Adelaide University and holds advisory roles with the Centre for Enterprise Dynamics in Global Economies (Adelaide) and the School of Electrical Engineering and Robotics Industry Advisory Group at Queensland University of Technology.

A retired Lieutenant Colonel in the Egyptian Air Force, Al has received the First Class Medal of Military Duty and the SeedForum Global Impact Award in 2019 for his contributions to global entrepreneurship. Additionally, he is a Paul Harris Fellow in Rotary International and has secured both US and Australian patents in virtual reality, product traceability, anti-counterfeit platforms, and blockchain technology.

He holds a Bachelor's degree in Aeronautical and Mechanical Engineering.

Al is not (currently or in the previous 3 years) a director of any other listed companies.

David Attias, MBA Banking and Finance (Non-Executive Director)

Driven by business opportunity, David brings a solid financial, analytical and technological background to the Papyrus Team. David is a serial entrepreneur, having founded and successfully managed e-commerce and hospitality businesses. He is currently a director of L39 Capital, a Non-Executive Director of Creative Food Australia and Genius Austria and has held a prior funds management position in a Blockchain Technology Investment Fund. David's experience is ultimately a reflection of his passion for business, investments and portfolio management.

David is not (currently or in the previous 3 years) a director of any other listed companies.

Brad Lemmon, B.Com Strategic Economic Analysis & Management (Non-Executive Director)

Brad Lemmon brings to Papyrus over 30 years of experience and a range of skills from the construction materials, mining services, waste recovery and recycling industries, spanning operations and logistics, commercialization, capability integration across business pillars and progressing strategy to execution. With a strong governance focus, Brad has led a 500 strong multi-disciplined workforce through a major transformation via a strategic capital investment program to deliver an efficient, sustainable and profitable footprint across a national network.

Holding formal qualifications in Strategic Economic Analysis & Management, and a graduate from the Stanford Graduate School of Business with key strengths in attracting strategic capital investment to activate growth opportunities and building high performance teams, Brad is a highly effective business leader with international trade experience which will benefit Papyrus in our next stage of growth and expansion.

Brad is not (currently or in the previous 3 years) a director of any other listed companies.

Nick Di Girolamo, B.Leg.S (Non-Executive Director) (resigned 1 September 2025)

Nick has been a solicitor for over 30 years and has held senior management positions in both public and private sectors. He is a collegiate commercial leader with well credentialed high skilled negotiation skills, is recognised for building long-term working relationships and has gained significant board experience across a diverse portfolio of entities.

Nick's appointments include as Managing Partner of a leading legal practice, Chief Executive Officer of a significant road infrastructure company, Chair of the West Tigers Ruby league Club, Chair of the Italian Chamber of Commerce in Sydney, and a Director of Water NSW.

Nick is not (currently or in the previous 3 years) a director of any other listed companies.

Jim (Zhaojing) Huang, MEng (Mechanical), MPhil (Industrial Systems, Cantab), CFA & FRM (Non-Executive Director) (resigned 05 September 2025)

Mr. Huang brings a unique blend of expertise spanning engineering, technology, and business finance. With valuable experience in cross-border M&A, corporate advisory, and capital-raising efforts, he has played a key role in complex financial transactions across the Asia-Pacific region.

He has managed businesses in Asia, introducing innovative technologies in the waste processing and recycling sectors while collaborating with State-Owned Enterprises and local governments.

Currently pursuing a PhD in Biomedical Engineering at the University of Sydney, Jim is an active researcher in deep learning and artificial intelligence (AI).

Jim is a qualified engineer with a master's degree in industrial systems, Manufacturing, and Management from the University of Cambridge, as well as a First-Class Honours MEng in Mechanical Engineering from University College London. He is Chartered Financial Analyst (CFA) and a Certified Financial Risk Manager (FRM).

Jim is not (currently or in the previous 3 years) a director of any other listed companies.

Vincent Peter Rigano, BA Accounting, CPA (Non-Executive Director)

Vince is a CPA with over 45 years' experience in corporate accounting, management consulting and company secretarial. Vince has been company secretary for a number of years for Papyrus, until his recent retirement from the role.

Vince provides management accounting and consulting services to a variety of industry sectors including start-ups. He is also Chairman of the Company's Audit Committee.Vince also acted as the Company Secretary until his retirement from the role, effective 24 August 2025.

Vince is not (currently or in the previous 3 years) a director of any other listed companies.

Arthur Stavrou (Non-Executive Director) (appointed 29 September 2025)

Mr Stavrou has been a solicitor for over 20 years and was admitted to the Supreme Court of SA in 2002. A member of the Law Society of South Australia and a degree in Bachelor of Laws and Bachelor of Commerce. Mr Stavrou has practised as a solicitor for more than 20 years, having been admitted to practise in the Supreme Court of South Australia in 2002. He holds Bachelor of Laws and Bachelor of Commerce degrees and is a member of the Law Society of South Australia.

A highly credentialed commercial lawyer, Mr Stavrou is the founder of Standon Lawyers, where he practises principally in commercial and business law. He has extensive experience advising clients on complex commercial transactions and business matters, combining legal expertise with strong commercial acumen and practical strategic insight.

Mr Stavrou also brings significant senior executive and leadership experience, with a demonstrated ability to build and maintain strong, long-term professional relationships. His commercial, financial management and strategic growth experience extends across a diverse range of industries and jurisdictions, including the United Kingdom, Russia and Australia.

Arthur is not (currently or in the previous 3 years) a director of any other listed companies.

Patrica Vanni (Company Secretary appointed 25 August 2025)

Ms Vanni has an extensive background in corporate law and corporate governance in multiple global locations and industries. Ms Vanni is a dual-qualified lawyer with more than 20 years' professional experience spanning corporate governance, mergers & acquisitions, contracts and compliance, as well as company secretarial services for ASX-listed, private, and not-for-profit companies across several industries.

PRINCIPAL ACTIVITIES

The Company's commercialisation strategy remains focused on developing partnerships with local organisations in banana growing regions, to establish banana processing facilities for the conversion of banana plantation waste into paper board and moulded food packaging products.

There have been no significant changes in the nature of those activities during the year.

Interests in the shares and options of the company and related bodies corporate

As at the date of this report, the interests of the directors and other key management personnel in the shares and options of Papyrus Australia Ltd were:

	Number of Ordinary Shares Total shareholdings (*)	Number of options over Ordinary Shares
Al Jawhari	54,815,374	5,000,000
David Attias	10,116,000	-
Brad Lemmon	8,000,000	8,750,000
Vincent Peter Rigano	13,103,502	-
Arthur Stavrou(appointed 29 September 2025)	3,300,000	7,250,000

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	Number of Ordinary Shares Total shareholdings (*)	Number of options over Ordinary Shares
Nick Di Girolamo (resigned 01 September 2025)	-	-
Jim (Zhaojing) Huang (resigned 05 September 2025)	-	-
Daniel Schmidt	12,933,333	13,000,000
Total	**102,268,209**	**34,000,000**

(*) Shareholding includes of both direct and indirect holdings through companies controlled by the Directors/ KMP or superannuation that directors/ KMP are beneficiaries of.

Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Review of operations

The loss for the company after providing for income tax amounted to $1,476,778 (30 June 2025: $2,830,599).

Introduction

FY26 has been a year of transition for Papyrus Australia Ltd, as the Company moved from technology development and validation into early-stage commercialisation. Building on the foundations established in FY25, Papyrus achieved a series of significant operational and commercial milestones across its three flagship projects: the Rapid Prototyping & R&D Facility in Adelaide, the Australian Commercial Production Facility, and the Vietnam High-Volume Production Facility.

The execution of the Company's contract with TBS Mining Solutions Pty Ltd (TBS) for the biodegradable Collar Keeper® product marked a defining commercial milestone for the year, culminating in the delivery of the first customer product samples produced at commercial scale. In parallel, the Adelaide Rapid Prototyping & R&D Facility completed installation and commissioning and moved into full operation, providing the technical platform to validate Papyrus' proprietary fibre technology for both moulded and board product applications. Progress also continued in Vietnam, with a binding Board Production Contract executed to support the TBS supply chain, and in Adelaide, where site and equipment work advanced the Company's high-value production facility.

These achievements were underpinned by continued government and investor support, including funding under the Industry Growth Program and the Research and Development Tax Incentive program, together with a series of capital-raising initiatives approved by shareholders during the year.

The following report outlines the operational highlights and strategic developments that shaped FY26, and Papyrus' trajectory toward commercial-scale production in FY27 and beyond.

Rapid Prototyping & R&D Facility – Adelaide

The Rapid Prototyping & R&D Facility at the University of South Australia's Future Industries Institute (FII) transitioned during FY26 from installation to full operation, becoming the Company's central platform for process validation, product development and customer engagement.

Key equipment items were delivered, installed and commissioned during the year, including the moulding line and the prototype pulp preparation system, with the Prototype Primary Process also commissioned and optimised to enable continuous fibre extraction trials.

With the facility operational, Papyrus undertook pulp production to validate and optimise its process, including the optimisation of pulp furnish for high-strength board applications and the validation of pulp performance on commercial-scale board-forming lines, informing the specifications for both moulded and board product lines.

Pulp produced at the facility supported board production trials, including the production of pulp for the TBS contract board trials and the refinement of board specifications for Collar Keeper® applications.

The moulding line produced its first trays during the year, meeting internal quality expectations for strength, form and surface finish, with further moulding trials and samples produced for internal evaluation and customer engagement.

Engineering design work progressed from concept toward detailed design during the year, including the design and development of the primary processing unit and a second phase of engineering and design work to support scale production of pulp, together with equipment design optimisation to refine material flow and process settings ahead of scale-up.

Papyrus continued to build its relationship with the University of South Australia through the Facility's location at FII and its University Internship Program, providing analytical capability and supporting students in advanced manufacturing and sustainable materials development.

Toward the end of the year, the Company commenced scale-up design work and preparation for the transfer of capability from the R&D Facility to its manufacturing pathway, laying the groundwork for commercial-scale production.

