

# **Graphene Manufacturing Group Ltd**

ACN 614 164 877

**Condensed consolidated interim financial statements for  
the three months ended 30 September 2021**

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## **Corporate information**

The condensed consolidated interim financial statements of Graphene Manufacturing Group Ltd (“**GMG**” or the “**Company**”) are for the three months ended 30 September 2021. The Company is a limited company incorporated and domiciled in Australia, and whose shares are publicly traded on the TSX Venture Exchange (the “**TSXV**”).

The unaudited consolidated interim financial statements are presented in Australian dollars (**\$** or **A\$**), except for certain references to Canadian dollars (**C\$**) where specifically stated.

### **Directors**

Guy Outen  
Craig Nicol  
Christopher Ohlrich  
Robbert De Weijer  
Robert Shewchuk  
William Ollerhead

### **Registered office**

Graphene Manufacturing Group Ltd  
5/848 Boundary Road  
Richlands QLD 4077  
Australia

### **Principal place of business**

Graphene Manufacturing Group Ltd  
5/848 Boundary Road  
Richlands QLD 4077  
Australia

### **Share registrar and transfer agent**

Computershare Investor Services Inc.  
510 Burrard Street  
Vancouver BC V6C 3B9  
Canada

### **Auditors**

BDO Audit Pty Ltd  
Level 10, 12 Creek Street  
Brisbane QLD 4000  
Australia

### ***Notice of no auditor review of condensed consolidated interim financial statements***

The accompanying unaudited interim financial report of Graphene Manufacturing Group Ltd for the three months ended 30 September 2021 has been prepared by management and is the responsibility of the Company's management. The Company's independent auditor has not performed a review of this interim financial report.

*“Craig Nicol”*

*“Christopher Ohlrich”*

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Craig Nicol  
Managing Director and Chief Executive Officer

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Christopher Ohlrich  
Executive Director and Chief Financial Officer

## Condensed Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income

(Unaudited)	Note	For the three months ended 30 September	
		2021 \$	2020 \$
Revenue	6	13,020	50,327
Other income	7(a)	4,088	165,229
Employee benefit expenses	7(b)	(896,087)	(501,911)
Professional and consulting fees		(410,321)	(205,502)
Depreciation and amortisation expense	13,14	(36,255)	(45,442)
Travel expenses		(911)	-
Raw materials and production inputs		(8,398)	(5,889)
Occupancy and utilities expenses		(37,443)	(25,306)
Factory costs		(36,021)	(26,548)
Share based payments expense		(44,898)	(12,524)
Other expenses	7(b)	(103,343)	(57,746)
Finance costs	7(c)	(5,395)	(1,022)
Gain / (loss) on change in fair value of warrants	16(a)	2,402,649	-
<b>Profit / (loss) before income tax</b>		<b>840,685</b>	<b>(666,334)</b>
Income tax expense	8	-	-
<b>Profit / (loss) for the period</b>		<b>840,685</b>	<b>(666,334)</b>
<b>Other comprehensive income</b>			
Foreign currency translation differences		367	-
<b>Net other comprehensive income that may be reclassified to profit or loss in subsequent periods</b>		<b>367</b>	<b>-</b>
<b>Other comprehensive income for the period, net of tax</b>		<b>367</b>	<b>-</b>
<b>Total comprehensive profit / (loss) for the period</b>		<b>841,052</b>	<b>(666,334)</b>
<b>Earnings / (loss) per share attributable to the ordinary equity holders of the Group:</b>			
Basic and diluted (cents)		1.18	(1.19)
Weighted average number of common shares outstanding (Basic and diluted)		71,535,899	55,831,307

*The above condensed consolidated interim statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.*

**Graphene Manufacturing Group Ltd**  
**Condensed Consolidated Interim Statement of Financial Position**  
**As at 30 September 2021**

## Condensed Consolidated Interim Statement of Financial Position

(Unaudited)	Note	30 September 2021 \$	30 June 2021 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	9	14,112,298	3,359,087
Trade and other receivables	10	52,097	56,281
Inventories	11	363,909	335,632
Research and development grants receivables		736,055	736,055
Other current assets	12	150,826	183,584
		15,415,185	4,670,639
<b>Non-current assets</b>			
Property, plant and equipment	13	301,778	224,733
Intangible assets	14	47,443	48,799
		349,221	273,532
<b>Total assets</b>		15,764,406	4,944,171
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	15	520,055	538,691
Financial liabilities	16	3,420,400	2,188,625
Employee benefit liabilities	17	190,748	162,432
Provisions		20,000	20,000
		4,151,203	2,909,748
<b>Non-current liabilities</b>		-	-
<b>Total liabilities</b>		4,151,203	2,909,748
<b>Net assets</b>		11,613,203	2,034,423
<b>EQUITY</b>			
Share capital	18	22,351,746	13,851,483
Reserves	19	760,206	563,476
Accumulated losses		(11,498,749)	(12,380,536)
<b>Total equity</b>		11,613,203	2,034,423

