

Graphene Manufacturing Group Ltd

ACN 614 164 877

**Consolidated Financial Statements for the year ended 30
June 2025**

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Corporate information

The consolidated financial statements of Graphene Manufacturing Group Ltd (“**GMG**” or the “**Company**”) for the year ended 30 June 2025 and 2024 were authorised for issue in accordance with a resolution of the directors on 30 September 2025. The Company is a limited company incorporated and domiciled in Australia, and whose shares are publicly traded on the TSX Venture Exchange (the “**TSXV**”) and traded over the counter on the OTCQX® Best Market (the “**OTCQX**”).

The consolidated financial statements are presented in Australian dollars (**\$** or **A\$**), except for certain references to Canadian dollars (**C\$**) where specifically stated. References to “**K**” indicate thousands.

Directors

Craig Nicol
 Robert Galyen
 Andrew Small
 John Perkowski

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

Graphene Manufacturing Group Ltd
Directors' report
For the year ended 30 June 2025

Directors' report

The directors present their report together with the consolidated financial statements of Graphene Manufacturing Group Ltd ("**GMG**" or the "**Company**") for the financial year ended 30 June 2025 and the auditor's report thereon.

Directors

The directors of the Company at any time during or since the end of the financial year are:

Name, role and independence status	Experience and special responsibilities	Director Since
Craig Nicol <i>Founder, Managing Director & Chief Executive Officer (CEO), not independent</i>	Craig Nicol has a career of over 23 years in delivering large scale innovation including leading multi-billion-dollar gas and LNG value chains in Australia and Asia Pacific and managing sales and marketing teams across Asia Pacific working for the Shell plc Group of companies. He has a Bachelor of Engineering Degree in Manufacturing Systems (Honours) and a bachelor's degree in Business Marketing from the Queensland University of Technology. He is a Member of the Australian Institute of Company Directors (AICD) and is also a Director and Chair of the Board of Directors of the Australian Graphene Industry Association (AGIA).	10 August 2016
Robert Galyen <i>Non-Executive Director, independent</i>	Robert is a highly experienced executive in the battery energy storage world and science/engineering-based communities. Robert was previously the Chief Technology Officer (CTO) of Contemporary Amperex Technology Company Limited (CATL). CATL is widely known as the largest lithium-ion battery manufacturer in the world – supplying electric vehicles and high-efficiency storage systems. He serves on multiple Committees of Directors and Technical Advisory Boards.	1 July 2023
Andrew Small <i>Non-Executive Director, independent</i>	Andrew was a Founder and Director of Innogence, a SAP Business Intelligence consultancy in Australia which following significant growth was acquired by the Japanese multinational company NTT Data. Andrew has supported and invested in GMG since 2017, remains a significant shareholder of the Company and is committed to actively supporting the Company's drive to deliver on its plans and set it up for the next stage of maturity. Andrew has a Bachelor of Engineering (Manufacturing Systems) and a Bachelor of Business (Marketing) from Queensland University of Technology.	31 July 2023
John Perkowski <i>Non-Executive Director, independent</i>	John Perkowski founded ASIMCO Technologies in 1994, and from 1994 to 2008, served as the Chairman of ASIMCO's Board of Directors and the company's Chief Executive Officer. Under his leadership, ASIMCO became one of the most important players in China's automotive components industry and gained a reputation for developing local management and integrating a broad-based China operation into the global economy. ASIMCO was later sold to Bain Capital in 2010 and is still regarded as one of the most successful automotive component manufacturing companies in China. Prior to moving to China, John worked for twenty years on Wall Street where he was the head of Investment Banking at Paine Webber, a major securities firm that was eventually acquired by UBS in 2000. After leaving ASIMCO, he founded JFP Holdings, a merchant banking firm focused on China, where he now serves as Chairman.	7 September 2023

Company secretary

Company Secretary

Ms Anjana Reddy was appointed to the position of Company Secretary on 22 August 2022 and is based in Brisbane, Australia. Ms Reddy has broad legal, compliance, commercial, human resources and risk experience across a number of industries and has held the position of Company Secretary in both private and public sectors.

Corporate Secretarial Services

Ms Emily Davis and Ms Lisa Thompson of Meraki Corporate Services ("**MCS**"), based in Vancouver Canada, were appointed as corporate administrators on 21 September 2022. MCS have over 40 years of combined experience providing corporate compliance and corporate secretarial services for public companies, operating in multiple jurisdictions across the mining, energy and technology sectors.

Directors' meetings

The number of directors' meetings (including meetings of committees of directors) and number of meetings attended by each of the directors of the Company, who were eligible to attend during the financial year, were as follows:

		Meeting of committees ⁽ⁱ⁾
	Directors' meetings	Audit
Number of meetings held:	2	5
Number of meetings attended as Formal Committee Members:		
Craig Nicol	2	0
Robert Galyen	2	3
Andrew Small	2	5
John Perkowski (Chair)	2	5

⁽ⁱ⁾ Only non-executive directors are formal members of Board sub-committee meetings but all directors were eligible to attend all meetings held.

Committee membership

As at the date of this report, the Company had an audit committee, and a remuneration committee.

Members acting on the committees of the board during the financial year were:

Audit	Remuneration	Technical Advisory
John Perkowski ⁽ⁱ⁾	Andrew Small ⁽ⁱ⁾	Robert Galyen ⁽ⁱ⁾
Andrew Small	Robert Galyen	Craig Nicol
Robert Galyen	John Perkowski	Doug Hargreaves

(i) Designates the chair of the committee during the year.