Vietnam Production Facility

Papyrus continued to progress the establishment of its high-volume Vietnam production facility during FY26. The Company engaged Hall Chadwick Melbourne Pty Ltd during the year to support the establishment of its high-volume production capability in Vietnam.

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In the June 2026 quarter, 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 the Company's specifications, with two initial production trial runs to be completed at a fixed cost and long-term pricing to be negotiated following the trials. The arrangement allows Papyrus to focus on the delivery and scale-up of its proprietary fibre technology while leveraging established manufacturing capability in Vietnam for non-core processing steps.

Throughout the year, Papyrus continued site visits and due diligence with prospective Vietnamese manufacturing partners to confirm the most efficient pathway to establishing high-volume production capability in the region.

Adelaide Production Facility

Papyrus advanced planning and preparation for its Australian Commercial Production Facility during FY26. Manufacturing site lease negotiations advanced during the year, with commercial terms nearing completion, building on the logistics and feasibility work carried out to identify a suitable site.

The Company also placed orders for long-lead pulp preparation equipment during the year, securing critical-path components ahead of the facility's establishment.

TBS Contract

The Company's relationship with TBS Mining Solutions Pty Ltd (TBS), a subsidiary of Aquirian Limited, progressed from an initial terms sheet to an executed contract and the delivery of the first commercial-scale product samples during FY26.

Following a binding Terms Sheet signed in the September 2025 quarter, Papyrus executed its Contract for Manufacture and Supply of Products with TBS on 27 November 2025, for the manufacture and supply of biodegradable Collar Keeper® products, positioning Papyrus as the exclusive global producer of this fibre-based variant. The contract provides an estimated revenue of $4.2 million over its initial 3.5-year term.

Papyrus delivered initial product samples to TBS during the June 2026 quarter, produced using commercial-scale board-forming and conversion equipment operated by third-party manufacturing partners. Testing of this initial batch has provided valuable performance data that is informing final product development. Papyrus and TBS are jointly refining key board attributes ahead of final specification and have agreed to produce and test an additional batch of samples as part of the acceptance process. Both parties remain committed to completing development work and progressing toward commercial launch.

Intellectual Property

Papyrus continued to progress its patent portfolio during FY26, advancing its existing applications for its proprietary mouldable cellulosic fibrous pulp technology and national phase process in key markets, reinforcing the Company's commitment to protecting its technology as it moves toward commercialisation.

Board and Management Structure

Papyrus continued to strengthen its Board and leadership team during FY26 to support its transition into commercialisation. Mr Daniel Schmidt was appointed Chief Executive Officer, effective 4 August 2025, and Ms Patricia Vanni was appointed Company Secretary, effective 25 August 2025. Mr Arthur Stavrou was appointed as a Non-Executive Director effective 29 September 2025, bringing over 20 years of legal and corporate experience, including international commercial negotiations across the UK, Russia, Saudi Arabia and Nigeria, further strengthening the Board's governance, strategy and high-value contract negotiation capability as Papyrus expands globally.

Mr Nick Di Girolamo and Mr Jim Huang resigned as Non-Executive Directors in September 2025. The Board thanks them for their contribution during a period of significant transition for the Company.

AusIndustry Programs

Papyrus Australia Ltd remained an active participant in the Australian Government's Research and Development Tax Incentive (R&DTI) program during FY26, which supports innovation-driven enterprises by offsetting eligible R&D expenditure. During the year, the Company received a $505,721 tax refund under the FY25 R&DTI program, and secured a dedicated R&DTI-secured loan facility of up to $500,000 with Advanced Innovation Management Pty Ltd to support drawdowns against FY26 and FY27 R&D expenditure, of which $166,335 had been drawn as of 30 June 2026. This program continues to underpin the Company's capacity to invest in the development of its proprietary technology.

Grant Funding – Industry Growth Program

In the September 2025 quarter, Papyrus was awarded a $250k Early-Stage Commercialisation Grant under the Australian Government's Industry Growth Program (IGP), matched by investor funding, with $235,000 received from the Department of Industry and Science during the year. This grant funding has directly supported the acceleration of work at the Rapid Prototyping & R&D Facility, including equipment commissioning and process development activities.

Capital Raising and Investor Support

Papyrus continued to receive strong support from its private and sophisticated investors and directors throughout FY26, who contributed approximately $1,247,000 in new equity, convertible

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note, loan and option-exercise funding across the year. This funding directly supported the Company's commercialisation program, underpinning the installation, commissioning and operation of the Rapid Prototyping & R&D Facility, the procurement of long-lead equipment for the Australian Commercial Production Facility, and the delivery of Papyrus' obligations under the TBS Contract, while providing working capital as the Company transitioned from technology development toward commercial-scale production.

FY27 Horizon and Future

Papyrus enters FY27 with a clear pathway toward commercial-scale production, anchored by the establishment of its scale-up facility in Adelaide. Having validated its technology through the Rapid Prototyping & R&D Facility and delivered its first commercial-scale product samples to TBS, the Company's focus for FY27 is to bring the Adelaide scale-up facility into operation and commence production of board for TBS once the product meets the required acceptance criteria. Alongside this, Papyrus will continue to progress its broader technology commercialisation roadmap, including the high volume facility in Vietnam and continued engagement with prospective customers across the packaging industry, as it transitions from development toward sustained commercial operations.

The AGM and EGM

The Papyrus Annual General Meeting was held on 28 November 2025, with all resolutions put to shareholders carried.

On 24 June 2026, Papyrus held an Extraordinary General Meeting in connection with the Company's capital-raising program, with shareholders approving all resolutions, enabling the associated share issues, loan conversions and convertible note arrangements to proceed.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the company during the financial year.

Matters subsequent to the end of the financial year

Subsequent to 30 June 2026, on 22 July 2026, the company announced that it had engaged L39 Capital Pty Ltd as lead manager to assist with a proposed capital raising and had entered into a loan agreement with Irwin Biotech Nominees Pty Ltd (as trustee for the BIOA Trust) for an unsecured loan facility of up to $200,000. The loan bears interest at 1.5% per month and, subject to shareholder approval, the outstanding principal and accrued interest may be converted into ordinary shares at an issue price of $0.01 per share, together with the issue of one option for every two conversion shares

On 12 August 2026 the Company executed loan agreements with a group of sophisticated / related parties to raise $500,000 with the following terms: Interest Rate 1.5%, loan maturity date 1st December 2026, the loans subject to shareholder approval will convert to Unsecured Convertible Notes with an expiry period on 2 years from issue date and an interest rate of 1% per month compounded on a quarterly basis.

No other matter or circumstance has arisen since 30 June 2026 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

Likely developments and expected results of operations

Information on likely developments in the operations of the company and the expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the company.

Environmental regulation

The company is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Meetings of directors

The number of meetings of the company's Board of Director ('the Board') held during the year ended 30 June 2026, and the number of meetings attended by each director were:

	Full Board		Audit and Risk Committee	
	Attended	Held	Attended	Held
Adj. Prof. Al Jawhari	16	16	2	2
Mr. David Attias	15	16	2	2
Mr. Vincent Peter Rigano	16	16	2	2
Mr Brad Lemmon	16	16	-	-
Mr Arthur Stavrou (Appointed 29 Sept 2025)	7	7	-	-
Mr Nick Di Girolamo (Resigned on 1 September 2025)	6	7	-	-
Mr Jim (Zhaojing) Huang (Resigned on 5 September 2025)	6	7	-	-

Held: represents the number of meetings held during the time the director held office.

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Remuneration report (audited)

The remuneration report details the key management personnel remuneration arrangements for the company, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

Remuneration philosophy

The Board is responsible for determining remuneration policies applicable to Directors and senior executives of the entity. The broad policy is to ensure that remuneration properly reflects the individuals' duties and responsibilities and that remuneration is competitive in attracting, retaining and motivating people with appropriate skills and experience. At the time of determining remuneration, consideration is given by the Board to the Company's financial performance.

Employment contracts

The Company has employment contracts with the following:

Mr. Daniel Schmidt, Chief Executive Officer with a remuneration of $230,000 per annum plus superannuation. The contract has no fixed term with each party can terminate the contract with 3 months' notice in writing. He is eligible for a short-term incentive of up to 35% of base salary upon meeting performance targets, and up to 70% for achieving both target and stretch milestones though these need agreeing with the Company in advance. A long-term incentive comprising shares or options will be offered separately, in accordance with the company's Executive Incentive framework and the Employees and Officers Incentive Policy. At the date of the financial statements, such targets and milestones have not been agreed on.

Key management personnel remuneration and equity holdings

The Board currently determines the nature and amount of remuneration for key management personnel of the Company. The policy is to align key management personnel objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives.

The non-executive directors and other executives receive a superannuation guarantee contribution required by the government, which is currently 12%, and do not receive any other retirement benefits. Some individuals, however, may choose to sacrifice part of their salary to increase payments towards superannuation. All remuneration paid to key management personnel is expensed as incurred. Executives are also entitled to participate in the Company share option scheme. Options are valued using the Black-Scholes methodology.

The Board policy is to remunerate non-executive Directors at market rates based on comparable companies for time, commitment and responsibilities. The Board determines payments to non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required.

Non-Executive Directors' fees are determined within an aggregate director's fee pool limit, which is periodically recommended for approval by shareholders. The pool does not include the remuneration payable to the executive Directors. The maximum currently stands at $300,000 per annum and was approved by shareholders prior to the Company listing in April 2005.

Principles used to determine the nature and amount of remuneration

The objective of the company's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to the market best practice for the delivery of reward. The Board of Director ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency

Use of remuneration consultants

During the financial year, there were no remuneration recommendations made in relation to key management personnel for the Company by any remuneration consultants. The Company did not use any remuneration consultation during financial year 2026.

Voting and comments made at the company's 2025 Annual General Meeting ('AGM')

Papyrus Australia Ltd motion in relation to the approval of 2025 remuneration report passed with a vote total of more than 95%. The Company did not receive any specific feedback at the AGM on its remuneration report.