*The above condensed consolidated interim statement of financial position should be read in conjunction with the accompanying notes.*

**Graphene Manufacturing Group Ltd**  
**Condensed Consolidated Interim Statement of Changes in Equity**  
**For the three months ended 30 September 2021**

## Condensed Consolidated Interim Statement of Changes in Equity

(Unaudited)	Note	Share capital \$	Reserves \$	Accumulated losses \$	Total equity \$
<b>Balance at 1 July 2020</b>		5,768,589	186,181	(4,270,092)	1,684,678
Loss for the period		-	-	(666,334)	(666,334)
Other comprehensive income		-	-	-	-
<b>Total comprehensive loss for the period</b>		-	-	<b>(666,334)</b>	<b>(666,334)</b>
<b>Transactions with owners of the Company</b>					
Shares issued	18	400,000	-	-	400,000
Transaction costs on issued shares	18	(47,505)	-	-	(47,505)
Share based payments	19	-	20,029	-	20,029
		352,495	20,029	-	372,524
<b>Balance at 30 September 2020</b>		<b>6,121,084</b>	<b>206,210</b>	<b>(4,936,426)</b>	<b>1,390,868</b>
<b>Balance at 1 July 2021</b>		13,851,483	563,476	(12,380,536)	2,034,423
Profit / (loss) for the period		-	-	840,685	840,685
Other comprehensive income	19	-	(40,735)	41,102	367
<b>Total comprehensive profit / (loss) for the period</b>		-	<b>(40,735)</b>	<b>881,787</b>	<b>841,052</b>
<b>Transactions with owners of the Company</b>					
Shares issued	18	9,694,304	-	-	9,694,304
Transaction costs on issued shares	18	(1,321,790)	-	-	(1,321,790)
Share options and warrants exercised	18	127,749	-	-	127,749
Share based payments	19	-	237,465	-	237,465
		8,500,263	237,465	-	8,737,728
<b>Balance at 30 September 2021</b>		<b>22,351,746</b>	<b>760,206</b>	<b>(11,498,749)</b>	<b>11,613,203</b>

*The above condensed consolidated interim statement of changes in equity should be read in conjunction with the accompanying notes.*

**Graphene Manufacturing Group Ltd**  
**Condensed Consolidated Interim Statement of Cash Flows**  
For the three months ended 30 September 2021

## Condensed Consolidated Interim Statement of Cash Flows

(Unaudited)	Note	For the three months ended 30 September	
		2021 \$	2020 \$
<b>Operating activities</b>			
Receipts from customers and government subsidies		28,464	174,564
Payments to suppliers and employees		<u>(1,518,769)</u>	<u>(782,257)</u>
		(1,490,305)	(607,693)
Research and development tax incentive received		-	933,821
Interest received		695	106
<b>Net cash from / (used in) operating activities</b>	23	<b>(1,489,610)</b>	326,234
<b>Investing activities</b>			
Acquisition of property, plant and equipment		(111,944)	(65,778)
Acquisition of intangibles		-	(3,675)
<b>Net cash used in investing activities</b>		<b>(111,944)</b>	(69,453)
<b>Financing activities</b>			
Proceeds from issue of shares		9,822,053	400,000
Proceeds from issue of share warrants	16	3,634,424	-
Share issue transaction costs		<u>(1,101,712)</u>	<u>(40,000)</u>
<b>Net cash from financing activities</b>		<b>12,354,765</b>	360,000
<b>Net increase in cash and cash equivalents</b>		<b>10,753,211</b>	616,781
Cash and cash equivalents at 1 July		3,359,087	658,560
<b>Cash and cash equivalents at 30 September</b>	9	<b>14,112,298</b>	1,275,341

*The above condensed consolidated interim statement of cash flows should be read in conjunction with the accompanying notes.*

## **1. Reporting entity**

Graphene Manufacturing Group Ltd (“**GMG**” or the “**Company**”) and its subsidiaries (collectively, the “**Group**”) is a for-profit company and is primarily involved in the development of technology and the manufacture and sale of energy saving and energy storage solutions, enabled by graphene manufactured in-house via a proprietary production process. The Company is a limited company incorporated and domiciled in Australia, and whose shares are publicly traded on the TSX Venture Exchange (the “**TSXV**”).