Principal activities

GMG is a clean-technology company which seeks to offer energy saving and energy storage solutions, enabled by graphene, including that manufactured in-house via a proprietary production process.

GMG has developed a proprietary production process to decompose natural gas (i.e. methane) into its elements, carbon (as graphene), hydrogen and some residual hydrocarbon gases. This process produces high quality, low cost, scalable, 'tuneable' and low/no contaminant graphene suitable for use in clean-technology and other applications. The Company's present focus is to de-risk and develop commercial scale-up capabilities, and secure market applications.

There were no other significant changes in the nature of the activities of the Company during the year.

Operating and financial review

Overview of the Company

The Company's loss from ordinary activities after income tax for the year amounted to \$8,573,660 (2024 loss: \$7,400,878) and is mainly due to:

- Total other income primarily being the refundable R&D tax offset of \$1,997,992 (2024: \$2,847,866), and \$2,475,000 (2024: \$3,000,000) of income recognised from the Rio Tinto Joint Development Agreement (JDA);
- Revenue of \$237,672 consisting of sales and installation of THERMAL-XR® energy saving products and direct web sales of G® Lubricant;
- \$10,672,319 of operating expenses which is a decrease compared to prior year of \$12,937,479 due to scaling down of staff; and
- A year to date loss on the change in fair value of warrants \$821,174.

Shareholder returns

At 30 June	2025	2024
Loss for the year	\$8,573,660	\$7,400,878
Basic and diluted loss per share (\$)	(0.0871)	(0.0865)
Share price	C\$0.75	C\$0.65
Dividends paid	-	-

Net loss amounts have been calculated in accordance with Australian Accounting Standards.

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For the year ended 30 June 2025
(continued)

Investments for future performance

GMG expects ongoing improvement of graphene quality from the GMG graphene production process, with increasing confidence of an economically sustainable path to scale. In December 2023, the Company commissioned its cutting-edge natural gas to graphene plant in its facility at Richlands, Australia providing additional graphene supply for the ongoing development of Company's graphene aluminium-ion battery prototypes ("G+Al Battery"), as well as the Company's energy saving products.

This new plant is built in a modular fashion which can allow more production units to be installed as the sales of Company's products grows. The Company is now working on optimising its graphene production to be able to produce graphene more efficiently and cost effectively than ever before while maintaining high levels of quality. The Company has recently announced the approval to invest in new Gen 2.0 Graphene Manufacturing Technology plant (the "Gen 2.0 Plant") which will be built at the existing facility and increase production capacity up to 10 tonne per annum. The Gen 2.0 Plant is expected to be online by end of June 2026. In addition to the increase in production capacity, the Gen 2.0 Plant is expected to deliver substantially lower costs of production and an increase in graphene quality.

Following the growing market success of THERMAL-XR® for HVAC purposes the Company is increasing efforts to demonstrate heat management benefits for other applications. THERMAL-XR® sales and third-party service projects in Southeast Asia have occurred – with applications in the data centre cooling sector representing a significant opportunity as according to the IEA it represents up to 1.3% of global electricity demand. Accordingly, the Company has commenced first discussions regarding projects with a number of data centre operators.

After many years of performance testing G® Lubricant, the Company has produced University verified results showing increases in fuel efficiency of up to 8.4% in a diesel engine. On the back of those encouraging results, GMG has commenced both website sales and direct sales to end customers in a number of countries around the world, including Australia, the United Kingdom, Europe, China, Canada and the United States. The patent application for G®LUBRICANT is progressing through to country level – where GMG is currently applying in 20 countries for the in-country patent.

During the year the Company announced the release of its graphene slurry - SUPA G® after 3 years of research and development of its own G+Al Battery. SUPA G® has exhibited unique properties of high electrical conductivity, low charge transfer resistance and high density compared to other carbon battery additives and materials used in lithium-ion batteries. GMG is currently engaged in confidential discussions with multiple battery manufacturers and industry players to explore the potential testing and supply of SUPA G®.

Review of financial condition

GMG has generated limited revenue to date. Cash expenses mainly relate to R&D activities and other operational expenses. Capital raised has been mainly used to fund the development of the Company's proprietary graphene powder production technology, graphene enhanced products and solutions, and plant and equipment and expenses for developing, testing, manufacturing and marketing these products. Development of G+Al Battery technology, production and commercialisation planning has been an increasing focus area for GMG's employees and intended use of current cash resources.

Timing for commercialisation of G+Al Batteries will depend on the further successful development of a commercial G+Al Battery prototype including the process technology required to produce the necessary grade graphene powder, timing for completion of front-end design and construction of a battery manufacturing facility (subject to a final investment decision).

Revenue in the near term is targeted to be generated from Thermal-XR® and G® Lubricant. Growth in customer demand for these and other product offerings, and timing for commercialisation of G+Al Batteries, will influence the future funding requirements for GMG. The Company is now working through the process to commence global distribution of these products, including packaging and labelling to address country-specific requirements for sales to commence. Important first sales at scale have recently been secured and the Company's efforts to widen potential market segments is finding positive reception providing strong encouragement for continued sales focus targeting notable near-term revenues.

As at June 30, 2025, cash and cash equivalents amounted to \$7,708,021, a increase of \$3,725,816 from a year earlier. Operating cash outflows together with \$886,533 spend on acquisitions of plant, equipment and

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intellectual property rights as part of the planned business growth, were offset primarily by gross proceeds of A\$6,400,000 raised from the Bought deal in March 2025, \$2,847,866 of R&D tax incentive received, as well as proceeds from the exercise of warrants and options.