Details of remuneration

Amounts of remuneration

Detail of the remuneration of key management personnel of the Company are set out in the following tables.

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Remuneration Report (cont.)

They key management personnel of the Group consisted of the following directors Papyrus Australia Limited:

- Adj. Prof. Al Jawhari, Executive Chairman
- Mr David Attias, Non-Executive Director
- Mr Vincent Peter Rigano, Non-Executive Director
- Mr Brad Lemmon, Non-Executive Director
- Mr Nick Di Girolamo, Non-Executive Director (resigned 1 September 2025)
- Mr Jim Huang, Non-Executive Director (resigned 5 September 2025)
- Mr Arthur Stavrou, Non-Executive Director (appointed 29 September 2025)

And the following person:

- Mr Daniel Schmidt, Chief Executive Officer (Appointed 4 August 2025)

Table 1: Directors' remuneration for the year ended 30 June 2026 and 30 June 2025

	Primary Benefit	Post employment		Share-based payments	Others	Total benefit
	Salary & Fees $	Superannuation $	Shares $	Options $	Fees $	$
Adj. Prof. Al Jawhari						
2026	-	-	-	64,418	-	64,418
2025	-	-	210,582	184,425	-	395,007
Mr. Brad Lemmon						
2026	-	-	35,000-	33,954	-	68,954
2025	-	-	-	15,563	-	15,563
Mr. Vince Rigano						
2026	-	-	-	-	4,000	4,000
2025	-	-	-	-	14,000	14,000
Mr Arthur Stravou						
2026	-	-	-	14,637	-	14,637
2025	-	-	-	-	-	-

No remuneration was paid to David Attias, Nick Di Girolamo and Jim (Zhaojing) Huang both during 2026 and 2025 financial years in their capacity as directors of the company.

Table 2: Remuneration of key management personnel for the year ended 30 June 2026 and 30 June 2025

	Primary benefit	Post employment			Total benefit
	Salary & Fees $	Superannuation $	Shares $	Options $	$
Mr Daniel Schmidt					
2026	216,734	26,008	-	17,287	260,029
2025	202,998	21,762	-	17,113	241,873

Share-based compensation

Issue of shares

Details of shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2026 are set out below:

Name	Date	Shares	Issue price	$
Al Jawhari (*)	13-Aug-25	14,000,000	0.01	140,000
Brad Lemmon (**)	23-Dec-25	3,500,000	0.01	35,000
Brad Lemmon (***)	28-Nov-25	2,000,000	0.01	20,000

(*) These were part of 25,000,000 options issued to Al in prior year of which 5,000,000 options were exercised in prior year. 14,000,000 options were exercised during this financial year and the remaining 6,000,000 were lapsed.

(**) These were issued to Brad during the year in connection with his services provided regarding Aquirian Ltd contract.

(***) These were shares converted as part of 2,000,000 options issued to Brad in prior year and vested during this year.

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Remuneration Report (cont.)

Options

The terms and conditions of each grant of options over ordinary shares affecting remuneration of directors and other key management personnel in this financial year or future reporting years are as follows:

	Number of options granted	Grant date	Vesting date and exercisable date	Expiry Date	Exercise price	Fair value per option at grant date
Al Jawhari (*)	20,000,000	18-Dec-24	18-Dec-24	18-Dec-25	$0.010	$0.007
Brad Lemmon	2,000,000	28-Nov-24	28-Nov-25	28-Nov-25	$0.010	$0.008
Brad Lemmon	4,000,000	28-Nov-24	28-Nov-25	28-Nov-26	$0.020	$0.005
Brad Lemmon	3,500,000	23-Dec-25	23-Dec-25	23-Dec-27	$0.030	$0.004
Arthur Stavrou	2,000,000	19-Dec-25	19-Dec-26	19-Mar-27	$0.010	$0.005
Arthur Stavrou	4,000,000	19-Dec-25	19-Dec-26	19-Dec-27	$0.020	$0.005
Daniel Schmidt	4,000,000	28-Nov-24	28-Nov-25	28-Nov-26	$0.020	$0.005
Daniel Schmidt	4,000,000	28-Nov-24	28-Nov-26	28-Nov-28	$0.040	$0.004

(*) Al was issued 25,000,000 options during the financial year ended 30 June 2025, of which he had exercised 5,000,000 options in prior year leaving 20,000,000 options available to exercise this financial year. 14,000,000 of these were exercised and 6,000,000 were lapsed.

Options granted carry no dividends or voting rights.

Values of options over ordinary shares granted, exercised and lapsed for directors and other key management personnel as part of compensation during the year ended 30 June 2026 are set out below:

Name	Values of options recognised as expense during the year	Values of options exercised during the year	Value of options lapsed during the year	Remuneration consisting of options for the year
Al Jawhari	64,418	103,278	44,262	100%
Brad Lemmon	33,954	16,416	-	49%
Arthur Stavrou	14,636	-	-	100%
Daniel Schmidt	17,287	-	-	7%

Options holdings of Directors and Key Management Personnel

	Balance at 1 July 2025	Issued	Exercised	Expired/ Lapsed	Balance 30 June 2026
Directors					
A Jawhari	20,000,000	5,000,000	(14,000,000)	(6,000,000)	5,000,000
B Lemmon	6,000,000	4,750,000	(2,000,000)	-	8,750,000
A Stavrou	-	7,250,000	-	-	7,250,000
Key Management Personnel					
D Schmidt	8,000,000	5,000,000	-	-	13,000,000
Total	**34,000,000**	**22,000,000**	**(16,000,000)**	**(6,000,000)**	**34,000,000**

No other Directors or Key Management Personnel held any options

All remuneration for both 2026 and 2025 for key management personnel are not linked to performance.

Key Management Personnel (Direct & Indirect) Shareholdings

	Balance at 1 July 2025	Additions	Balance at 30 June 2026
A Jawhari	30,815,374	24,000,000	54,815,374
A Stavrou	-	3,300,000	3,300,000
D Attias	10,116,000	-	10,116,000
V Rigano	13,103,502	-	13,103,502
B Lemmon	-	8,000,000	8,000,000
D Schmidt	2,933,333	10,000,000	12,933,333
Total	**56,968,209**	**45,300,000**	**102,268,209**

Additional information

The earnings of the consolidated entity for the five years to 30 June 2026 are summaried below:

	2026	2025	2024	2023	2022
	$	$	$	$	$
Other income	636,810	508,296	672,958	97,630	-
EBITDA	(1,290,021)	(2,794,452)	(596,336)	(1,502,246)	(1,176,559)
EBIT	(1,410,652)	(2,796,304)	(598,571)	(1,503,598)	(1,176,771)
(Loss)/Profit after tax	(1,476,778)	(2,830,599)	(644,060)	(1,503,598)	(1,176,771)

The factors that are considered to affect total shareholders return ('TSR') are summaries below:

Share price at financial year end ($)	0.0090	0.0100	0.0140	0.0310	0.0510
Basic earnings per share ($)	(0.2400)	(0.5400)	(0.1300)	(0.3200)	(0.2700)

This concludes the remuneration report, which has been audited.

Rounding of amounts

The Company is an entity to which the Australian Securities and Investments Commission (ASIC) Corporations (Rounding in Financial/Directors' Reports) Instrument 2026/183, applies. Amounts in this Directors' Report have been rounded to the nearest dollars, unless otherwise stated, in accordance with that Instrument.

Shares under option

At the date of this report, the following options to acquire ordinary shares in the Company were on issue:

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Issue date	Expiry date	Exercise price	Vesting date	Balance of options o/s at 30 June 2025	Net issues / (exercised or expired) during the year	Balance of options o/s at 30 June 2026
04/05/2021	04/05/2026	$0.20		250,000	(250,000)	-
04/05/2021	04/05/2026	$0.40		250,000	(250,000)	-
02/11/2022	02/11/2025	$0.06		10,000,000	(10,000,000)	-
02/11/2022	02/11/2027	$0.10		10,000,000	-	10,000,000
19/07/2024	19/12/2026	$0.03		5,000,000	-	5,000,000
28/11/2024	28/11/2026	$0.02	28/11/2025	4,000,000	-	4,000,000
28/11/2024	28/11/2028	$0.04	28/11/2026	4,000,000	-	4,000,000
28/11/2024	28/11/2025	$0.01	28/11/2025	2,000,000	(2,000,000)	-
28/11/2024	28/11/2026	$0.02	28/11/2025	4,000,000	-	4,000,000
09/12/2024	09/06/2026	$0.03		25,000,000	(25,000,000)	-
18/12/2024	18/12/2025	$0.01		20,000,000	(20,000,000)	-
23/01/2025	23/01/2026	$0.03		4,454,454	(4,454,454)	-
08/08/2025	08/02/2027	$0.02		-	13,100,000	13,100,000
23/12/2025	23/12/2027	$0.03		-	3,500,000	3,500,000
23/12/2025	23/12/2027	$0.01	19/12/2026	-	2,000,000	2,000,000
23/12/2025	23/12/2027	$0.02	19/12/2026	-	4,000,000	4,000,000
29/04/2026	29/04/2028	$0.02		-	8,750,000	8,750,000
29/06/2026	29/06/2028	$0.02		-	7,500,000	7,500,000

Shares issued on the exercise of options

During the year, unlisted options were exercised resulting in the issue of ordinary shares for cash proceeds of $160,000 and the transfer of $119,694 from the share-based payment reserve to share capital.

Options Expired

Options with a cumulative share-based payment reserve of $117,962 expired during the year and were transferred to accumulated losses.

New options issued

On 8 August 2025, the Company issued 13,100,000 unlisted options exercisable at $0.02 per option with an expiry date of 8 February 2027. The options were issued to employee and sophisticated investors in connection with the Company's placement completed in August 2025.