## **2. Basis of preparation**

These condensed consolidated interim financial statements (“interim financial statements”) as at and for the three months ended 30 September 2021 have been prepared in accordance with IAS 34 *Interim Financial Reporting*, and should be read in conjunction with the Group’s last annual consolidated financial statements as at and for the year ended 30 June 2021 (“last annual financial statements”). They do not include all of the information required for a complete set of financial statements prepared in accordance with International Financial Reporting Standards (“**IFRS**”). However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance since the last annual financial statements.

These interim financial statements were authorised for issue by the Company’s board of directors on 24 November 2021.

### **(a) Going concern**

These interim financial statements were prepared on a going concern basis of accounting, which assumes that the Company will continue operations for the foreseeable future and be able to realise the carrying value of its assets and discharge its liabilities and commitments in the normal course of business. The Company generated revenue from operations of \$13,020 and incurred an adjusted loss (excluding the impact of the change in fair value of warrants) of \$1,561,964 for the three months ended 30 September 2021. However, the directors believe that the existing cash resources following the successful completion of both the marketed offering and private placement, as disclosed in note 18, are sufficient to meet its obligations for at least twelve months from the end of the reporting period.

### **(b) Functional and presentation currency**

These consolidated financial statements are presented in Australian dollars (\$ or A\$), except for certain references to Canadian dollars (C\$) where specifically stated. The Company’s functional and presentation currency is Australian dollars.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities, as well as revenue and expense items denominated in foreign currencies, are translated into the functional currency at the exchange rate at the date of the respective transactions. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in the statement of profit or loss and other comprehensive income (“OCI”).

## **3. Use of judgements and estimates**

In preparing these interim financial statements, management has made judgements and estimates that affect the application of the Group’s accounting policies and the reported amounts of assets, liabilities, revenue and expense. Actual results may differ from these estimates.

Significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements.



### **3. Use of judgements and estimates (continued)**

#### **(a) Measurement of fair values**

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Company has an established control framework with respect to the measurement of fair values. Management has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, in conjunction with direct input from the Chief Financial Officer.

Management regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then Management assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of the Standards, including the level in the fair value hierarchy in which the valuations should be classified.

Significant valuation issues are reported to the Company's audit committee.

When measuring the fair values of an asset or liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- *Level 1*: quoted prices in active markets for identical assets or liabilities (unadjusted).
- *Level 2*: observable direct or indirect inputs (as prices) for the asset or liability, other than Level 1 inputs.
- *Level 3*: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring the fair values is included in note 22.

#### **(a) COVID-19**

The impact of the COVID-19 global pandemic ("pandemic") on these consolidated financial statements for the year ended 30 June 2021 has been limited. While the long-term impact of the pandemic cannot be fully determined or quantified at this time, we continually assess the current and anticipated future impacts on our operations and results. As estimates and assumptions about future events and their potential effects cannot be determined with certainty, the exercise of judgement is required. The Group is not aware of any specific event or circumstance that would require a change in the information provided within these consolidated financial statements at the date of issuance. Future estimates, assumptions and judgements will continue to be assessed and may change as developments in the state of the pandemic actualise. Any such changes will be reflected in the consolidated financial statements prospectively in the period in which they become known.

#### **4. Change in accounting policies**

The accounting policies adopted in the preparation of the interim financial statements are consistent with those followed in the preparation of the Group's last annual financial statements for the year ended 30 June 2021, except for the adoption of new standards effective as of 1 January 2021. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

##### **(a) New standards, interpretations and amendments adopted**

Several amendments apply for the first time in 2021, but do not have an impact on the interim condensed consolidated financial statements of the Group.

##### **Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16**

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (“**IBOR**”) is replaced with an alternative nearly risk-free interest rate (“**RFR**”).

The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest.
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued.
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

These amendments had no impact on the interim condensed consolidated financial statements of the Group.

The Group intends to use the practical expedients in future periods if they become applicable.

#### **5. Operating segments**

The Company's senior management represent the Chief Operating Decision Makers (“**CODM**”). The CODM analyses the company information as a whole and as such, have determined that the Company has only one operating segment. Revenue from operating segments is not significant enough to be separately measured, and all sales come from energy saving and energy storage solutions mainly in Australia. Assets are all based in Australia.