Management believes GMG has sufficient cash to meet its objectives in the short to medium term. To date, the Company has relied on funding from equity investors and also grants, subsidies and R&D incentives. There is no guarantee that revenue generated by the business will be sufficient to fund the business for a longer period of time. While there can be no assurance that adequate funding will be available in the future, or on terms that are favourable to the Company, the Company remains very positive about its future prospects.

Although the operating and investing cash flow for FY24 and FY25 were negative, it is assumed that the Company has neither the intention nor the need to liquidate any of its assets to discharge its liabilities and commitments in the normal course of business. Though not guaranteed, Management believes that investors will continue to support the business to fund its expansion and development of products and solutions until the business becomes profitable.

Review of principal businesses

GMG is focused on four critical objectives:

1. Produce Graphene & Improve/Scale Production Process.
2. Build Revenue from Energy Savings Products.
3. Develop Next-Generation Battery.
4. Develop Supply Chain, Partners & Project Execution Capability.

Business Objective 1: Produce Graphene & Improve/Scale Production Process

GMG expects ongoing improvement of graphene quality from the GMG graphene production process, with increasing confidence of an economically sustainable path to scale. In December 2023, the Company commissioned its cutting-edge natural gas to graphene plant in its facility at Richlands, Australia providing additional graphene supply for the ongoing development of Company's graphene aluminium-ion battery prototypes ("G+Al Battery"), as well as the Company's energy saving products.

This new plant is built in a modular fashion which can allow more production units to be installed as the sales of Company's products grows. The Company is now working on optimising its graphene production to be able to produce graphene more efficiently and cost effectively than ever before while maintaining high levels of quality. The Company has recently announced the approval to invest in new Gen 2.0 Graphene Manufacturing Technology plant (the "Gen 2.0 Plant") which will be built at the existing facility and increase production capacity up to 10 tonne per annum. The Gen 2.0 Plant is expected to be online by end of June 2026. In addition to the increase in production capacity, the Gen 2.0 Plant is expected to deliver substantially lower costs of production and an increase in graphene quality.

GMG has successfully passed the ISO 9001:2015 audit and is now certified to this internationally recognised standard for quality management systems. This achievement underscores GMG's commitment to providing its customers with the highest quality products and services, while continuously improving its internal processes.

Business Objective 2: Build Revenue from Energy Savings Products

THERMAL-XR®

THERMAL-XR® COATING SYSTEM is a unique method of improving the conductivity of corroded heat exchange surfaces and maintaining the performance of new units at peak levels. The process coats and protects heat exchange surfaces while improving and rebuilding the lost corroded thermal conductivity and increasing the heat transfer rate by leveraging the physics of GMG Graphene resulting in an efficiency improvement and a reduction in energy use.

THERMAL-XR® can also protect both RTPF coils (round tube plate fin) and MCHC coils (microchannel) from accelerated corrosion damage, thereby extending the life of the coil and reducing energy consumption. GMG's Thermal-XR® is a fully patented technology in Australia and is progressing through the international Patent Cooperation Treaty process.

THERMAL-XR® was awarded 'Product of the Year' during the AIRAH 2024 Awards that took place on Thursday, November 21, 2024 in Melbourne, Australia. The AIRAH Awards celebrate outstanding achievements from across Australia's HVAC&R building services industry. AIRAH, the Australian Institute of Refrigeration, Air Conditioning and Heating, is the peak body representing the HVAC&R industry in Australia. Officially incorporated by guarantee on March 29, 1920, AIRAH celebrated its Centenary anniversary in 2020.

During the year, the Singapore Green Building Council approved THERMAL-XR to be certified as a Singapore Green Building Product (SGBP) under the category of Mechanical – ACMV – Coil Coating. It is the first thermal air conditioning coating to be approved as a SGBP. The SGBP certification scheme is one of the key standards and benchmarks for green building products in the building and construction industry. Products and materials certified by the SGBP are highly recognised under the Green Mark Scheme, Singapore's national green building rating tool administered by the Building and Construction Authority (BCA), which allows certified products to accrue points that count towards a project's Green Mark rating.

As previously announced, GMG and Nu Calgon have been working with an external consultant to prepare and submit a PMN in conjunction with its application to import and sell in the USA. The PMN application has been submitted, and approval is expected to take less than 12 months.

Following the growing market success of THERMAL-XR® for HVAC purposes the Company is increasing efforts to demonstrate heat management benefits for other applications. THERMAL-XR® sales and third-party service projects in Southeast Asia have occurred – with applications in the data centre cooling sector representing a significant opportunity as according to the IEA it represents up to 1.3% of global electricity demand. Accordingly, the Company has commenced first discussions regarding projects with a number of data centre operators.

The Company is also in discussions with various mining, energy and gas producers in Australia, North America and Asia about the potential for application of the THERMAL-XR® platform to provide increased heat transfer and corrosion resistance for operations, including gas processing heat exchangers, notably liquefied natural gas (LNG) plants.

G®LUBRICANT

G®LUBRICANT is a concentrate of GMG Graphene and lubricating oil that is designed for ENERGY SAVINGS and EMISSION SAVINGS and wear prevention. The concentrate can be added to an existing fully formulated lubricant or tailored by Graphene Manufacturing Group as an addition to the client's choice of fluid. G®LUBRICANT protects the friction surfaces and reduces the friction coefficient by forming a protective layer between metal interfaces.