On 23 December 2025, the Company issued 3,500,000 unlisted options exercisable at $0.03 per option with an expiry date of 23 December 2027. The options were issued to Bendalong Pty Ltd in consideration for corporate advisory services provided to the Company in connection with the Aquirian Ltd transaction.

On 23 December 2025, the Company issued 2,000,000 unlisted options exercisable at $0.01 per option with an expiry date of 08 March 2027. The options were issued to Mr Arthur Stavrou, Non-Executive Director, as part of his remuneration package.

On 23 December 2025, the Company also issued 4,000,000 unlisted options exercisable at $0.02 per option with an expiry date of 08 December 2027. The options were issued to Mr Arthur Stavrou, Non-Executive Director, as part of his remuneration package.

On 29 April 2026, the Company issued 8,750,000 unlisted options exercisable at $0.02 per option with an expiry date of 29 April 2028. The options were issued to sophisticated investors in connection with the Company's placement completed in April 2026.

On 29 June 2026, the Company also issued 7,500,000 unlisted options exercisable at $0.02 per option with an expiry date of 29 June 2028. A total of 2,500,000 options were issued to Mr Arthur Stavrou and Brad Lemmon Non-Executive Director and 5,000,000 options issued to Al Jawhari Executive Chairman. These are options attached to the shares issued as a result of the convertible loans with the directors/ directors' related entity which had been approved by the Shareholder at the EGM in June 2026.

Indemnity and insurance of officers

The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor

The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the

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company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

Non-audit services

BDO Audit Pty Ltd, in its capacity as auditor for Papyrus Australia Ltd, has not provided any non-audit services throughout the reporting period.

BDO Services Pty Ltd, a related entity of BDO Audit Pty Ltd, has assisted with applications for the Research and Development Tax Incentive (R&DTI) Tax offset and grant application for early stage commercialisation for Papyrus Australia Ltd.

The Directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The Directors are of the opinion that the services as disclosed in note 17 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact
- the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants (including independence standards) issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

There are no officers of the Company who are former partners of BDO Audit Pty Ltd.

Officers of the company who are former partners of BDO Audit Pty Ltd

There are no officers of the company who are former partners of BDO Audit Pty Ltd.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this director's report.

Auditor

BDO Audit Pty Ltd continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of the directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

____
Adj Prof. Al Jawhari
Executive Chair

22 September 2026

END OF AUDITED REMUNERATION REPORT.

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Auditor's Independence Declaration

BDO

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Fax: +61 8 7324 6111
www.bdo.com.au

BDO Place
Level 19, 30 Pirie Street
Adelaide SA 5000
GPO Box 2018 Adelaide SA 5001
Australia

DECLARATION OF INDEPENDENCE
BY LINH DAO
TO THE DIRECTORS OF PAPYRUS AUSTRALIA LIMITED

As lead auditor of Papyrus Australia Limited for the year ended 30 June 2026, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Papyrus Australia Limited and the entities it controlled during the period.

Linh Dao
Director

BDO Audit Pty Ltd

Adelaide, 22 September 2026

General information

The financial statements cover Papyrus Australia Limited as an individual entity. The financial statements are presented in Australian dollars, which is Papyrus Australia Limited's functional and presentation currency.

Papyrus Australia Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered office	Principal place of business
2-3 Greenhill Road, Wayville SA 5034	2-3 Greenhill Road, Wayville SA 5034

A description of the nature of the company's operations and its principal activities are included in the director's report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of the directors, on 22 September 2026. The directors have the power to amend and reissue the financial statements.

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Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2026

Revenue		2026	2025
Other income	3	636,810	508,296
Expenses			
Depreciation and amortisation expense		(120,631)	(1,852)
Employee Benefits expenses	4	(325,850)	(224,760)
Share based payment expense		(165,296)	(427,683)
Consultancy expenses		(442,623)	(145,711)
Impairment		-	(1,009,956)
Other expenses	4	(1,059,188)	(1,402,491)
Share of net (loss) from joint venture		-	(126,442)
Loss before income tax expense		(1,476,778)	(2,830,599)
Income tax expense	5	-	-
Loss after income tax expense for the year attributable to the owners of Papyrus Australia Limited		(1,476,778)	(2,830,599)
Other comprehensive loss for the year, net of tax		-	-
Total comprehensive loss for the year attributable to the owners of Papyrus Australia Limited		(1,476,778)	(2,830,599)
		Cents	**Cents**
Basic loss per share	24	(0.24)	(0.54)
Diluted loss per share	24	(0.24)	(0.54)

Consolidated Statement of Financial Position

As at 30 June 2026

Assets	Notes	2026	2025
Current assets			
Cash and cash equivalents	6	257,077	305,329
Trade and other receivables	7	458,690	519,985
Prepayments	8	68,656	176,211
Total current assets		784,423	1,001,525
Non-current assets			
Property, plant and equipment	10	274,196	3,021
Total non-current assets		274,196	3,021
Total assets		1,058,619	1,004,546
Liabilities			
Current liabilities			
Trade and other payables	11	864,734	696,833
Convertible Notes	12	517,172	-
Total current liabilities		1,381,906	696,833
Total liabilities		1,381,906	696,833
Net (liabilities)/assets		(323,287)	307,713
Equity			
Issued capital	13	28,173,435	27,273,841
Reserves	14	1,285,689	1,472,114
Accumulated losses		(29,782,411)	(28,438,242)
Total (deficiency)/equity		(323,287)	307,713

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Consolidated Statement of Changes in Equity

For the year ended 30 June 2026

	Issued capital	Share Option Reserves	Retained profits	Total equity
	$	$	$	$
Balance at 1 July 2024	26,452,781	1,291,898	(25,607,643)	2,137,036
Loss after income tax expense for the year	-	-	(2,830,599)	(2,830,599)
Total comprehensive income for the year	-	-	(2,830,599)	(2,830,599)
Transactions with owners in their capacity as owners:				
Shares Issued via private placement on 19 November 2024	250,000	-	-	250,000
Shares Issued via private placement on 6 December 2024	59,175	-	-	59,175
Shares Issued to related party as part of salary on 18 December 2024	275,000	(210,582)	-	64,418
Shares Issued via private placement on 23 January 2025	150,000	-	-	150,000
Conversion of unlisted options on 18 March 2025	86,885	(36,885)	-	50,000
Share based payments	-	427,683	-	427,683
Balance at 30 June 2025	27,273,841	1,472,114	(28,438,242)	307,713
Balance at 1 July 2025	27,273,841	1,472,114	(28,438,242)	307,713
Loss after income tax expense for the year	-	-	(1,476,778)	(1,476,778)
Total comprehensive income for the year	-	-	(1,476,778)	(1,476,778)
Transactions with owners in their capacity as owners:				
Issue to Sophisticated investors & the cap raise for R&D	587,000	-	-	587,000
Conversions of options during the year	279,694	(119,694)	-	160,000
Share issued for services received	35,000	-	-	35,000
Options issued and expensed for the year	-	65,878	-	65,878
Options expired during the year	-	(117,262)	117,262	-
Cancelled options during the year	-	(15,347)	15,347	-
Transaction costs	(2,100)	-	-	(2,100)
Balance at 30 June 2026	28,173,435	1,285,689	(29,782,411)	(323,287)

Consolidated Statement of Cash Flows

For the year ended 30 June 2026

		Consolidated Group	
	Note	2026	2025
			$
Cash flows from operating activities			
Government grants and tax incentives		332,118	332,394
Payments to suppliers and employees		(1,454,425)	(752,571)
Net cash used in operating activities	23	(1,122,307)	(420,177)
Cash flows from investing activities			
Advance payment for plant and equipment		(329,714)	(102,742)
Cash used in investing activities		(329,714)	(102,742)
Cash flows from financing activities			
Proceeds from issue of shares	13	747,000	200,000
Proceeds from issue of convertible notes		500,000	-
Proceeds from borrowings		163,850	526,692
Repayment of borrowings		-	(264,382)
Transaction costs from shares issued		(7,081)	(1,033)
Net cash from financing activities		1,403,769	**461,277**
Net decrease in cash and cash equivalents		(48,252)	(61,642)
Cash and cash equivalents at the beginning of the financial year		305,329	366,971
Cash and cash equivalents at the end of the financial year	6	257,077	**305,329**

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Notes to the Financial Statements

For the year ended 30 June 2026

1. Material accounting policy information

This financial report covers the consolidated financial statements and notes of Papyrus Australia Ltd ('the Company') as an Individual entity and the consolidated Group comprising Papyrus Australia Ltd and its Controlled Entities ('the Group'). Papyrus Australia Ltd is a for- profit Group limited by shares, incorporated and domiciled in Australia, whose shares are publicly traded on the Australian Securities Exchange. The financial statements were authorised for issue by the Board of Directors 22 September 2026.

The Company prepares their financial statements based on the currency of the primary economic environment in which the entity operates (functional currency). The financial statements are presented in Australian dollars which is the entity's functional and presentation currency.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

The accounting policies used in the preparation and presentation of these financial statements are provided below and are consistent with prior reporting periods unless otherwise stated.

Except for the cash flow information, the financial statements are prepared on an accruals basis and are based on historical costs.

New or amended Accounting Standards and Interpretations not yet adopted

AASB 18 *Presentation and Disclosure in Financial Statements* replaces AASB 101 *Presentation of Financial Statements* and is effective for annual reporting periods beginning on or after 1 January 2027.

The Standard introduces new requirements for the presentation and disclosure of information in the financial statements, including:

- new defined categories for income and expenses in the statement of profit or loss;
- mandatory presentation of specified subtotals, including operating profit;
- enhanced disclosure requirements for management-defined performance measures; and
- additional guidance on the aggregation and disaggregation of information presented in the financial statements.

The Group has not early adopted AASB 18. Based on the assessment performed to date, the adoption of AASB 18 is expected to primarily affect the presentation and disclosure of information in the financial statements and is not expected to have a material impact on the recognition or measurement of the Group's assets, liabilities, income or expenses. The Group will continue to assess the impact of the Standard prior to its mandatory effective date.