**Graphene Manufacturing Group Ltd**  
**Notes to the condensed consolidated interim financial statements**  
**For the three months ended 30 September 2021**  
(continued)

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
<b>6. Revenue from contracts with customers</b>		
Sale of goods	<b>13,020</b>	50,327

**(a) Disaggregation of revenue from contracts with customers**

The Group derives revenue from the transfer of goods as follows:

***Timing of revenue recognition***

At a point in time	13,020	30,327
Over time	-	20,000
	<b>13,020</b>	<b>50,327</b>

**7. Income and expenses**

**(a) Other income**

Government COVID-19 subsidies	-	165,000
Interest income	695	106
Other income	<b>3,393</b>	123
	<b>4,088</b>	<b>165,229</b>

**(b) Notable expenses**

*Employee benefit expenses include the following notable item:*

Superannuation	<b>72,800</b>	40,182
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*Other expenses include the following notable items:*

Other listing expenses	<b>11,049</b>	-
Testing and quality control	<b>15,746</b>	3,041
Insurance	<b>31,682</b>	6,002
Information technology expenses	<b>16,665</b>	11,188

**(c) Finance costs**

Net foreign exchange loss	<b>4,364</b>	548
Interest and finance charges paid/payable	<b>1,031</b>	474

**8. Income tax expense**

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. The unused tax losses incurred by the Company are not recognised as there is uncertainty on when the Company is likely to generate taxable income in the foreseeable future. They can be carried forward indefinitely. As a consequence, there is no income tax expense.

**Graphene Manufacturing Group Ltd**  
**Notes to the condensed consolidated interim financial statements**  
**For the three months ended 30 September 2021**  
(continued)

	<b>30 September 2021</b>	30 June 2021
	<b>\$</b>	<b>\$</b>
<b>9. Cash and cash equivalents</b>		
Cash at bank	<b>14,112,298</b>	3,359,087

**10. Trade and other receivables**

Trade receivables	5,925	22,000
Other receivables	2,160	-
Goods and services tax receivable	<b>44,012</b>	34,281
	<b>52,097</b>	56,281

**11. Inventories**

Energy saving products	352,571	325,268
Graphene powder	11,338	10,364
	<b>363,909</b>	335,632

**12. Other current assets**

Prepayments	125,506	168,263
Other assets	25,320	15,321
	<b>150,826</b>	183,584

**13. Property, plant and equipment**

	Plant and equipment \$	Leasehold improvements \$	Capital work in progress \$	Total \$
<b>Cost</b>				
At 30 June 2021	1,309,705	6,645	-	1,316,350
Additions	4,979	-	106,965	111,944
<b>At 30 September 2021</b>	<b>1,314,684</b>	<b>6,645</b>	<b>106,965</b>	<b>1,428,294</b>
<b>Depreciation and impairment</b>				
At 30 June 2021	1,088,639	2,978	-	1,091,617
Depreciation	34,564	335	-	34,899
<b>At 30 September 2021</b>	<b>1,123,203</b>	<b>3,313</b>	<b>-</b>	<b>1,126,516</b>
<b>Net book value</b>				
At 30 June 2021	221,066	3,667	-	224,733
<b>At 30 September 2021</b>	<b>191,481</b>	<b>3,332</b>	<b>106,965</b>	<b>301,778</b>

**14. Intangible assets**

	Patents, trademarks and other rights \$	Computer software \$	Total \$
<b>Cost</b>			
<b>At 30 June 2021</b>	49,352	12,916	62,268
Additions	-	-	-
<b>At 30 September 2021</b>	<b>49,352</b>	<b>12,916</b>	<b>62,268</b>
<b>Amortisation and impairment</b>			
At 30 June 2021	11,352	2,117	13,469
Amortisation	705	651	1,356
<b>At 30 September 2021</b>	<b>12,057</b>	<b>2,768</b>	<b>14,825</b>
<b>Net book value</b>			
At 30 June 2021	38,000	10,799	48,799
<b>At 30 September 2021</b>	<b>37,295</b>	<b>10,148</b>	<b>47,443</b>

	<b>30 September 2021</b>	30 June 2021
	\$	\$

**15. Trade and other payables**

Trade payables	<b>264,697</b>	197,179
Accrued expenses	<b>98,525</b>	203,998
Other payables	<b>156,833</b>	137,514
	<b>520,055</b>	538,691

**16. Financial liabilities**

Warrant liability:		
Traded warrants	<b>1,475,468</b>	-
Non-traded warrants	<b>1,944,932</b>	2,188,625
	<b>3,420,400</b>	2,188,625

**(a) Warrant liability**

The Company has issued certain share purchase warrants which have a fixed exercise price in Canadian dollars. As the functional currency of the Company is the Australian dollar, these warrants are considered a derivative as a variable amount of cash in the Company's functional currency will be received on exercise. The share purchase warrants were not issued for goods or services rendered. Accordingly, these warrants are classified and accounted for as a derivative financial liability at fair value through profit or loss. The fair value of the warrants is determined using the quoted market trading data for traded warrants, and the Black-Scholes option pricing model for non-traded warrants.

