ASX ANNOUNCEMENT

28 August 2026

Monthly Activity Report for July 2026

Papyrus Australia Ltd (ASX:PPY) is pleased to report its activities pertaining to the month ended 31 July 2026 and the monthly Appendix 4C cash flow report released to the market on 28 August 2026.

Executive Chair Overview

Papyrus continued to progress its commercialisation activities during July, with the TBS Contract varied to provide for an additional sample production run following review of the first production-scale trial. The trial achieved specification on some attributes while identifying areas requiring further development.

The Company also progressed its funding program during the month, including a $200,000 unsecured loan facility with Irwin Biotech and revised engagement arrangements with L39 Capital in relation to completion of the balance of the previously announced capital raising.

Papyrus remains focused on incorporating trial feedback into the next TBS sample production run, progressing product development and supporting its pathway toward commercial-scale production.

Key Highlights

- TBS Contract varied to allow an additional sample production run following review of initial trial outcomes
- $200,000 unsecured loan facility agreed with Irwin Biotech
- Revised L39 Capital engagement arrangements progressed in connection with the previously announced capital raising

Operational Activity

TBS Contract - Variation and Additional Sample Production

During July, Papyrus and TBS agreed a variation to the TBS Contract to provide for an additional sample production run following review of the first production-scale paperboard trial and customer samples.

The first trial provided practical feedback for the next production run:

- Some product attributes met the required specification
- Further development was identified for other performance attributes
- An additional sample production run will be undertaken to incorporate trial feedback
- Production-scale trial learnings will be applied to further refine product and board specifications

The variation enables Papyrus to continue product development with TBS while incorporating the outcomes of the initial production-scale trial.

Rapid Prototyping & R&D Facility - Adelaide

The Adelaide R&D and Rapid Prototyping Facility continued to support product development, pulp preparation and preparation for further customer and production-scale trials.

Corporate Activity

L39 Capital - Revised Engagement Terms

During July, Papyrus progressed revised engagement arrangements with L39 Capital in connection with completion of the balance of the Company's previously announced capital raising. The revised funding program provides for $700,000 of additional funding across an initial $200,000 funding tranche and a further $500,000 loan funding tranche, with relevant security issues subject to shareholder approval.

Financial Activity

Funding Activities

During July, Papyrus progressed funding activities to support its ongoing commercialisation program. Key outcomes included:

- A $200,000 unsecured loan facility with Irwin Biotech, with conversion into shares and attaching options subject to shareholder approval
- Approximately $148,000 drawn under the Company's existing R&DTI loan facility
- Continued progression of the L39 Capital funding arrangements

Expenditure

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

- R&D Facility operating and product development costs
- Staff, legal, compliance and other corporate 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	Month ended ("current Month")
63 110 868 409	July 2026

	Consolidated statement of cash flows	Current month $A'000	Year to date (1 months) $A'000
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) research and development	(68)	(68)
	(b) product manufacturing and operating costs		
	(c) advertising and marketing		
	(d) leased assets		
	(e) staff costs	(55)	(55)
	(f) administration and corporate costs	(68)	(68)
1.3	Dividends received (see note 3)		
1.4	Interest received		
1.5	Interest and other costs of finance paid		
1.6	Income taxes paid		
1.7	Government grants and tax incentives		
1.8	Other (provide details if material)	32	32
1.9	**Net cash from / (used in) operating activities**	**(159)**	**(159)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire or for:		
	(a) entities		
	(b) businesses		
	(c) property, plant and equipment	(6)	(6)
	(d) investments		
	(e) intellectual property		

Consolidated statement of cash flows		Current month $A'000	Year to date (1 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**	**(6)**	**(6)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)		
3.2	Proceeds from issue of convertible debt securities		
3.3	Proceeds from exercise of options		
3.4	Transaction costs related to issues of equity securities or convertible debt securities		
3.5	Proceeds from borrowings	345	345
3.6	Repayment of borrowings		
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)	1	1
3.10	**Net cash from / (used in) financing activities**	**346**	**346**

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)	(159)	(159)

Consolidated statement of cash flows		Current month $A'000	Year to date (1 months) $A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(6)	(6)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	346	346
	Adjustment		
4.5	Effect of movement in exchange rates on cash held		
4.6	**Cash and cash equivalents at end of period**	**426**	**426**

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	426	245
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)**	**426**	**245**

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	-

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.

7.	**Financing facilities** *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.*	**Total facility amount at month end $A'000**	**Amount drawn at period end $A'000**
7.1	Loan facilities	950	503
7.2	Credit standby arrangements		
7.3	Other (Convertible Notes)	528	528
7.4	**Total financing facilities**	1478	1031

7.5	**Unused financing facilities available at month 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 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.

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 $250k of Convertible Notes with an interest rate of 1% per month. The Convertible Notes expire on the 29 Junel 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 AIrwin 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.

8.	**Estimated cash available for future operating activities**	**$A'000**
8.1	Net cash from / (used in) operating activities (item 1.9)	(159)
8.2	Cash and cash equivalents at month end (item 4.6)	426
8.3	Unused finance facilities available at month end (item 7.5)	447
8.4	Total available funding (item 8.2 + item 8.3)	873

8.5	**Estimated months of funding available (item 8.4 divided by item 8.1)**	5.49

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

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

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

Answer: Yes

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

Answer: Yes.

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

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

Answer: Yes.

Based on the success of previous capital raisings, the delivery of the previously announced Aquarium Contract of $4.5million, the Vietnam initiative, successful progress of projects in the commercialisation road map and the related capital raising which is being managed by L39.

Note: where item 8.5 is less than 6 months, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.

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

Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

Date: 28 August 2026

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

Notes

1. This monthly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past month, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.

2. If this monthly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 107: Statement of Cash Flows apply to this report. If this monthly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.

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