Going Concern

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business. As presented in the financial statements, the Group incurred a loss before comprehensive income of $1,476,778 and had net cash outflows of $1,122,307 for the year ended 30 June 2026. As at 30 June 2026, the Group reported $257,077 cash at bank and in hand, $228,168 of which is restricted in the Group's bank account in Egypt. Furthermore, the Group reported net asset deficiency of $323,287 as at 30 June 2026 (2025: net equity of $307,713).

The Directors believe it is reasonably foreseeable that the Group will continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report considering the following factors; the ability of the Group to raise additional capital either through an additional placement and/or the exercise of options. However, there remains a material uncertainty which may cast significant doubt as to whether the Group will continue as a going concern, and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report. The financial report does not include any adjustments relating to the amounts or classification of recorded assets or liabilities that might be necessary if the entity does not continue as a going concern.

Other income

Interest revenue

Interest is recognised using the effective interest method.

Grant revenue

Government grants are recognised at fair value where there is reasonable assurance that the grant will be received, and all grant conditions will be met. Grants relating to expense items are recognised as income over the periods necessary to match the grant to the costs

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they are compensating. Grants relating to assets are credited to deferred income at fair value and are credited to income over the expected useful life of the asset on a straight-line basis.

The R&D refundable incentive is recognised as government grant in profit or loss on accrual basis when the Group is satisfied that there are reasonable assurance that the expenses incurred are eligible for the incentive per relevant guidelines for the Scheme.

Income tax

The Company has been in a tax loss position for a number of years and has significant tax losses carried forward for future reporting periods. The Company only recognised deferred tax assets on these tax losses carried forward to the extent that they fully offset deferred tax liabilities (if any).

Deferred tax assets and liabilities are always classified as non-current.

Tax consolidation legislation

Papyrus Australia Ltd and its wholly owned Australian subsidiaries have formed an income tax consolidated group.

Each entity in the tax consolidated group accounts for their own current and deferred tax amounts. These tax amounts are measured using the 'stand-alone taxpayer' approach to allocation.

Current tax liabilities (assets) and deferred tax assets arising from unused tax losses and tax credits in the subsidiaries are immediately transferred to the parent entity.Property, plant and equipment

Each class of plant and equipment are measured using the cost model as specified below. Where the cost model is used, the asset is carried at its cost less any accumulated depreciation and any impairment losses. Costs include purchase price, other directly attributable costs and the initial estimate of the costs of dismantling and restoring the asset, where applicable.

Work in progress comprises expenditure on property, plant and equipment that is under construction and not yet available for use. Work in progress is carried at cost and is not depreciated until the assets are available for their intended use, at which point they are transferred to the relevant class of plant and equipment. The depreciable amount of all plant and equipment is depreciated on a straight- line and diminishing value basis from the date that management determine that the asset is available for use.

Assets held under a finance lease and leasehold improvements are depreciated over the shorter of the term of the lease and the assets useful life.

The estimated useful lives used for each class of depreciable asset are shown below:

Fixed asset class	Useful life
Plant and equipment	2.5 - 5 years

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of profit or loss and other comprehensive income.Interest bearing loans and borrowing

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost.Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred

Equity settled compensation

Company provides benefits to employees of the Company in the form of share- based payments, whereby employees receive options incentives (equity- settled transactions).

There is currently one plan in place to provide these benefits, the Employee Share Option Plan (ESOP) which provides benefits to employees.

The cost of these equity- settled transactions with employees is measured by reference to the fair value at the date at which they were granted. The fair value is determined using the Black- Scholes option pricing model.

The cost of equity- settled transactions is recognised as an expense in the consolidated statement of profit or loss and other comprehensive income, together with a corresponding increase in the share option reserve, when the options are issued. However, where options have vesting terms attached, the cost of the transaction is amortised over the vesting period.

Upon the exercise of options, the balance of share-based payments reserve relating to those options is transferred to issued capital.

Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options which vest immediately are recognised as a deduction from equity, net of any tax effects.Operating segments

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The Company operates in one business segment, research and development utilising banana fibre for moulded products. The Chief Operating Decision Maker (CODM) monitors the business as whole.

2. Critical accounting judgements, estimates and assumptions

The preparation of financial reports requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Except as described below, in preparing this report, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial report for the year ended 30 June 2025.

Key estimates Impairment of assets

The Company assesses impairment at each reporting date by evaluating conditions specific to the Company that may lead to an impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined.

Convertible notes

It has been assessed that the Group's convertible notes contain both a debt component and an embedded conversion feature that does not qualify as equity under AASB 132. Accordingly, the debt host liability and the embedded derivative are accounted for separately. The debt host is subsequently measured at amortised cost using the effective interest method, while the embedded derivative is measured at fair value through profit or loss at each reporting date, with changes in fair value recognised in the statement of profit or loss. Interest incurred on the debt host liability is recognised as a finance cost using the effective interest method.

Convertible notes are classified as current liabilities where the Group does not have an unconditional right to defer settlement for at least twelve months after the reporting date. Upon conversion, the carrying amount of the liability is derecognised and recognised in equity together with any consideration received.

3. Other income

	2026	2025
	$	$
R&D Tax incentive	418,758	508,296
IGP Government grant	187,602	-
Other income	30,450	-
Other income	636,810	508,296

4. Expenses

	2026	2025
	$	$
Employee benefit expenses		
Wages, salaries and other remuneration expenses	325,850	224,760
Share based payment expenses	165,296	427,683
Total employee benefit expenses	491,146	652,443
Other expenses		
Audit and accounting fees	190,838	137,607
Legal - Corporate Governance	74,194	750
Legal - Litigation	111,959	65,125
Legal - Capital Raise	92,189	-
Marketing	12,002	13,233
Travel and accommodation	15,791	46,657
Governance and secretarial costs	178,179	21,607
Intellectual property expenses	18,393	54,697
Information technology	9,932	6,379
Interest expense	66,126	34,295
R&D expenses	86,424	892,885
Insurance	44,550	42,675
Share registry and ASX expenses	71,466	69,464
Other expenses	87,145	17,117
Total other expenses	1,059,188	1,402,491

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5. Income tax benefit

	2026	2025
	$	$
Numerical reconciliation of income tax benefit and tax at the statutory rate		
Loss before income tax expense	(1,476,778)	(2,830,599)
Tax at the statutory tax rate of 25%	(369,195)	(707,650)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Share-based payments expensed during the year at tax rate of 25% (2025:25%)	41,324	106,922
Tax losses not recognised due to not meeting recognition criteria	(327,871)	(600,728)
Tax expense for the year being	-	-

The Company has tax losses arising in Australia of $14,964,314 (2025: $14,631,941) No deferred tax asset has been recognized because it is not likely future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realized.

6. Current assets - cash and cash equivalents

	2026	2025
	$	$
Cash at bank	257,077	305,329

Cash includes a restricted balance of $228,168 held in Papyrus Manufacturing Pty Ltd, a wholly owned subsidiary of the Group in Egypt (30 June 2025: $236,756). The cash is not available for general use by the parent in Australia, however the Group has full access to the cash for its continuing operations and investment in Egypt. Furthermore, the Board is continually reviewing opportunities in Egypt to enable the transfer of the funds to Australia.

7. Current assets - trade and other receivables

	2026	2025
	$	$
R&D incentive receivables	414,054	513,670
GST recoverable	44,636	6,315
	458,690	519,985

8. Current assets - Prepayments

	2026	2025
	$	$
Prepayments	68,656	176,211

Included in prepayments for 30 June 2026 is an amount of $48,473 (2025: $102,742) relating to the deposit paid for the pilot plant equipment that has not been received by the reporting date.

9. Non-current assets - Investments accounted for using the equity method

Name	Classification	Place of business/ incorporation	Proportion of ordinary share interests/ participating shares	Proportion of ordinary share interests/ participating shares	Measurement method	Carrying amount	Carrying amount
			2026	2025		2026 $	2025 $
Egyptian Banana Fibre Company	Associate	Sohag, Egypt	39.22%	39.22%	Equity method	-	-
Papyrus Egypt	Joint Venture	Sohag, Egypt	50%	50%	Equity method	-	-

Papyrus Australia and Egyptian Banana Fibre Company are joint venture partners, each owns 50% of Papyrus Egypt. In addition, the Group has 39.22% interest in Egyptian Banana Fibre Company, which results in an indirect interest of 19.66% in Papyrus Egypt for the Group.

During FY2025, the Group determined that impairment indicators existed in relation to its investments in EBFC and PPYEg due to the lack of operational transparency and absence of expected economic returns. Accordingly, the carrying value of the investment was fully impaired to nil. There have been no changes to the Group's ownership interests in EBFC or PPYEg during the year ended 30 June 2026. No additional investments, disposals or other transactions occurred during the current financial year, and the carrying amount of the investment remains nil as at 30 June 2026. Furthermore, the Group does not receive reliable information on the result of the associates' operations during the year. Consequently, no gain, loss or impairment has been recognised in relation to these investments during the current year.

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10. Non-current assets - property, plant and equipment

	2026	2025
	$	$
Plant and equipment - at cost	7,108	7,108
Additions	2,222	-
Transfers to plant & equipment from WIP during the year	389,584	-
Less: Accumulated depreciation	(124,718)	(4,087)
	274,196	3,021

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Plant & Equipment	Work in Progress	Total
	$	$	$
Balance at 01 July 2025	3,021	-	3,021
Additions	2,222	389,584	391,806
Transfers in/(out)	389,584	(389,584)	-
Depreciation expense	(120,631)	-	(120,631)
Balance at 30 June 2026	274,196	-	274,196

(a) During the year, the Group completed the construction and commissioning of its prototype banana fibre pulp processing and food packaging production line. The project comprised the installation of a small-scale trial facility, including primary processing, pulp preparation and moulding equipment, to enable process optimisation, functional testing and sample production. The assets were commissioned in February 2026 which is when depreciation commenced. Since commissioning of the prototype, further capitalisation continued to incur as improvements were made to enhance the capability and increase the capacity of the production line for next stage of commercialisation.