**16. Financial liabilities (continued)**

**(a) Warrant liability (continued)**

	<b>Warrant Liability</b>
	<b>\$</b>
<b>At 30 June 2020</b>	2,188,625
Issued during the period	3,634,424
Fair value adjustment	(2,402,649)
<b>At 30 September 2021</b>	<b>3,420,400</b>

The fair value adjustment includes the reduction in the balance for 25,000 warrants exercised during the three month period ended 30 September 2021, valued at \$35,251. No warrants expired during the same period and further details of the warrants issued are disclosed in note 18(d).

**Non-traded warrants**

The fair value of non-traded warrants and stock options classified as derivative financial liabilities was calculated with the following weighted average assumptions:

	<b>30 September 2021</b>	<b>30 June 2021</b>
Share price	C\$2.03	C\$2.09
Exercise price	C\$1.00 – C\$2.60	C\$1.00
Expected volatility	61%	100%
Expected life (years)	1.04 – 2.93	1.29
Risk-free interest rate	0.04% - 0.25%	0.06%

**Traded warrants**

The Compensation Warrants issued on 2 September 2021 commenced trading on the TSXV on 9 September 2021. On initial recognition and prior to active market trading data being available for use, the Compensation Warrants were valued using the Black Scholes option pricing model based on the inputs below:

	<b>On initial recognition</b>
Share price	C\$2.73
Exercise price	C\$2.60
Expected volatility	61%
Expected life (years)	2.99
Risk-free interest rate	0.20%

Once trading of the warrants commenced, the quoted market trading data on the TSXV was available for use as a Level 1 input to determine the fair value. At 30 September 2021 the fair value of traded warrants was based on the market price of C\$0.48 per warrant at the reporting period end.

**Graphene Manufacturing Group Ltd**  
**Notes to the condensed consolidated interim financial statements**  
**For the three months ended 30 September 2021**  
(continued)

	30 September 2021 \$	30 June 2021 \$
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**17. Employee benefit liabilities**

Liabilities for employee benefits below are current and comprise:

Annual leave liability	190,748	162,432
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**18. Share capital**

	For the three months ended 30 September				
	2021 Note	2021 Number	2021 \$	2020 Number	2020 \$
Ordinary shares	75,786,408	22,351,746	2,547,178	6,121,084	6,121,084

**(a) Movement in ordinary shares**

At 1 July	69,545,092	13,851,483	2,515,178	5,768,589	5,768,589
Shares issued – before listing (i)	-	-	32,000	400,000	400,000
Shares issued – Marketed Offering (ii)	5,635,000	8,903,056	-	-	-
Shares issued - Private Placement (iii)	425,000	791,248	-	-	-
Share options exercised (iv)	100,000	61,000	-	-	-
Warrants exercised (v)	81,316	66,749	-	-	-
Transaction costs for issued shares	-	(1,321,790)	-	(47,505)	(47,505)
<b>At 30 September</b>	<b>75,786,408</b>	<b>22,351,746</b>	<b>2,547,178</b>	<b>6,121,084</b>	<b>6,121,084</b>

(i) *Shares issued – before listing*  
Shares issued for contributions of equity prior to listing on the TSXV.

(ii) *Share issue – Marketed Offering*  
On September 2, 2021, GMG completed a marketed public offering of units (the “**Offering Units**”) of the Company, including exercise in full of the over-allotment option (the “**Offering**”). A total of 5,635,000 Offering Units were sold at a price of C\$2.05 per Offering Unit (the “**Offering Price**”) for gross proceeds of approximately C\$11.55 million. Each Offering Unit is comprised of one ordinary share in the capital of the Company (each, an “**Ordinary Share**”) and one-half of one Ordinary Share purchase warrant (each, an “**Offering Warrant**”). Each Offering Warrant entitles the holder to purchase one Ordinary Share at C\$2.60 at any time until September 2, 2024.

The TSX Venture Exchange also accepted for listing the 2,817,500 Offering Warrants underlying the Offering Units issued pursuant to the Offering. GMG share warrants trade on TSXV under the ticker “GMG.WT”.

(iii) *Share issue – Private Placement*  
The Company completed a non-brokered private placement for gross proceeds of \$909,500 through the sale of 425,000 units (“**PP Units**”) at a price of \$2.14 per PP Unit (the “**Private Placement**”). Each PP Unit was comprised of one Ordinary Share and one-half of one warrant (“**PP Warrant**”). Each PP Warrant shall entitle the holder to purchase one Ordinary Share at \$2.60 at any time on or before the date which is 36 months from the date of issuance.

(iv) *Share options exercised*  
Shares issued upon the exercise of options allocated under the Stock Option Plan detailed in note 21(a).

(v) *Warrants exercised*  
Shares issued upon the exercise of warrants detailed in note 21(c).