Over the past four years, GMG has conducted environmentally controlled testing of G®LUBRICANT in internal combustion engines monitored and verified by The University of Queensland. GMG's test results have been corroborated by similar savings realized by customers over a number of years of field testing. G®LUBRICANT has been shown to increase fuel efficiency by up to 8.4% in a diesel engine. The amount of graphene in the

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final lubricant once G@LUBRICANT is mixed in is only ~ 1:10,000, with the balance of the concentrate consisting of lubricating base oil. As a result, G@LUBRICANT can be used safely in any internal combustion engine.

The patent application for G@LUBRICANT is progressing through to country level – where GMG is currently applying in 20 countries for the in-country patent.

GMG has commenced both website sales and direct sales to end customers in a number of countries and regions around the world, including Australia, the United Kingdom, Europe, China, Canada and the United States. GMG has received formal requests to distribute G@LUBRICANT in a number of additional countries and is working through the process to commence these distribution deals, including packaging and labelling updates to address country-specific requirements for sales to commence.

GMG is commencing the process to register the G@LUBRICANT product with the European Chemicals Agency under the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) regulation to ensure large quantities of the product can be sold in Europe. This process can take up to three months to complete. GMG is also engaging consultants for assistance in obtaining USA EPA approval for G@LUBRICANT.

Business Objective 3: Develop Next-Generation Battery

The patent for the Company's Graphene Aluminium-Ion Battery was granted during the financial year in Australia and GMG is progressing its patenting process in various other countries. The University of Queensland (UQ) holds the patent, and GMG has a worldwide exclusive commercialisation license.

Furthermore, GMG has signed a Collaborative Research Agreement with UQ – Australian Institute for Bioengineering and Nanotechnology (AIBN) to continue its collaboration on the Graphene Aluminium Ion Battery. UQ is also a recipient of AU\$880,000 of Australian Government grant funding to further develop the Graphene Aluminium Ion Battery. The Agreement sets out, among other things, the way in which pre-agreed GMG and UQ personnel can work at each other party's premises and the intellectual property rights and obligations for each party. It also provides that GMG has the exclusive first right to negotiate an exclusive license to use any of the work UQ develops under this Agreement.

The Company is currently optimising the G+Al Battery pouch cell electrochemistry – which is a standard battery development process step (see below). The Company has developed significant knowledge regarding the electrochemistry of the pouch cells since achieving the targeted 1 Ah cell capacity in February 2024. The challenges faced by the G+Al Battery during this phase of its maturation are very similar to other battery chemistries that have been developed into mass production – including Lithium-Ion batteries.

During the year the Company signed a service contract with the Battery Innovation Center of Indiana (“BIC”) in the United States of America to support the next phase of development of the Graphene Aluminium-Ion Battery. BIC is a collaborative initiative designed to incorporate leadership from renowned universities, government agencies, and commercial enterprises. BIC's mission is to accelerate innovation in the field of battery technology by providing access to the entire spectrum of R&D to commercialization, including low volume production, in a single 40,000 square foot facility, located in Newberry, an hour south of Bloomington, Indiana.

By collaborating with BIC, GMG can take advantage of BIC's technological capabilities and manufacturing facilities and avoid the capital cost of building a pilot plant, that can cost more than AU\$10 million dollars, to produce sample cells in advance of mass production. Under its service agreement with BIC, GMG will pay for services rendered and retain all intellectual property of the development work.

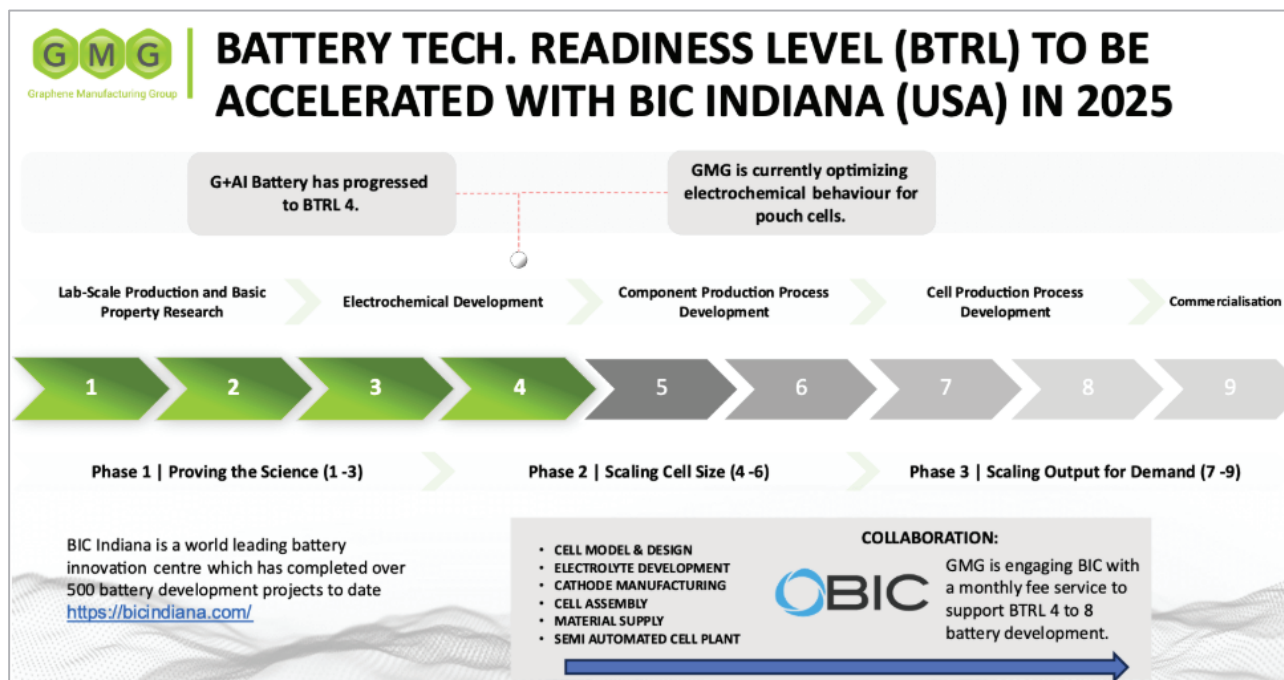
POUCH CELL DEVELOPMENT

The performance of the pouch cells will be communicated upon successfully producing a repeatable and 3rd party tested 1000 mAh+ battery pouch cell.