11. Current liabilities - trade and other payables

	2026	2025
	$	$
Trade payables	438,430	119,135
Sundry payables and accrued expenses	205,835	187,268
R&D borrowings	166,335	390,430
Deferred income	54,134	-
	864,734	696,833

Trade payables

Trade payables are non-interest bearing and normally settled on 60-day terms.

Information regarding risks associated with current payables is set out in Note 15.

Sundry payables and accrued expenses

Accruals comprise amounts payable for goods and services received before the reporting date but not yet invoiced or settled. As at 30 June 2026, the balance primarily consists of accrued audit fees ($42,000), research and development application fees ($8,194), supplier invoices received after year end ($13,150), accrued payroll costs ($8,390) and other professional and operating expenses incurred before year end.

R&D Borrowings

During the financial year, the Company entered into a loan facility agreement with Finance Innovations Management Pty Ltd to provide funding for eligible research and development expenditure and general working capital requirements. The facility has a total commitment of $500,000, with an initial advance of $166,335 made during the year. The loan bears interest at 22% per annum, however, provided no default event has occurred, the lender will accept interest at an effective rate of 16.5% per annum. Interest accrues daily and is capitalised monthly. If the maturity date is extended, the applicable interest rate increases to 19% per annum.The facility matures on 28 February 2028, unless extended in accordance with the agreement. Repayment is primarily intended to occur from the Company's future R&D Tax Incentive refunds, with any R&D refund first applied against the outstanding principal, capitalised interest and other amounts owing under the facility before any surplus is remitted to the Company.

Deferred income

Deferred income represents government grant funding received in advance to support the Company's pilot plant activities. The grant is recognised in profit or loss over the periods in which the Company recognises the related eligible expenditure, including both qualifying operating costs and eligible pilot plant expenditure. As at 30 June 2026, the

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balance represents grant funding received in relation to asset capitalised to the statement of financial position during the year and will be recognised in profit or loss on a straight-line over the useful life of the asset.

12. Current liabilities - Convertible Notes

Holder	Carrying Value ($)	Embedded Derivative ($)	Financial Liability ($)
Antanas Guoga; and Maryton Australia Pty. Ltd.	255,411	212,436	42,975
IrwinBiotech Nominees Pty Ltd; and J G M Investment Group Pty Ltd <The Muchnicki Family A/C>	261,761	220,734	41,027
Total	517,172	433,170	84,002

During the financial year, the Company completed a capital raising through the issue of secured and unsecured convertible notes.

Secured convertible notes

On 23 April 2026, the Company issued 263,846 secured convertible notes with a face value of $1.00 per note, representing an aggregate face value of $263,846. The secured convertible notes were issued to the following external investors:

Antanas Guoga

Maryton Australia Pty Ltd

The secured convertible notes rank ahead of the Company's unsecured creditors in respect of the assets subject to the security over the Group's assets and undertaking, other than the R&D borrowing assets. The issue of the secured convertible notes was subsequently ratified by shareholders at the Extraordinary General Meeting held on 24 June 2026.

The secured convertible notes bear interest at 1% per month and mature two years from the date of issue. The notes are convertible into ordinary shares at $0.010 per share during the first 12 months and thereafter at 80% of the 5-day VWAP, subject to a minimum conversion price of $0.008 and a maximum conversion price of $0.010 per share.

On conversion, noteholders are entitled to receive one option for every two ordinary shares issued. Each option is exercisable at $0.020 per share and expires two years from the date of grant.

Unsecured convertible notes

In addition, shareholders approved the issue of unsecured convertible notes to the following related parties:

Irwin Biotech Nominees Pty Ltd; and
J G M Investment Group Pty Ltd <The Muchnicki Family A/C>.

These unsecured convertible notes rank behind the secured convertible notes and are unsecured obligations of the Company. Shareholder approval for the issue of these instruments was obtained at the Extraordinary General Meeting held on 24 June 2026.

On 29 June 2026, the Company issued 264,279 unsecured convertible notes with a face value of $1.00 per note, representing an aggregate principal amount of $264,279.

The unsecured convertible notes bear interest at 12% per annum and mature on 29 June 2028. Interest accrues on the outstanding balance and is capitalised quarterly unless the Company elects to settle the accrued quarterly interest in cash.

The notes are convertible into ordinary shares at $0.010 per share during the first 12 months and thereafter at 80% of the 5-day VWAP, subject to a minimum conversion price of $0.008 and a maximum conversion price of $0.010 per share. At maturity, noteholders may elect to convert or redeem the notes. Where no election is made, the notes will automatically convert into ordinary shares on the maturity date.

Upon conversion, noteholders are entitled to receive one option for every two ordinary shares issued. Each option is exercisable at $0.020 per share and expires two years from the date of grant

13. Equity - issued capital

	2026 Shares	2025 Shares	2026 $	2025 $
Ordinary shares - fully paid	648,881,733	570,681,733	28,173,435	27,273,841

Movements in ordinary share capital

Details	Date	Shares	$
Balance	01 July 2025	570,681,733	27,273,841
Issue to Sophisticated Investors and the capital raise for R&D and capital workings		26,200,000	262,000
Conversions of options during the year		16,000,000	279,694
Share issued for services received		3,500,000	35,000
Placement shares issued to sophisticated and professional investors		17,500,000	175,000
Shares issued on conversion of related-party loan agreements		15,000,000	150,000
Less transaction costs		-	(2,100)
Balance	30 June 2026	648,881,733	28,173,435

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On 12 August 2025, the Company announced that it had raised $262,000 via a private placement of 26,200,000 ordinary fully paid shares at an issue price of $0.01 per share to sophisticated and professional investors, and the Company announced the issue was completed.

On 19 December 2025, the Company announced that it had issued 16,000,000 ordinary fully paid shares following the exercise of unlisted options. Cash proceeds of $279,694 were received upon exercise and the Company announced the issue was completed.

On 23 December 2025, the Company announced that it had issued 3,500,000 ordinary shares as consideration for corporate advisory services provided to the Company in connection with the Aquirian transaction. The value attributable to the issued shares based on the issue price was $35,000, and the Company announced the issue was completed.

On 16 May 2026, the Company announced that it had raised $175,000 via a private placement of 17,500,000 ordinary fully paid shares at an issue price of $0.01 per share to sophisticated and professional investors, and the Company announced the issue was completed.

On 29 June 2026, the Company announced that it had issued 15,000,000 ordinary fully paid shares at an issue price of $0.01 per share pursuant to the conversion of related-party loan agreements. The shares were issued in satisfaction of outstanding loan balances following shareholder approval, and the Company announced the issue was completed.
Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Capital Management

The entity manages its capital to ensure that entity will be able to continue as a going concern while maximising the return to stakeholders. The capital structure of the entity consists of cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and accumulated losses. Proceeds from share issues are used to maintain and expand the entity's plant and equipment requirements, research and development activities and fund operating costs.

Share buy-back

There is no current on-market share buy-back.

Capital risk management

The company's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital. Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents. In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.The company would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current company's share price at the time of the investment. The company is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.The company is subject to certain financing arrangements covenants and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year.The capital risk management policy remains unchanged from the 30 June 2025 Annual Report.

14. Note 14. Equity - Reserves

	2026	2025
	$	$
Balance at beginning of financial year	1,472,114	1,291,898
Share rights expenses	65,878	427,683
Share right equity movement	(252,303)	(247,467)
	1,285,689	1,472,114

This reserve is used to record the value of equity benefits provided to employees and directors as part of their remuneration. Refer to Note 25 for further details of these plans.

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15. Financial risk management

Categories of financial instruments

The totals for each category of financial instruments, measured in accordance with the Accounting Standards as detailed in the accounting policies to these financial statements, are as follows

	2026	2025
	$	$
Financial assets		
Cash and cash equivalents	257,077	305,329
Trade and Other receivables	506,099	519,985
Total financial assets	763,176	825,314
Financial Liabilities		
Trade and payables	698,399	306,403
Convertibles Notes	517,172	-
Borrowings	166,335	390,430
Total financial liabilities	1,381,906	696,833

Market risk

(i) Cash flow interest rate and foreign exchange sensitivity

The Company's policy is to minimise interest rate cash flow risk exposures on long-term financing. Longer-term deposits are therefore usually at fixed rates. At the reporting date, the Company is not exposed to changes in market interest rates.

The Company is not materially exposed to foreign currency risk, as all financial assets and liabilities at each reporting date are denominated in Australian Dollars. The only exception is a cash balance held in Egypt, denominated in Egyptian Pounds as disclose in Note 6. Given the limited size and nature of this exposure, the Company considers its foreign currency risk to be insignificant.

(ii) Financial instrument composition and maturity analysis

The Company is not materially exposed to any effects on changes in interest rates. As disclosed at note 11, the Company has a borrowing facility in place, totalling $166,335 outstanding as at the reporting date 30 June 2026 (2025: nil). The borrowing is charged with an interest rate ranging 22% per annum, however, provided no default event has occurred, the lender will accept interest at an effective rate of 16.5% per annum. Interest accrues daily and is capitalised monthly. If the maturity date is extended, the applicable interest rate increases to 19% per annum.

As disclosed in Note 12, the Company also has convertible notes with an aggregate carrying value of $517,172 and a financial liability component of $84,002 at 30 June 2026. The secured convertible notes bear interest at 1% per month and mature two years from the date of issue. The unsecured convertible notes bear interest at 12% per annum and mature on 29 June 2028. Interest on the unsecured convertible notes accrues on the outstanding balance and is capitalised quarterly unless the Company elects to settle the accrued quarterly interest in cash.

Trade payables are often settled within a 60-day credit term and classified as current liabilities.

Credit risk

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in a financial loss to the Company.

The Company has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from activities.

The Company does not have any significant credit risk exposure to any single counterparty or any Company of counterparties having similar characteristics. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the Company's maximum exposure to credit risk.

