

ASX ANNOUNCEMENT

30 October 2026



September 2026 Quarterly Activity Report

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

Executive Chair Overview

The September quarter was a period of strong progress for Papyrus as we advanced execution of the TBS contract, broadened our commercialisation program and strengthened our funding position.

Working collaboratively with TBS, we completed a second production-scale board run that incorporated learnings from the initial trial. We are very pleased that internal PPY testing has confirmed significantly improved performance, and samples from this run have now been sent to TBS for testing. Our focus is firmly on executing against the contract ramp-up milestones toward commercial supply.

The commercialisation of our paperboard products extends beyond any single customer. During the quarter we began engaging additional potential customers, an important step in building a diversified pipeline of demand for our technology. Expanded pulp production capacity at our Adelaide Rapid Prototyping & R&D Facility, together with a new provisional patent application for moulded fibre products, further strengthens our platform for growth.

We received \$700,000 in loan funding during the quarter, including all of the \$500,000 secured in August, reflecting the continued support of our investors. We also released our 2026 Annual Report, capping a year in which Papyrus moved from technology development into early-stage commercialisation.

On behalf of the Board, I thank our team, partners and shareholders for their ongoing support, and I look forward to updating the market as TBS testing progresses and our engagement with new customers develops.

Key Highlights

- Second production-scale board run completed, with internal PPY testing confirming improved performance
- Samples from the second production run produced and sent to TBS for testing
- TBS contract milestone timetable revised to support execution against the contract ramp-up milestones
- PPY commercialisation program advanced, with engagement commenced with additional potential customers for Papyrus paperboard products
- Expanded pulp production capacity at the Adelaide Rapid Prototyping & R&D Facility
- Provisional patent application filed for Moulded Fibre Product Manufacturing
- Review commenced of Egyptian Investment
- \$700,000 in loan funding received during the quarter
- FY26 Preliminary Final Report (Appendix 4E) and 2026 Annual Report released

Operational Activity

TBS Contract – Execution Against Contract Milestones

During the quarter, Papyrus continued to execute its Contract for Manufacture and Supply of Products dated 27 November 2025 with TBS Mining Solutions Pty Ltd (TBS), a subsidiary of Aquirian Limited (ASX: AQN), with activity focused on delivering against the contract's sample acceptance and production ramp-up milestones.

Following review of the first production-scale paperboard trial, which achieved specification on some product attributes and identified others requiring further development, Papyrus and TBS agreed in July to an additional sample

production run. On 3 August 2026, Papyrus announced a corresponding variation to the project milestone timetable, providing the time required to produce and deliver additional product samples for TBS testing and acceptance ahead of the production ramp-up.

TBS Contract – Second Production Run and Sample Delivery

In August, Papyrus completed the second production-scale run of its pulp on a paperboard line with its manufacturing partners. Papyrus representatives attended the production run and worked with our manufacturing partners to optimise the conversion of Papyrus pulp into paperboard for the TBS application, incorporating learnings from the initial production-scale trial.

In September, internal PPY testing of board from the second production run confirmed significantly improved performance compared with the initial production-scale trial. The Company is very pleased with these improved results, which reflect the product and process refinements implemented following the first trial.

Samples have since been produced from the second production run and sent to TBS for testing. Subject to satisfactory TBS testing and acceptance, Papyrus will continue to progress against the contract ramp-up milestones toward commercial supply.

Commercialisation – Paperboard Products

Alongside delivery of the TBS contract, Papyrus is advancing the broader commercialisation of its paperboard products as a core Company activity in its own right. During September, PPY began engaging additional potential customers for its paperboard products, supported by the improved performance characteristics demonstrated in the second production run.

Building a diversified customer pipeline is a key element of the Company's strategy to establish commercial demand for its cellulosic fibre technology across multiple applications and markets. These engagements are at an early stage and there is no certainty that they will result in commercial agreements. The Company will keep the market informed of material developments as engagement progresses.

Rapid Prototyping & R&D Facility - Adelaide

The Adelaide Rapid Prototyping and R&D Facility continued to support product development, pulp preparation and sample production throughout the quarter. In August, the facility increased its pulp production capacity to support initial commercial production requirements. The increased capacity enables small scale pulp production while maintaining ongoing product development and R&D activities.

Provisional Patent Filed - Moulded Fibre Product Manufacturing

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

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

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

Review of Papyrus Australia's Egyptian Investment

During the quarter, Papyrus commenced a review of its investment in Egypt to identify the most effective way to unlock value for shareholders from this long-standing investment, and to improve the Company's operations and financial performance in light of current losses.

The Board and management have made good progress in assessing the current arrangements and evaluating a range of options. This work is focused on developing a structure that aligns with the Company's strategic priorities and maximises the value of the investment.

To manage the process efficiently, Papyrus Australia engaged MENA Associates, in association with AMERELLER, a leading international law firm specialising in corporate and commercial law. With a history dating back to 1999, AMERELLER combines extensive regional experience with international expertise in advising clients on corporate restructurings and related legal matters across the MENA region.

To date, MENA Associates has, on Papyrus' behalf, liaised with local management in Egypt and issued a document request letter listing the records required for the review. As at the date of this report, the requested information and documents have not yet been received.

Papyrus will keep shareholders informed of material developments in line with its continuous disclosure obligations.