The battery technology readiness level (“BTRL”) of the Graphene Aluminium-Ion technology has progressed to Level 4 (see figure below). GMG is currently optimizing electrochemical behaviour for pouch cells via ongoing laboratory experimentation. Through collaboration with the BIC it is anticipated that the battery

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technology readiness will progress to BTRL 7 and 8 since the equipment and process needed to make the Graphene Aluminium-Ion batteries is the same as those employed to make Lithium-Ion Batteries.



Source: "The Battery Component Readiness Level (BC-RL) Framework: A technology-specific development framework", Matthew Greenwood et al

Next Steps Toward Commercialisation & Market Applications

The Company continues to see a broad range of applications for a completed GMG Graphene Aluminium-Ion Battery – utilising its ultra-high power-density and nominal energy density characteristics. Along with Rio Tinto, a range of global companies have confidentially expressed their interest in working with GMG in the following vertical sectors:

- Diesel engine replacement (high load and power requirements)
- Energy storage (in front of, or behind the meter, safety)
- Personal electronics (fast charging and long life)
- Aviation (including vertical take-off and landing)
- Electric Vehicles
- Rail
- Power tools (fast charging and long life)

Business Objective 4: Develop Supply Chain, Partners & Project Execution Capability

GMG continues to focus on developing and strengthening its product value chain partnerships. The Company's ability to form long-lasting strategic partnerships is a key success factor, supporting its other production and product commercialisation Business Objectives.

GMG believes this approach will de-risk, position, and accelerate GMG's energy savings and G+AI Battery technology success.

Ongoing engagement between our current partners continued throughout the quarter. Additionally, non-disclosure agreements have been signed with several international, high profile potential customers across a wide range of industry segments to explore opportunities to collaborate, understand their application requirements and priorities for the subsequent development and commercial production of GMG's battery prototypes.

Review of prospects for future financial years

GMG's strategy has evolved over time. While GMG graphene may be suitable for a wide range of industries, GMG has narrowed its focus to target select applications and industries. GMG's management team ("Management") believes that focusing on downstream applications will provide a higher return on in-house graphene production. Also, the vertically integrated approach will enable it to build a long-term competitive advantage. In line with this approach, GMG's initial focus has been developing applications for energy savings and energy storage.

In the energy savings segment, GMG is currently focused on THERMAL-XR®, a graphene enhanced heating, ventilation, air conditioning and refrigeration ("HVAC-R") coating (or energy-saving paint); and G@LUBRICANT, a graphene enhanced lubricant additive that seeks to reduce fuel consumption and carbon emissions by reducing internal friction in engines.. As mentioned previously, GMG has commenced both website sales and direct sales for G@LUBRICANT to end customers in a number of countries and regions around the world, including Australia, the United Kingdom, Europe, China, Canada and the United States. GMG is currently working through the process of palletising G@LUBRICANT, including packaging and labelling updates to address country-specific requirements for sales to commence.

GMG and potential customers continue to undertake demonstrations on a range of HVAC-R coating projects as well as on large industrial applications to better understand the commercial opportunity of each considering mechanical, climatic, operational and economic circumstances of each. Similar demonstrations continue with respect to G@LUBRICANT. In both cases notable sales are targeted to follow from these demonstrations.

In the energy storage segment, GMG and the University of Queensland are working collaboratively with financial support from the Australian Government to progress further R&D and commercialization of G+Al Batteries. The Company is excited by its recent R&D breakthroughs and achievements, its growing integrated ability to repeatedly manufacture batteries in-house and accordingly is accelerating work on its strategic roadmap to the commercial development of G+Al Batteries.

GMG is listed on the TSX Venture Exchange ("TSX-V") under the ticker "GMG" and is quoted on Frankfurt Stock Exchange under trading symbol "OGF". On 27 February 2024, GMG began trading on the OTCQX® market under the symbol "GMGMF". GMG qualified to trade on the OTCQX® Best Market, having been upgraded from the Pink® market. This upgrade will provide increased transparency in trading for GMG's U.S. investors through its higher levels of reporting and governance. GMG warrants trade on TSX-V under the ticker "GMG.WT.A".

Significant changes in the state of affairs

In the opinion of the directors there were no significant changes in the state of affairs of the Company that occurred during the financial year under review.

Dividends

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

Significant events after the balance date

With the exception of the matters noted below, no other matters or circumstances have occurred since the end of the reporting year ended 30 June 2025, which significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in this or subsequent financial years.

On 11 July 2025, the Company announced that it entered into an equity distribution agreement (the "Distribution Agreement") with Cantor Fitzgerald Canada Corporation (the "Agent"). Pursuant to the Distribution Agreement, the Company will be entitled, at its discretion and from time-to-time during the term of the Distribution Agreement, to sell, through the Agent, such number of ordinary shares of the Company that would result in aggregate gross proceeds to the Company of up to C\$20 million.