Liquidity risk

Liquidity risk arises from the Company's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due, in particular due to all liabilities are current at the reporting date.

Ultimate responsibility for liquidity risk management rests with the Board of Directors, who have built an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by monitoring cash flows forecasts and ensuring that the Company's operations are adequate to meet liabilities due.

16. Key management personnel disclosures

Key management personnel remuneration included within employee expenses for the year is shown below:

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	2026	2025
	$	$
Short-term employee benefits	216,734	202,998
Post-employment benefits	26,008	21,762
Share-based payments	165,296	427,683
	408,038	652,443

Other key management personnel transactionsFor details of other transactions with key management personnel, refer to Note 21: Related Parties.

17. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by BDO Audit Pty Ltd, the auditor of the company:

	2026	2025
	$	$
Audit services - BDO Audit Pty Ltd		
Audit or review of the financial statements	95,000	137,607
Other services - BDO Services Pty Ltd, a related entity of BDO Audit Pty Ltd		
Early stage commercialisation	-	8,335
R&D assistance	24,000	11,516
	24,000	19,851

18. Interest in controlled entities and joint ventures

Name of entity	Principal place of business/country of incorporation	Ownership interest 2026%	Ownership interest 2025%
Parent entity			
Papyrus Australia Ltd (a)	Australia		
Subsidiaries			
Papyrus Technology Pty Ltd (b)	Australia	100	100
Papyrus Manufacturing Pty Ltd (b)	Australia	100	100
Australia Advanced Manufacturing Centre Pty Ltd (b)	Australia	100	100
Joint Venture			
Papyrus Egypt LLC	Egypt	50	50
Associate			
Egypt Banana Fiber Company	Egypt	39.22	39.22

*The percentage of ownership interest held is equivalent to the percentage voting rights for all subsidiaries.

a. Papyrus Australia Ltd is the head entity within the tax-consolidated group.

b. These companies are members of the tax-consolidated group.

19. Parent entity

The following information has been extracted from the books and records of the parent, Papyrus Australia Ltd and has been prepared in accordance with Accounting Standards. The financial information for the parent entity, Papyrus Australia Ltd has been prepared on the same basis as the consolidated financial statements except as disclosed below. Investments in subsidiaries, associates and joint ventures

Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the financial statements of the parent entity. Dividends received from associates are recognized in the parent entity profit or loss, rather than being deducted from the carrying amount of these investments.

	2026	**2025**
	$	**$**
Statement of Financial position		
Assets		
Current Assets	784,423	1,001,525
Non-current assets	274,196	3,021
Total Assets	1,058,619	1,004,546
Liabilities	-	-
Current Liabilities	1,381,906	666,833
Non-current liabilities	-	-
Total Liabilities	1,381,906	666,833
Equity	-	-
Issued Capital	28,173,435	27,273,841
Accumulated losses	(29,782,411)	(28,408,242)
Reserves	1,285,689	1,472,114
Total (deficit)/equity	(323,287)	337,713
Statement of Profit or Loss and other Comprehensive Income	-	-
Total loss for the year	(1,476,778)	(2,800,599)

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20. Contingent liabilities and commitments

The following information has been extracted from the books of Papyrus Australia Ltd and has been prepared in accordance with Accounting Standards.

As at 30 June 2026, the Group had entered into arrangements relating to the acquisition and construction of components of its pilot plant facility. These arrangements include machinery procurement contracts and associated installation activities.

At reporting date, $86,196 remained payable under pilot plant supplier arrangements and management continues to assess the status of outstanding equipment deliveries and contractual obligations associated with these projects.

Commitments relating to capital expenditure are expected to be funded through existing cash reserves, grant funding and available financing facilities.

In the opinion of the Directors, the entity did not have any contingencies at 30 June 2026 (2025: nil).

21. Related party transactions

Key management personnel

Disclosures relating to key management personnel are set out in note 16 and the remuneration report included in the director's report.

Transactions with related parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

The following transactions occurred with related parties during the year:

The Company entered into an unsecured loan agreement with Irwin Biotech Pty Ltd, a related party, for funding of $200,000. The loan includes a conversion feature whereby the principal may be converted into ordinary shares of the Company, subject to shareholder approval and the terms of the agreement. The outstanding balance at 30 June 2026 is disclosed in Note 12.

During the year, the Company converted a loan of $25,000 owing to Brad Lemmon into ordinary shares in accordance with shareholder approval. No balance remained outstanding at 30 June 2026.

During the year, the Company converted a loan of $25,000 owing to Arthur Stavrou into ordinary shares in accordance with shareholder approval. No balance remained outstanding at 30 June 2026.

During the year, the Company converted a loan of $100,000 owing to Al Jawhari into ordinary shares in accordance with shareholder approval. No balance remained outstanding at 30 June 2026.

Director and Key Management Personnel remuneration was recognised during the year in the ordinary course of business. Details of Key Management Personnel compensation are disclosed in Note 16.

The Company recognised share-based payment expense relating to options and other equity instruments issued to directors and Key Management Personnel. Details are disclosed in Note 25 – Share-based Payments.

Interests of Key Management Personnel (KMP)

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity are considered key management personnel.

For details of Key Management Personnel's interests in shares and options of the Company, refer to Key Management Personnel disclosures in the Remuneration Report contained in the Directors' Report.

The following individuals are classified as key management personnel in accordance with

AASB 124 'Related Party Disclosures'.

Adj. Prof. Al Jawhari Executive Chairman

Mr David Attias Non-Executive Director

Mr Vincent Peter Rigano Non-Executive Director

Mr Brad Lemmon Non-Executive Director

Mr Nick Di Girolamo Non-Executive Director (resigned 1 September 2025)

Mr Jim Huang Non-Executive Director (resigned 5 September 2025)

Mr Arthur Stavrou, Non- Executive Director (appointed 29 September 2025)

Mr Daniel Schmidt Chief Operations Officer (appointed Chief Executive Officer 4 August 2025)

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22. Events after the reporting period

Subsequent to 30 June 2026, on 22 July 2026, the company announced that it had engaged L39 Capital Pty Ltd as lead manager to assist with a proposed capital raising and had entered into a loan agreement with Irwin Biotech Nominees Pty Ltd (as trustee for the BIOA Trust) for an unsecured loan facility of up to $200,000. The loan bears interest at 1.5% per month and, subject to shareholder approval, the outstanding principal and accrued interest may be converted into ordinary shares at an issue price of $0.01 per share, together with the issue of one option for every two conversion shares.

On 12 August 2026 the Company executed loan agreements with a group of sophisticated / related parties to raise $500,000 with the following terms: Interest Rate 1.5%, loan maturity date 1st December 2026, the loans subject to shareholder approval will convert to Unsecured Convertible Notes with an expiry period on 2 years from issue date and an interest rate of 1% per month compounded on a quarterly basis.

No other matter or circumstance has arisen since 30 June 2026 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

23. Reconciliation of loss after income tax to net cash used in operating activities

	2026	2025
	$	$
Adjustments for:		
Net Loss	(1,476,778)	(2,830,599)
Depreciation	120,631	1,852
Share-based payment expense	165,296	427,683
Share of net loss of joint venture	-	126,442
Impairment expenses	-	1,009,956
Change in operating assets and liabilities:		
(Increase)/ Decrease in trade and other receivables	(61,255)	699,331
Increase in prepayments	(107,594)	-
Increase in trade and other payables	237,393	145,158
Net cash used in operating activities	(1,122,307)	(420,177)

24. Earnings per share

Basic earnings per share amounts are calculated by dividing net loss for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net loss attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

In accordance with AASB 133 'Earnings per Share', as potential ordinary shares may only result in a situation where their conversion results in an increase in loss per share or decrease in profit per share from continuing operations, no dilutive effect has been taken into account in 2026 or 2025.

The following reflects the income and shares data used in the basic and diluted earnings per share computations:

	2026	2025
	$	$
Loss after income tax attributable to the owners of Papyrus Australia Limited	(1,476,778)	(2,830,599)

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	607,371,372	528,548,168
Weighted average number of ordinary shares used in calculating diluted earnings per share	607,371,372	528,548,168

	Cents	Cents
Basic loss per share	(0.24)	(0.54)
Diluted loss per share	(0.24)	(0.54)

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25. Share-based payments

The Group established the Papyrus Australia Ltd Employee Share Option Plan, and a summary of the Rules of the Plan are set out below:

- All employees (full and part-time) will be eligible to participate in the Plan
- Options are granted under the Plan at the discretion of the Board and if permitted by the Board, may be issued to an employee's nominee.
- If, prior to the expiry date of options, a person ceases to be an employee of the Group for any reason other than retirement at age 60 or more (or such earlier age as the Board permits), permanent disability, redundancy or death, the options held by that person (or that person's nominee) automatically lapse on the first to occur of a) the expiry of the period of 30 days from the date of such occurrence, and b) the expiry date. If a person dies, the options held by that person will be exercisable by that person's legal personal representative.
- Options can't be transferred other than to the legal personal representative of a deceased option holder.
- The Company will not apply for an official quotation of any options issued under the plan.
- Option holders may only participate in new issues of securities by first exercising their options.

The following table sets out the key valuation inputs used to determine the grant date fair value of each option series issued during the year, including the option grants with exercise prices of $0.009 and $0.03.