**18. Share capital (continued)**

**(b) Dividends**

No dividends were declared or paid by the Company during the three month period ended 30 September 2021 (30 September 2020: Nil).

**(c) Options**

Share options outstanding at the end of the period have the following expiry dates and exercise prices:

<b>Grant date</b>	<b>Expiry date</b>	<b>Exercise price</b> <small>(i)</small>	<b>30 September</b> <b>2021</b> <small>(i)</small>
6 November 2018	4 November 2025	\$0.36	2,546,654
18 February 2019	16 February 2026	\$0.61	220,000
15 March 2019	13 March 2026	\$0.61	220,000
20 March 2019	18 March 2026	\$0.61	29,326
12 May 2019	10 May 2026	\$0.61	110,000
26 June 2019	24 June 2026	\$0.61	110,000
2 December 2019	30 November 2026	\$0.42	440,000
6 April 2020	5 April 2027	\$0.61	29,326
21 April 2020	20 April 2027	\$0.61	770,000
23 December 2020	22 December 2027	\$0.82	868,648
12 March 2021	10 March 2028	\$0.94	44,000
15 April 2021	12 March 2024	C\$0.4963	151,125
16 April 2021	15 April 2024	C\$1.00	100,000
<b>Total</b>			<b>5,639,079</b>

(i) Adjusted for the additional shares issued under the Share Split transaction, as disclosed per note 21(a)(ii) of the last annual financial statements for the year ended 30 June 2021.

The number and weighted average exercise price (“WAEP”) of share options were as follows:

	<b>WAEP</b> <small>(i)</small>	<b>Number</b>
Outstanding at 1 July 2021	\$0.53	5,739,079
Granted during the period	-	-
Exercised during the period	\$0.61	(100,000)
Forfeited during the period	-	-
Expired during the period	-	-
<b>Outstanding at 30 September 2021</b>	<b>\$0.53</b>	<b>5,639,079</b>
<b>Exercisable at 30 September 2021</b>	<b>\$0.46</b>	<b>3,029,987</b>



## 18. Share capital (continued)

### (d) Warrants

Warrants, including broker warrants, outstanding at the end of the period have the following expiry dates and exercise prices:

Issue date	Expiry date	Exercise price	Note	30 September 2021	30 June 2021
24 March 2021	24 September 2022	C\$0.65		105,114	161,430
13 April 2021	13 October 2022	C\$1.00		1,513,500	1,538,500
2 September 2021	2 September 2024	C\$2.60	(i)	2,817,500	-
2 September 2021	2 September 2024	C\$2.05	(ii)	169,050	-
2 September 2021	2 September 2024	C\$2.60	(iii)	212,500	-
2 September 2021	2 September 2024	C\$2.14	(iv)	5,760	-
<b>Total</b>				<b>4,823,424</b>	<b>1,699,930</b>

Details of warrants issued since the end of the last reporting year, and during the three month period ended September 30, 2021 were as follows:

- (i) *Warrants – Marketed Offering*  
These warrants were issued in connection with the Offering as disclosed in note 18(a)(ii).
- (ii) *Broker Warrants – Marketed Offering*  
In connection with the Offering disclosed in note 18(a)(ii), the Company has paid to the Underwriters a cash commission of \$693,105 and issued to the Underwriters 169,050 (“Compensation Warrants”). Each Compensation Warrant is exercisable into a unit, with equivalent terms to an Offering Unit, at the Offering Price until September 2, 2024.
- (iii) *Warrants – Private Placement*  
These warrants were issued in connection with the Private Placement as disclosed in note 18(a)(iii).
- (iv) *Broker Warrants – Private Placement*  
In connection with the Private Placement disclosed in note 18(a)(iii), the Company has paid to certain arms’ length finders, finders’ compensation comprised of an aggregate cash commission of \$24,652.80, and an aggregate of 5,760 warrants. The warrants are exercisable into one (1) Ordinary Share at a price of C\$2.14 per unit until September 2, 2024.

The number and weighted average exercise price (“**WAEP**”) of warrants, which are all exercisable, were as follows:

	<b>WAEP</b>	<b>Number</b>
Outstanding at 1 July 2021	\$0.53	1,699,930
Issued during the period	\$2.76	3,204,810
Exercised during the period	\$0.82	(81,316)
Forfeited during the period	-	-
Expired during the period	-	-
<b>Outstanding at 30 September 2021</b>	<b>\$2.14</b>	<b>4,823,424</b>

**Graphene Manufacturing Group Ltd**  
**Notes to the condensed consolidated interim financial statements**  
**For the three months ended 30 September 2021**  
(continued)