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On 4 September 2025, GMG announced that it completed its previously announced bought deal offering of 7,666,667 units at a price of \$0.90 per unit for aggregate gross proceeds of C\$6,900,000, which includes the exercise in full of the underwriter's over-allotment option for 1,000,000 units.

Likely developments and expected results of operations

The Company will continue its principal activities and strategy as disclosed in the 'Review of prospects for future financial years' for the foreseeable future.

Environmental regulation

The Company is committed to positively contributing to sustainable environmental solutions, both through our operations and our products produced. Environmental impact assessments are guided by our Health, Safety and Environment Management System which enables governance responsibilities to be fulfilled, including Environmental Obligations and Environmental Best Practise Targets.

The Company has a documented Environmental Management Standard with performance requirements to fulfil including:

- Identification and assessment of potential and actual environmental effects of any of the Company's activities or operations;
- Environmental risks to be addressed over the lifecycle of the operations;
- Environmental risks are recorded in risk registers and managed via the Risk Management Process;
- Environmental risks are controlled in accordance with regulatory requirements;
- Assessment of environmental effects to ensure compliance with applicable Acts and Regulations;
- Assessment-based environmental management plans are implemented; and
- Performance shall be monitored through the measurement of environmentally relevant data.

The Company operates under a development approval issued under The Planning Act 2016. This authorisation outlines specific requirements in relation to Pollution, Trade Waste, Water Waste, Noise and Dust Pollution. The operations of the Company are in compliance with the operating limits of this approval, with no breaches or incidents reported.

The Company's approval to manufacture Graphene was issued by the Australian Industrial Chemicals Introduction Scheme ("AICIS") on 5 July 2021. In February 2023, GMG received the full and final approval from AICIS to scale and sell all GMG's Graphene products. Under the AICIS, the Company is required to supply information relating to Health and Environmental factors relating to products and their use. The Company's facility operates within the parameters outlined by this approval, inclusive of annual reporting requirements.

Based on the results of enquiries made, the Board are not aware of any significant breaches or compliance risks during the period covered by this report.

Sustainability statement

The Company is committed to a positive Environmental, Social & Governance (ESG) culture, our strategic vision includes providing transparent reporting supported by a values-based governance model.

Our focus is looking at Graphene enabled solutions for society's big sustainability challenges – our products and services specifically support Energy Saving and Energy Storage Solutions.

The Company has prioritised the United Nations Sustainable Development Goals (SDGs) 7, 9, and 13, and other key Environmental, Social (incl. Health, Safety & Quality), and Governance (ESG) priorities.

The Company takes a holistic view of sustainability factors and provides strategic direction and support to enable GMG to reach its Sustainability Goals. The table below outlines the ESG improvement themes and goals for GMG.

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Base	Category	Theme and goal
Environment	<i>Emissions</i>	UN SDG13 – Take urgent action to combat climate change and its impacts
	<i>Innovation</i>	UN SDG9 – build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation
		Develop and implement an Environment Management System
	<i>Resource Use</i>	Understand Materiality use (e.g. energy, water) to establish baseline levels.
Social	<i>Community</i>	UN SDG7 – Ensure access to affordable, reliable, sustainable and modern energy for all
	<i>Product Responsibility</i>	Develop and implement ISO 9001 Quality Management System and achieve certification to ensure confidence with product quality
	<i>Workforce</i>	Develop and implement a Health and Safety Management System
Governance	<i>CSR</i>	Ensure accurate and transparent ESG reporting

We acknowledge that as a young company our vision is progressive and challenging, we take pride in knowing that this is important to build these values into our culture as we develop and grow the business.

Directors' interests

The relevant interest of each director in the shares and options, warrants, restricted share units ("RSU") or performance share units ("PSU") over such instruments issued by the Company, as notified by the Directors in accordance with S205G(1) of the *Corporations Act 2001*, at the date of this report is as follows:

Director	Ordinary shares	Options over ordinary shares	Warrants over ordinary shares	RSU over ordinary shares
Craig Nicol	12,441,795	367,245	120,000	371,890
Robert Galyen		700,000	-	72,682
Andrew Small	5,134,000	-	-	75,871
John Perkowski	-	700,000	-	124,461

There were no PSU granted to, nor held by directors during or since the end of the financial year as at the date of this report.

Share options, warrants, RSU and PSU

Unissued shares under options

At the date of this report unissued ordinary shares of the Company under options are:

Grant date	Expiry date	Exercise price	Number of shares
6 November 2018	4 November 2025	\$0.36	367,245
15 March 2019	13 March 2026	\$0.61	75,000
20 March 2019	18 March 2026	\$0.61	7,326
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	85,000
23 December 2020	22 December 2027	\$0.82	370,238
12 March 2021	10 March 2028	\$0.94	29,348
1 July 2023	30 June 2026	C\$1.90	100,000
1 February 2024	1 February 2028	C\$1.74	1,400,000
Total			2,903,483

No option holder has any right under the options to participate in any other share issue of the Company or any other entity, unless an option is exercised and the option holder is registered as a holder of shares, and then only to the extent that the registered holder of those shares would otherwise be entitled to participate as a member of the Company.

