

ASX ANNOUNCEMENT

29 May 2026



Monthly Activity Report for April 2026

Papyrus Australia Ltd (ASX: PPY) is pleased to report its activities pertaining to the month ended 30 April 2026 and the monthly Appendix 4C cash flow report released to the market on 29 May 2026.

Executive Chair Overview

Papyrus Australia continued to build strong commercial and operational momentum through April, achieving a number of milestones that strengthen our pathway to commercialisation and delivery under the TBS Mining Contract.

The execution of the Board Production Contract with our Vietnam manufacturing partner marks a major step forward for the Company and formally satisfies Milestone 1 of the TBS Contract. This agreement enables Papyrus to leverage established paperboard manufacturing capability for non-core processing steps. This approach allows us to focus on scaling our proprietary technology and progressing the remaining TBS milestones.

During the month, we advanced our capability in Vietnam through the engagement of Hall Chadwick Melbourne. Their expertise in cross-border establishment, regulatory navigation and operational setup provides Papyrus with a strong delivery partner as we build a scalable and compliant manufacturing footprint in Vietnam to support long-term growth.

Operationally, the Company completed production of full-size board samples for TBS with pulp produced at its R&D facility, supporting Milestones 2 and 3 of the TBS contract. The Company also completed the second phase of its engineering and design work to support the scale production of pulp for the TBS contract.

Financially, Papyrus strengthened its capital position through a multi-component capital-raising program, securing \$325,000 in new funding and progressing the conversion of existing loans into secured and unsecured convertible notes. The Company also retains the capacity to raise a further \$536,154 in secured convertible notes, providing flexibility to support commercialisation activities and delivery of the TBS contract.

With Milestone 1 achieved, design work advancing, sample production underway and capital initiatives progressing, Papyrus enters the next phase of execution with increasing confidence. The Company remains focused on delivering its first commercial contract, establishing its Vietnam production base, and creating long-term value for shareholders as we transition into commercial operations.

Key Highlights:

- Execution of board production contract satisfying Milestone number 1 of the TBS contract
- \$325k of capital raised with capacity for a further \$536k in additional convertible notes
- Core Technology Engineering and Design work progressing
- Production of board for TBS samples

Operational Activity

TBS Contract – Milestone 1 Achieved: Execution of Board Production Contract

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

Under this agreement:

- Papyrus will supply virgin banana fibre pulp produced in Australia
- The Vietnam supplier will convert this pulp into paperboard jumbo rolls to Papyrus's specifications
- Two initial production trial runs will be completed at a fixed cost

- Long-term pricing will be negotiated following the trial runs

This enables Papyrus to focus on delivery of its core IP and technology while leveraging experienced manufacturing partners for non-core process steps.

Vietnam Facility Establishment

Papyrus engaged Hall Chadwick Melbourne Pty Ltd to lead the establishment of the Company's high-volume production capability in Vietnam. As disclosed, Hall Chadwick will support entity registration, permitting, facility leasing, supply chain establishment, and oversight of equipment installation and commissioning.

Rapid Prototyping & R&D Facility – Adelaide

Core Technology Engineering and Design work progressing

The Company completed the second phase of its engineering and design program to scale its core technology required for pulp production. This work supports the Vietnam facility establishment program and aligns with the requirements of the Board Production Contract and TBS delivery pathway.

Production of Board for TBS Samples

Papyrus commenced production of board for the TBS sample sets, leveraging capability from its network of suppliers to convert banana fibre pulp into paperboard jumbo rolls. This production supports Milestone 2 (delivery of 200 samples) and Milestone 3 (testing and acceptance).

Financial Activity

Capital Raising Activities

During the month, Papyrus advanced a multi-component capital-raising program, as disclosed in the 23 April 2026 announcement. Key outcomes include:

- \$175,000 raised via a placement of 17,500,000 shares at \$0.01 with 8,750,000 unlisted options issued (exercise price \$0.02, 2-year expiry)
- \$150,000 in new short-term director loans, intended for conversion to shares and options subject to shareholder approval.
- \$263,846 converted from existing short-term loans into Secured Convertible Notes.
- Agreements to convert \$264,279 in related-party loans into Unsecured Convertible Notes, subject to shareholder approval.
- Intention to raise up to \$536,154 in additional Secured Convertible Notes.

Funds raised will support commercialisation activities and delivery of the TBS contract. An Extraordinary General Meeting is planned for 24 June 2026 to approve the relevant share and note conversions.