2026

Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/other	Balance at the end of the year
$0.20	250,000	-	-	(250,000)	-
$0.40	250,000	-	-	(250,000)	-
$0.06	10,000,000	-	-	(10,000,000)	-
$0.10	10,000,000	-	-	-	10,000,000
$0.02	4,000,000	-	-	-	4,000,000
$0.04	4,000,000	-	-	-	4,000,000
$0.01	2,000,000	-	(2,000,000)	-	-
$0.02	4,000,000	-	-	-	4,000,000
$0.01	20,000,000	-	(14,000,000)	(6,000,000)	-
$0.03	4,454,454	-	-	(4,454,454)	-
$0.03	-	3,500,000	-	-	3,500,000
$0.01	-	2,000,000	-	-	2,000,000
$0.02	-	4,000,000	-	-	4,000,000
	58,954,454	9,500,000	(16,000,000)	(20,954,454)	31,500,000

2025

Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/other	Balance at the end of the year
$0.20	250,000	-	-	-	250,000
$0.40	250,000	-	-	-	250,000
$0.10	250,000	-	-	(250,000)	-
$0.03	14,285,714	-	(14,285,714)	-	-
$0.03	25,000,000	-	-	(25,000,000)	-
$0.04	3,075,000	-	-	(3,075,000)	-
$0.01	-	27,777,777	(27,777,777)	-	-
$0.03	-	5,000,000	-	-	5,000,000
$0.01	-	6,575,000	(6,575,000)	-	-
$0.01	-	25,000,000	(5,000,000)	-	20,000,000
$0.02	-	4,000,000	-	-	4,000,000
$0.04	-	4,000,000	-	-	4,000,000
$0.01	-	2,000,000	-	-	2,000,000
$0.02	-	4,000,000	-	-	4,000,000
$0.03	-	4,545,454	-	-	4,545,454
	43,110,714	82,898,231	(53,638,491)	(28,325,000)	44,045,454

The weighted average remaining contractual life of options outstanding at the end of the financial year was 2.88 years (2025: 2.86 years).The range of weighted average exercise prices for options outstanding at the end of the year was $0.02 (2025: $0.02) For the options granted during the current financial year that are within the scope of AASB 2 Share-based payments, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Excercise Price	Expected volatility	Risk free rate	Fair value at grant date
23 - Dec - 25	23 - Dec - 27	$0.0085	$0.03	140.00%	4.03%	$0.0037
23 - Dec - 25	23 - Dec - 27	$0.0085	$0.01	140.00%	4.03%	$0.0046
23 - Dec - 25	23 - Dec - 27	$0.0085	$0.02	140.00%	4.03%	$0.0046

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Consolidated Entity Disclosure Statement

For the year ended 30 June 2026

Basis of Preparation

This Consolidated Entity Disclosure Statement (CEDS) has been prepared in accordance with the Corporations Act 2001, reflecting the amendments to section 295(3A)(vi) and (vii) which clarify the definition of foreign resident as being an entity that is treated as a resident of a foreign country under the tax laws of that foreign country. These amendments apply for financial years beginning on or after 1 July 2024. The CEDS includes certain information for each entity that was part of the consolidated entity at the end of the financial year in accordance with AASB 10 Consolidated Financial Statements.

Determination of Tax Residency

Section 295(3B)(a) of the Corporation Acts 2001 defines Australian resident as having the meaning in the Income Tax Assessment Act 1997. The determination of tax residency involves judgement as there are currently several different interpretations that could be adopted, and which could give rise to a different conclusion on residency. Section 295 (3A)(a)(vii) requires the determination of tax residency in a foreign jurisdiction to be based on the law of the foreign jurisdiction relating to foreign income tax.

In determining tax residency, the consolidated entity has applied the following interpretations:

Australian tax residency

The consolidated entity has applied current legislation and judicial precedent, including having regard to the Tax Commissioner's public guidance in Tax Ruling TR 2018/5.

Foreign tax residency

Where necessary, the consolidated entity has used independent tax advisers in foreign jurisdictions to assist in determining tax residency in those foreign jurisdictions and ensure compliance with applicable foreign tax legislation.

Entity name	Entity type	Place formed/ Country of incorporation	Ownership interest %	Australian resident	Foreign jurisdiction(s) in which the entity is a resident for tax purposes (according to the law of the foreign jurisdiction)
Papyrus Australia	Body Corporate	Australia	-	Australia	N/A
Papyrus Technology Pty Ltd	Body Corporate	Australia	100%	Australia	N/A
PPY Manufacturing Pty Ltd	Body Corporate	Australia	100%	Australia	N/A
Australia Advanced Manufacturing Centre Pty Ltd	Body Corporate	Australia	100%	Australia	N/A
Papyrus Egypt LLC	Body Corporate	Egypt	50%	N/A	Egypt
Egypt Banana Fiber Company	Body Corporate	Egypt	39.22%	N/A	Egypt

Directors' declaration

The Directors of the Group declare that:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with Australian Accounting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the company's financial position as at 30 June 2026 and of its performance for the financial year ended on that date;
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
- the information disclosed in the attached consolidated entity disclosure statement is true and correct. Signed in accordance with a resolution of the directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

Adj Prof. Al Jawhari

Executive Chair
22 September 2026

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Independent Auditors Report

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF PAPYRUS AUSTRALIA LIMITED

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Papyrus Australia Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2026, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including material accounting policy information, the consolidated entity disclosure statement and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

(i) Giving a true and fair view of the Group's financial position as at 30 June 2026 and of its financial performance for the year ended on that date; and

(ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to audits of the financial report of public interest entities in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 1 in the financial report which describes the events and conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the group's ability to continue as a going concern and therefore the group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Accounting and Valuation of convertible notes

Key audit matter	How the matter was addressed in our audit
As disclosed in Note 12, during the year the Group issued secured and unsecured convertible notes with carrying value of $517,712 as at 30 June 2026. The notes contain a range of conversion and settlement features and were determined to be financial instruments that include a host liability and an embedded derivative on conversion based on terms of the agreement for accounting purposes. We have identified the accounting and valuation of the convertible notes as a key audit matter due to the judgements involved in determining the various conversion features which can have a significant effect on the classification of the components of this instrument together with complexities as to the initial and subsequent measurement of the identified components..	Our audit procedures to address the matter included: • Reviewing the executed note agreements and assessing the key contractual terms and conversion features. • Evaluating the appropriateness of the work of management's expert with regard to the assessment of accounting treatment including classification and measurement of the convertible notes in accordance with the applicable Australian Accounting Standards, • Involving our corporate finance specialists to assess the valuation methodology and input adopted. • Assessing the reasonableness of the valuation of the liability and embedded derivative components recognised by the Group. • Assessing the appropriateness and accuracy of the related disclosures in the financial statements in accordance with the applicable Australian Accounting Standards.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2026, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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Independent Auditors Report

BDO

Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of:

a) the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and

b) the consolidated entity disclosure statement that is true and correct in accordance with the Corporations Act 2001, and

for such internal control as the directors determine is necessary to enable the preparation of:

i) the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and

ii) the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (http://www.auasb.gov.au/Home.aspx) at: https://www.auasb.gov.au/media/bwvjcgre/ar1_2024.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 13 to 15 of the directors' report for the year ended 30 June 2026.

In our opinion, the Remuneration Report of Papyrus Australia Limited, for the year ended 30 June 2026, complies with section 300A of the *Corporations Act 2001*.

BDO

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO

BDO Audit Pty Ltd

Linh Dao
Director

Adelaide, 22 September 2026

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ASX Additional Information

Additional information required by the Australian Stock Exchange Limited and not shown elsewhere in the report follows. The information is current as at 18 September 2026.

Distribution of equity securities

Ordinary share capital

648,881,733 Fully paid ordinary shares are held by 1,749 individual shareholders.

All issued ordinary shares carry one vote per shares.

Options

65,850,000 Options are held by 19 individual option holders.

The number of shareholders, by size of holding, in each class are:

	Fully Paid	Unquoted Options
1-1,000	109	0
1,001 - 5000	223	0
5,001 – 10,000	214	0
10,001 – 100,000	847	2
100,001 and over	356	17
	1,749	19
Holding less than a marketable parcel	1,222	0

Substantial shareholders

Ordinary shareholders		Fully paid
	Number	Percentage
NON CORRELATED CAPITAL PTY LTD <L39 CAPITAL FUND A/C>	70,250,000	10.83
MR EHAB AMIR NAKHLA HENNES	40,300,000	6.21
	110,550,000	**17.04**

Twenty largest holders of quoted equity securities

Rank	Name	Number	Percentage
1	NON CORRELATED CAPITAL PTY LTD <L39 CAPITAL FUND A/C>	70,250,000	10.83
2	MR EHAB AMIR NAKHLA HENNES	40,300,000	6.21
3	BIJO (SA) PTY LTD <AZER FAMILY A/C>	30,756,400	4.74
4	MR RAMY AZER <AZER FAMILY A/C>	30,137,489	4.64
5	JEWEL CREEK VENTURES PTY LTD <ALJAWHARI SF A/C>	29,000,000	4.47
6	GREENWAY VENTURES PTY LTD <ALJAWHARI FAMILY A/C>	25,000,000	3.85
7	HENNES PTY LTD <HENNES SUPERANNUATION A/C>	18,400,000	2.84
8	STROUD NOMINEES PTY LTD <BYRT SUPER FUND-EM BYRT A/C>	16,456,061	2.54
9	MR DJORDE BELOSEVIC	13,020,593	2.01
10	MR STEVO HINIC	12,410,091	1.91
11	FAY FULLER FOUNDATION PTY LTD <FAY FULLER FOUNDATION A/C	12,198,864	1.88
12	IRWIN BIOTECH NOMINEES PTY LTD	12,075,000	1.86
13	V P RIGANO & CO PTY LTD	11,625,445	1.79
14	MR KARIM MOHAMED HAMDOUH ABBAS	11,125,000	1.71
15	STROUD NOMINEES PTY LTD <BYRT SUPER FUND A/C>	8,785,768	1.35
16	MS TAMARA JAYNE GOODWIN <EST HELEN JOYCE SCHICHA A/C>	7,347,359	1.13
17	MR DAVID ROBERT WOODWARD	6,513,401	1.00
18	MR PAUL LAPERE	6,259,751	0.96
19	JR & PR HUGHES SUPERANNUATION PTY LTD <JR & PR HUGHES SUPER A/C>	6,000,000	0.92
20	MR CON TSAKALIS	5,400,000	0.83
Total Top 20 Shareholders		**373,061,222**	**57.49**
Total Remaining Holders Balance		**275,820,511**	**42.51**
		648,881,733