Unissued shares under warrants

At the date of this report unissued ordinary shares of the Company under share purchase warrants are:

Grant date	Expiry date	Exercise price	Number of shares
30 November 2022	30 November 2026	C\$3.35	2,091,850
16 August 2023	16 August 2026	C\$1.70	121,765
16 August 2023	16 August 2027	C\$2.20	1,014,706
7 May 2024	7 May 2028	C\$0.55	2,047,400
14 June 2024	7 May 2028	C\$0.55	579,600
20 March 2025	20 March 2028	C\$1.10	7,245,000
20 March 2025	20 March 2028	C\$0.80	507,150
3 September 2025	3 September 2028	C\$1.35	7,666,667
3 September 2025	3 September 2028	C\$0.90	536,666
Total			21,810,804

Graphene Manufacturing Group Ltd
Directors' report
For the year ended 30 June 2025
(continued)

Unissued shares under RSU or PSU

At the date of this report unissued ordinary shares of the Company under share RSU & PSU Agreements are:

Grant date	Expiry date	Plan Type	Number of shares
20 October 2021	20 October 2026	RSU	10,532
14 September 2022	14 September 2027	RSU	78,930
20 September 2022	20 September 2027	RSU	106,027
14 October 2022	14 October 2027	RSU	4,984
20 October 2022	20 October 2027	RSU	52,932
21 October 2022	21 October 2027	RSU	6,984
22 January 2024	22 January 2028	RSU	332,201
12 February 2024	12 February 2028	RSU	39,021
12 February 2024	12 February 2026	RSU	161,225
14 March 2025	14 March 2027	RSU	111,789
14 March 2025	14 March 2029	RSU	1,362,143
7 October 2024	7 October 2027	RSU	388,830
Total			2,655,598

Shares issued on exercise of options, warrants, RSU and PSU

During or since the end of the financial year, the Company issued ordinary shares of the Company as a result of the exercise of options, warrants, RSU or PSU as follows (there are no amounts unpaid on the shares issued):

Share options		Warrants		RSU ⁽ⁱ⁾	PSU ⁽ⁱ⁾
Number of shares	Amount paid on each share	Number of shares	Amount paid on each share	Number of shares	Number of shares
950,695	\$0.36	5,345,100	\$C0.55	210,018	-

(i) RSU and PSU have a nil exercise price.

Insurance of officers and indemnities

The Company has agreed to indemnify the directors and officers of the Company, both present and former where applicable, against liabilities for losses on account of any claim for wrongful acts or employment practice breaches. This includes defence costs incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Company, and other payments arising from liabilities incurred by the officers in connection with such proceedings. It does not include certain exclusions including, but not limited to, liabilities that arise from any reckless, intentional, dishonest, fraudulent, criminal or malicious act or omission or any reckless, intentional, wilful violation or breach of any statute, regulation, contract or duty by the officers. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

Insurance Premiums

The directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of the directors' and officers' liability and legal expenses' insurance contracts, as such disclosure is prohibited under the terms of the contract.

Graphene Manufacturing Group Ltd
Directors' report
For the year ended 30 June 2025
(continued)

Indemnification of auditors

To the extent permitted by law, the Company has agreed to indemnify its auditors, BDO Audit Pty Ltd ("**BDO**"), as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify BDO during or since the financial year.

Non-audit services

During the year BDO Corporate Finance Ltd ("BDO Corporate Finance"), a network firm of the Company's auditor, BDO, has performed non-audit services.

The Board has considered the non-audit services provided during the year by BDO Corporate Finance and is satisfied that the provision of those services during the year, is compatible with, and did not compromise, the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- All non-audit services were subject to the corporate governance procedures adopted by the Company and have been reviewed by the Audit Committee to ensure they do not impact the integrity and objectivity of the Company's auditor, BDO; and
- The non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

Details of the amounts paid to the auditor of the Company, BDO, and its network firms for audit and non-audit services provided during the year are set out below.

	2025
	\$
Audit and review of financial statements – current year ⁽ⁱ⁾	179,225
Audit and review of financial statements – prior years ⁽ⁱⁱ⁾	2,412
Other assurance services – current year ⁽ⁱⁱⁱ⁾	23,435
Other assurance services – prior years ^(iv)	3,484
Total paid to BDO Audit Pty Ltd	208,556

- (i) Audit and review services in the year ended 30 June 2025 increased compared to the prior year ended 30 June 2024.
- (ii) Additional audit and review in respect of prior years ended 30 June 2024.
- (iii) Other assurance services consisted of reviews of additional reports produced by the Company for capital raising activities, including the Base Shelf and Short Form Prospectus.
- (iv) Additional assurance services in respect of prior years ended 30 June 2024.

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the *Corporations Act 2001*.

Lead auditor's independence declaration

BDO were appointed auditors on 31 August 2020 and continue in office. The auditor's independence declaration is set out on page 19 and forms part of the directors' report for the financial year ended 30 June 2025.

Rounding

The Company is of a kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* and in accordance with that Instrument, amounts in the consolidated financial statements and directors' report have been rounded off to the nearest dollar, unless otherwise stated.

This Directors' report is made out in accordance with a resolution of directors:


Signed by:

48637227466B491...

Craig Nicol

Managing Director and CEO

Brisbane
30 September 2025

Signed by:

54378C31317C4F5...

Joshua George

Chief Financial and Commercial Officer

Brisbane
30 September 2025

**Graphene Manufacturing Group Ltd
Auditor's Independence Declaration
For the year ended 30 June 2025**



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Brisbane QLD 4000
GPO Box 457 Brisbane QLD 4001
Australia

DECLARATION OF INDEPENDENCE BY N I BATTERS TO THE DIRECTORS OF GRAPHENE MANUFACTURING GROUP LTD

As lead auditor of Graphene Manufacturing Group Ltd for the year ended 30 June 2025, I declare that, to the best of my knowledge and belief, there have been:

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

This declaration is in respect of Graphene Manufacturing Group Ltd and the entities it controlled during the period.

A handwritten signature in dark ink, appearing to read 'N I Batters', with a small flourish at the end.