Expenditure

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

- Prototyping equipment installation and R&D Facility operating costs
- Staff, legal, Interest, compliance and other overhead costs

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



Al Jawhari

Executive Chair

ENDS

Appendix 4C

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

Name of entity

Papyrus Australia Ltd

ABN

63 110 868 409

Month ended ("current Month")

April 2026

Consolidated statement of cash flows	Current month \$A'000	Year to date (10 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) research and development	(42)	(284)
(b) product manufacturing and operating costs		
(c) advertising and marketing		
(d) leased assets		
(e) staff costs	(33)	(202)
(f) administration and corporate costs	(14)	(587)
1.3 Dividends received (see note 3)		
1.4 Interest received		
1.5 Interest and other costs of finance paid	(14)	(60)
1.6 Income taxes paid		
1.7 Government grants and tax incentives	-	195
1.8 Other (provide details if material)	23	484
1.9 Net cash from / (used in) operating activities	(80)	(454)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities		
(b) businesses		
(c) property, plant and equipment	(2)	(318)
(d) investments		
(e) intellectual property		

Consolidated statement of cash flows	Current month \$A'000	Year to date (10 months) \$A'000
(f) other non-current assets		
2.2 Proceeds from disposal of:		
(a) entities		
(b) businesses		
(c) property, plant and equipment		
(d) investments		
(e) intellectual property		
(f) other non-current assets		
2.3 Cash flows from loans to other entities		
2.4 Dividends received (see note 3)		
2.5 Other (provide details if material)		
2.6 Net cash from / (used in) investing activities	(2)	(318)

3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	175	437
3.2 Proceeds from issue of convertible debt securities	264	264
3.3 Proceeds from exercise of options		160
3.4 Transaction costs related to issues of equity securities or convertible debt securities	-	(1)
3.5 Proceeds from borrowings	(230)	428
3.6 Repayment of borrowings	-	(369)
3.7 Transaction costs related to loans and borrowings		
3.8 Dividends paid		
3.9 Other (provide details if material)	-	1
3.10 Net cash from / (used in) financing activities	209	920

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	324	303
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(80)	(454)

Consolidated statement of cash flows		Current month \$A'000	Year to date (10 months) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(2)	(318)
4.4	Net cash from / (used in) financing activities (item 3.10 above)		
	Adjustment	209	920
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	451	451

5.	Reconciliation of cash and cash equivalents at the end of the month (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current month \$A'000	Previous month \$A'000
5.1	Bank balances	451	324
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	Cash and cash equivalents at end of month (should equal item 4.6 above)	451	324
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.			

6.	Payments to related parties of the entity and their associates	Current month \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	-
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<p><i>Note: if any amounts are shown in items 6.1 or 6.2, your monthly activity report must include a description of, and an explanation for, such payments.</i></p>		

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7. Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at month end \$A'000	Amount drawn at period end \$A'000
7.1 Loan facilities	1150	428
7.2 Credit standby arrangements		
7.3 Other (Convertible Notes)	264	264
7.4 Total financing facilities	1414	692
7.5 Unused financing facilities available at month end		722
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after month end, include a note providing details of those facilities as well.		

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

A loan facility for \$250k is in place with an interest rate of 18% per annum. The facility drawn down to \$250k. The loan is unsecured and can be requested to be repaid after 30 June 2026. The loan will transition to convertible notes subject to shareholder approval at the EGM on 24 June 2026.

The Investors providing the loan facility are:

- Jgm investments group atf muchnicki family trust
- Irwin biotech nominees atf bioa trust

The company has issued \$264k of Convertible Notes with an interest rate of 1% per month. The Convertible Notes expire on the 22 April 2028. The issue of these convertible notes has repaid the previous unsecured loan that was in place with the same investors.

The investors that were issued Convertible Notes are:

- Antanas Guoga
- Maryton Australia 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, \$158k has been drawn down. The repayment of the facility drawn down and any associated interest will be made upon receipt of the R&D tax offset following the lodgement of 2026 and 2027 tax returns.

A loan facility for \$150k is in place with a group of company directors. The loan is interest free. The loan is unsecured and maturity is on 30 June 2026.

The directors providing the loan facility are:

- Mr. Aljawhari, through his related entity Jewel Creek Ventures P/L. (\$100k).
- Mr. Lemmon. (\$25k).
- Mr. Stavrou, through his related entity Emilart Holdings P/L. (\$25k).

The loan terms are such that, subject to shareholder approval, the loan will convert to ordinary fully paid shares at an issue price of \$0.01, in addition, for each two (2) shares issued, one (1) free unlisted option will be issued with a conversion price of \$0.02 per option converted and an expiry date of two (2) years from issue date.

The funds received during the reporting period is \$20k.

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(80)
8.2	Cash and cash equivalents at month end (item 4.6)	451
8.3	Unused finance facilities available at month end (item 7.5)	722
8.4	Total available funding (item 8.2 + item 8.3)	1173

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

14.66

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

8.6 If item 8.5 is less than 6 months, please provide answers to the following questions:

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

Answer:

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

Answer:

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

Answer:

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

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

Compliance statement

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

Date: 29 May 2026

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

Notes

1. This monthly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past month, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this monthly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 107: Statement of Cash Flows apply to this report. If this monthly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.

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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.