**19. Reserves**

	<b>30 September 2021</b>	30 June 2021
	<b>\$</b>	<b>\$</b>
Share-based payment reserve	<b>546,413</b>	497,118
Warrants reserve	<b>213,793</b>	25,623
Foreign currency translation reserve	-	40,735
	<b>760,206</b>	563,476

**(a) Movements in reserves**

	<b>Share-Based Payment</b>	<b>Warrants</b>	<b>Foreign Currency Translation</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>At 30 June 2021</b>	<b>497,118</b>	<b>25,623</b>	<b>40,735</b>	<b>563,476</b>
Share plan expense	49,295	-	-	49,295
Warrants issued	-	188,170	-	188,170
Foreign currency translation differences	-	-	(40,735)	(40,735)
<b>At 30 September 2021</b>	<b>546,413</b>	<b>213,793</b>	<b>-</b>	<b>760,206</b>

**20. Share-based payments**

**(a) Stock option plan**

The establishment of the stock option plan was approved by a resolution of shareholders dated 19 September 2018. The stock option plan is designed to provide eligible persons with an opportunity to share in the ownership of the Company in order to:

- promote the long-term success of the Company;
- provide a strategic, value based reward for eligible persons who make a key contribution to that success;
- align eligible persons' interests with the interests of the Company's shareholders; and
- promote the retention of eligible persons.

Eligible persons under the plan will be any natural person who is an employee, contractor or consultant (or a natural person engaged by a contractor or consultant), officer or director of the Company, and who is decided by the board to be an eligible person for the purposes of the plan.

Options may be issued on commercial terms approved by the board, which may include but are not limited to vesting conditions based on length of service and performance of the eligible person, or the Company's share price. Participation in the plan is at the board's discretion.

Options are granted under the plan for no consideration and carry no dividend or voting rights. When exercisable, each option is convertible into one ordinary share.

## 20. Share-based payments (continued)

### (b) Reconciliation of outstanding share options

The number and weighted average exercise price ("WAEP") of share options representing share based payments, were as follows:

	WAEP <sup>(i)</sup>	Number
Outstanding at 1 July 2021	\$0.53	5,739,079
Granted during the period	-	-
Exercised during the period	\$0.61	(100,000)
Forfeited during the period	-	-
Expired during the period	-	-
<b>Outstanding at 30 September 2021</b>	<b>\$0.53</b>	<b>5,639,079</b>
<b>Exercisable at 30 September 2021</b>	<b>\$0.46</b>	<b>3,029,987</b>

Share options, issued as share based payments, outstanding at the end of the period have the following expiry dates and exercise prices:

Grant date	Expiry date	Exercise price <sup>(i)</sup>	30 September 2021 <sup>(i)</sup>
6 November 2018	4 November 2025	\$0.36	2,546,654
18 February 2019	16 February 2026	\$0.61	220,000
15 March 2019	13 March 2026	\$0.61	220,000
20 March 2019	18 March 2026	\$0.61	29,326
12 May 2019	10 May 2026	\$0.61	110,000
26 June 2019	24 June 2026	\$0.61	110,000
2 December 2019	30 November 2026	\$0.42	440,000
6 April 2020	5 April 2027	\$0.61	29,326
21 April 2020	20 April 2027	\$0.61	770,000
23 December 2020	22 December 2027	\$0.82	868,648
12 March 2021	10 March 2028	\$0.94	44,000
15 April 2021	12 March 2024	C\$0.4963	151,125
16 April 2021	15 April 2024	C\$1.00	100,000
<b>Total</b>			<b>5,639,079</b>

(i) Adjusted for the additional shares issued under the Share Split transaction, as disclosed per note 21(a)(ii) of the last annual financial statements for the year ended 30 June 2021.

**20. Share-based payments (continued)**

**(c) Broker warrants**

Issue date	Expiry date	Exercise price (i)	30 September 2021 (i)
24 March 2021	24 September 2022	C\$0.65	161,430
2 September 2021	2 September 2024	C\$2.05	169,050
2 September 2021	2 September 2024	C\$2.14	5,760
<b>Total</b>			<b>336,240</b>

Further details in respect of broker warrants held at reporting date are provided in note 18(d).

There were no brokers warrants issued in the prior financial year ended June 30, 2020. No broker warrants were exercised or forfeited in the during the current financial year ended June 30, 2021.

**(d) Fair values of options and warrants granted**

The assessed fair value of options granted during the three months ended 30 September 2021 was nil (\$340,594 for the year ended 30 June 2021). The fair value at grant date is determined using an adjusted form of the Black-Scholes Model that takes into account the exercise price, the term of the option, the market price of a share at grant date and expected price volatility of the underlying share, the risk-free interest rate for the term of the option and the volatilities of certain peer group companies.