Financial Activity

Funding Activities

During the quarter, Papyrus strengthened its funding position, receiving \$700,000 in loan funding under revised engagement arrangements with its lead manager, L39 Capital Pty Ltd (L39 Capital), in connection with completion of the balance of the Company's previously announced capital raising. Key outcomes included:

- A \$200,000 unsecured loan facility with Irwin Biotech, received in July, with conversion into shares and attaching options subject to shareholder approval
- An additional \$500,000 in funding facilities secured on 14 August 2026 through four unsecured loan agreements with professional and sophisticated investors introduced by L39 Capital, with all of the \$500,000 received by Papyrus during the quarter
- Approximately \$148,000 drawn under the Company's existing R&DTI loan facility in July

Subject to shareholder approval, which the Company intends to seek at its 2026 Annual General Meeting, the outstanding amounts under the \$500,000 loan agreements (including accrued interest) will convert into Tranche 2 Unsecured Convertible Notes. The funds are being used to progress the Company's commercialisation activities, support delivery of the TBS contract and for working capital.

The funding received during the quarter is reflected in the accompanying Appendix 4C quarterly cash flow report.

FY26 Preliminary Final Report and 2026 Annual Report

On 31 August 2026, Papyrus released its unaudited Preliminary Final Report (Appendix 4E) for the year ended 30 June 2026. On 22 September 2026, Papyrus released its 2026 Annual Report, which is available on the ASX platform and the Company's website.

Expenditure

The expenditure reported for the quarter ended 30 September 2026 in the Appendix 4C cash flow report for Papyrus relates primarily to:

- R&D Facility operating and product development costs, including expanded pulp production capacity
- Production-scale board runs, sample production and TBS product development activities
- Staff, legal, compliance and other corporate overhead costs, including the FY26 annual reporting process

Payments to related parties and their associates during the quarter, as reported at Item 6.1 of the Appendix 4C, totalled \$15k and comprised \$12k paid to L39 for brokerage in relation to the \$200k loan received in July and \$3k paid to Directors to refund Papyrus related travel costs. There were no other payments to an associate or a related party.

Al Jawhari

Executive Chair

ENDS

Appendix 4C

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

Name of entity

Papyrus Australia Ltd

ABN

63 110 868 409

Quarter ended ("current Quarter")

September 2026

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) research and development	(182)	(182)
(b) product manufacturing and operating costs		
(c) advertising and marketing		
(d) leased assets		
(e) staff costs	(157)	(157)
(f) administration and corporate costs	(234)	(234)
1.3 Dividends received (see note 3)		
1.4 Interest received		
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Government grants and tax incentives		
1.8 Other (provide details if material)	35	35
1.9 Net cash from / (used in) operating activities	(538)	(538)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities		
(b) businesses		
(c) property, plant and equipment	(59)	(59)
(d) investments		
(e) intellectual property	(6)	(6)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
	(f) other non-current assets		
2.2	Proceeds from disposal of:		
	(a) entities		
	(b) businesses		
	(c) property, plant and equipment		
	(d) investments		
	(e) intellectual property		
	(f) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other (Plant purchases prepayment)	(120)	(120)
2.6	Net cash from / (used in) investing activities	(185)	(185)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	2	2
3.2	Proceeds from issue of convertible debt securities		
3.3	Proceeds from exercise of options		
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(2)	(2)
3.5	Proceeds from borrowings	845	845
3.6	Repayment of borrowings		
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)	(2)	(2)
3.10	Net cash from / (used in) financing activities	843	843

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	245	245
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(538)	(538)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(185)	(185)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above) Adjustment	843	843
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	365	365

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	365	245
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above) The bank balance at 5.1 includes \$214k which is held in Egypt by PPY's 100% owned subsidiary PPYM, and the funds are restricted.	365	245

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	15
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
Expenditure reported at 6.1 relates to: <ul style="list-style-type: none"> \$12k paid to L39 as a brokerage fee in relation to a \$200k loan raised. \$3k paid to Directors for reimbursement of expenses. 		
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	1450	1003
7.2	Credit standby arrangements		
7.3	Other (Convertible Notes)	528	528
7.4	Total financing facilities	1978	1531
7.5	Unused financing facilities available at quarter end		447
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

A loan facility for \$250k is in place with Ramy Azer. Drawdowns at the board's discretion can be requested in tranches of \$50k. Interest is only payable on any drawdown amounts and is calculated by applying the NAB "Usaver savings account or, the 12 quarters term deposit rates" (whichever is the greater plus a 1% margin). Currently no drawdowns have been made on this facility.

On 22 April 2026, the company issued \$264k of Convertible Notes with an interest rate of 1% per month. The Convertible Notes expire on the 22 April 2028. The investors that were issued Convertible Notes are:

- Antanas Guoga & Maryton Australia Pty Ltd

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

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

An R&DTI secured facility for up to \$500k is in place with Advanced Innovation Management Pty Ltd. This facility enables drawdown of funds aligned to FY26 and FY27 R&D expenditure. Interest payable on the drawdown amount is 16.5% per annum capitalised on a monthly basis, in addition an application fee of 2% is payable and a further 1% drawdown / redraw fee is payable after the initial drawdown. The facility term will expire within 24 months. To-date, \$303k has been drawn down. The repayment of the facility drawn down and any associated interest will be made upon receipt of the R&D tax offset following the lodgement of 2026 and 2027 tax returns.

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

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

The lenders were:

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

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(538)
8.2	Cash and cash equivalents at quarter end (item 4.6)	365
8.3	Unused finance facilities available at quarter end (item 7.5)	447
8.4	Total available funding (item 8.2 + item 8.3)	812

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

1.51

Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.

8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:

8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: Yes

8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: Yes

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

8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: Yes

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

Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.

NOTE: The information provided in this Appendix 4c does not include financial information of Papyrus Egypt, as Papyrus Australia has written down the value of its investment to zero at the end of FY25. The impairment does not affect PPY's shareholding interest in PPYEg and EBFC, which remains unchanged.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 30 October 2026

Authorised by: By the Board

(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 107: Statement of Cash Flows apply to this report. If this quarterly cash flow report has been prepared

in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.

3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.