The fair value of options granted and warrants issued during the three months ended 30 September 2021, and the year ended 30 June 2021, was calculated using the exercise price, grant date and expiry date as per above with the following weighted average assumptions:

On initial recognition	Options		Warrants	
	30 September 2021	30 June 2021	30 September 2021	30 June 2021
Share price at grant date	-	\$0.72 (i)	\$2.29	\$0.67
Expected volatility	-	100%	61%	49%
Risk-free interest rate	-	0.52% - 0.97%	0.18%	0.15%

(i) Weighted average share price at grant date includes options granted prior to listing on the TSXV, adjusted for the impact of the Share Split Transaction per note 21(a)(ii).

Options are granted for no consideration and vested options are exercisable until the expiry date which is between two to seven years after grant date. The expected price volatility is based on the historic volatility of certain peer group companies, and since the listing of the Company's traded warrants, the implied volatility of those warrants.

## 21. Financial risk management

Financial assets and financial liabilities are recognised in the balance sheet when the Group becomes party to the contractual provisions of the financial instrument. No financial assets and financial liabilities have been offset and presented in the balance sheet. The Group has derivative financial liabilities that are recorded at fair value through profit and loss (“FVTPL”). The remaining categories of financial assets and financial liabilities are reported at amortised cost:

	<b>30 September 2021</b>	<b>30 June 2021</b>
	<b>\$</b>	<b>\$</b>
<b>Financial assets</b>		
Cash and cash equivalents	<b>14,112,298</b>	<b>3,359,087</b>
Financial assets at amortised cost		
Trade and other receivables	<b>52,097</b>	<b>56,281</b>
Research and development grants receivables	<b>736,055</b>	<b>736,055</b>
	<b>788,152</b>	<b>792,336</b>
	<b>14,900,450</b>	<b>4,151,423</b>
<b>Financial liabilities</b>		
Liabilities at amortised cost		
Trade and other payables	<b>(421,530)</b>	<b>(334,693)</b>
	<b>(421,530)</b>	<b>(334,693)</b>
Liabilities at FVTPL <sup>(i)</sup>		
Traded warrants	<b>(1,475,468)</b>	<b>-</b>
Non-traded warrants	<b>(1,944,932)</b>	<b>(2,188,625)</b>
	<b>(3,420,400)</b>	<b>(2,188,625)</b>

(i) The fair value of traded and non-traded warrants is measured on the basis described in note 16.

The Company’s financial risk management is consistent with the disclosure in note 24 of the last annual financial statements reported as at 30 June 2021.

## 22. Acquisition Accounting

As disclosed in Note 28 of the last annual financial statements for the year ended 30 June 2021, the dissolution of Cuspis Capital Ltd was completed on 12 August 2021.

**Graphene Manufacturing Group Ltd**  
**Notes to the condensed consolidated interim financial statements**  
**For the three months ended 30 September 2021**  
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**23. Reconciliation of cash flows from operating activities**

	For the three months ended	
	30 September	
	2021	2020
	\$	\$
Profit / (loss) for the period	840,685	(666,334)
Adjustments for:		
Depreciation and amortisation	36,255	45,442
Share-based payments – share plan	44,898	12,524
Change in fair value of warrants	(2,402,649)	-
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	3,856	860,559
Increase in inventories	(28,277)	(13,432)
Increase in other current assets	32,758	(19,274)
Increase/(decrease) in trade and other payables	(46,147)	76,549
Increase in provisions and employee benefits liabilities	28,316	30,095
Net interest received/(paid)	695	106
Net cash in / (outflow) from operating activities	(1,489,610)	326,235

**(a) Non-cash investing and financing activities**

Transaction costs for issued shares accrued	27,511	-
Share-based payments charged to share issue costs:		
Warrants issued	188,170	-
Share plan expense	4,397	7,505
	220,078	7,505

**24. Commitments and contingencies**

The Company's commitments and contingencies are consistent with those reported in the last annual financial statements as at 30 June 2021.

Additional information regarding subsequent events which will impact the Company's future position and operations are disclosed in note 25.

**25. Subsequent events**

**(a) GMG and BOSCH Collaboration Arrangement**

GMG and Robert Bosch Australia Pty Ltd ("BOSCH") signed a non-binding Letter of Intent, with the aim to agree on the terms of binding agreements for BOSCH to design and deliver a Graphene Aluminium Ion Battery ("G+AI Battery") manufacturing plant.

Further details of this collaboration arrangement is disclosed in the news release on SEDAR.com on 25 October 2021.

**(b) New Headquarters Lease and Location**

In November 2021 GMG secured a new headquarters and production facility in Richlands, Queensland. The new lease arrangement occurred after the reporting period end, and as such will be recognised in the financial statements of the relevant reporting period.