N I Batters
Director

BDO Audit Pty Ltd

Brisbane, 30 September 2025

Graphene Manufacturing Group Ltd
Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the years ended 30 June 2025 and 2024

Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Note	2025 A\$	2024 A\$
Revenue	7	237,672	294,859
Other income	8(a)	4,659,095	5,898,859
Employee benefit expenses		(4,163,387)	(6,063,086)
Professional and consulting fees		(2,632,646)	(3,227,741)
Depreciation and amortisation expense	15,16	(1,826,907)	(1,977,430)
Travel expenses		(408,843)	(272,903)
Raw materials and production inputs		(178,233)	(264,146)
Occupancy and utilities expenses		(320,596)	(370,559)
Factory costs		(178,803)	(476,866)
Share based payments expense	23(a)	(1,398,836)	(964,629)
Other expenses	8(b)	(1,390,975)	(1,297,548)
Finance costs	8(c)	(150,027)	(229,746)
Gain / (loss) on change in fair value of warrants	19(a)	(821,174)	1,550,058
Loss before income tax		(8,573,660)	(7,400,878)
Income tax expense	9	-	-
Loss for the year		(8,573,660)	(7,400,878)
Other comprehensive income			
Foreign currency translation differences		-	-
Net other comprehensive income that may be reclassified to profit or loss in subsequent years		-	-
Other comprehensive income for the year, net of tax		-	-
Total comprehensive loss for the year		(8,573,660)	(7,400,878)
Loss per share attributable to the ordinary equity holders of the Company:			
Basic and diluted (\$)	10	(0.0871)	(0.0865)
Weighted average number of ordinary shares outstanding (Basic and diluted)	10(a)	98,400,161	85,577,874

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

Graphene Manufacturing Group Ltd
Consolidated Statement of Financial Position
As at 30 June 2024 and 2023

Consolidated Statement of Financial Position

	Note	2025 A\$	2024 A\$
ASSETS			
Current assets			
Cash and cash equivalents	11	7,708,021	3,982,205
Trade and other receivables	12	116,974	133,664
Inventories	13	1,270,622	492,618
Research and development grants receivable		1,997,992	2,847,866
Other current assets	14	347,315	607,510
		11,440,924	8,063,863
Non-current assets			
Property, plant and equipment	15	4,752,879	5,795,525
Intangible assets	16	1,026,469	1,377,822
		5,779,348	7,173,347
Total assets		17,220,272	15,237,210
LIABILITIES			
Current liabilities			
Trade and other payables	17	1,133,324	1,865,739
Contract liabilities	7	5,919	21,100
Lease liabilities	18	354,733	458,727
Borrowings		-	125,086
Financial liabilities	19	5,537,309	2,974,796
Employee benefit liabilities	20	249,366	185,962
Provisions	21	6,151	-
		7,286,802	5,631,410
Non-current liabilities			
Lease liabilities	18	419,260	767,722
Employee benefit liabilities	20	48,895	48,122
Provisions	21	556,900	250,000
		1,025,055	1,065,844
Total liabilities		8,311,857	6,697,254
Net assets		8,908,415	8,539,956
EQUITY			
Share capital	22	42,692,887	36,235,699
Share capital warrant premium	22	8,555,983	7,692,823
Reserves	23	7,067,448	5,445,677
Accumulated losses		(49,407,903)	(40,834,243)
Total equity		8,908,415	8,539,956

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

Graphene Manufacturing Group Ltd
Consolidated Statement of Changes in Equity
For the years ended 30 June 2025 and 2024

Consolidated Statement of Changes in Equity

	Note	Share capital A\$	Reserves A\$	Accumulated losses A\$	Total equity A\$
Balance at 1 July 2023		38,089,878	4,038,170	(33,433,365)	8,694,683
Loss for the year		-	-	(7,400,878)	(7,400,878)
Other comprehensive loss	23	-	-	-	-
Total comprehensive loss for the year		-	-	(7,400,878)	(7,400,878)
Transactions with owners of the Company					
Shares issued	22	5,930,152	-	-	5,930,152
Transaction costs on issued shares	22	(1,191,742)	-	-	(1,191,742)
Share options and warrants exercised	22	1,025,784	-	-	1,025,784
Share capital warrant premium	22	74,450	-	-	74,450
Share based payments	23	-	1,407,507	-	1,407,507
		5,838,644	1,407,507	-	7,246,151
Balance at 30 June 2024		43,928,522	5,445,677	(40,834,243)	8,539,956
Balance at 1 July 2024		43,928,522	5,445,677	(40,834,243)	8,539,956
Loss for the year		-	-	(8,573,660)	(8,573,660)
Other comprehensive loss	23	-	-	-	-
Total comprehensive loss for the year		-	-	(8,573,660)	(8,573,660)
Transactions with owners of the Company					
Shares issued	22	4,601,987	-	-	4,601,987
Transaction costs on issued shares	22	(894,436)	-	-	(894,436)
Share options and warrants exercised	22	2,749,637	-	-	2,749,637
Share capital warrant premium	22	863,160	-	-	863,160
Share based payments	23	-	1,621,771	-	1,621,771
		7,320,348	1,621,771	-	8,942,119
Balance at 30 June 2025		51,248,870	7,067,448	(49,407,903)	8,908,415

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

Graphene Manufacturing Group Ltd
Consolidated Statement of Cash Flows
For the years ended 30 June 2025 and 2024

Consolidated Statement of Cash Flows

	Note	2025 A\$	2024 A\$
Operating activities			
Receipts from customers and government subsidies (Inc. GST)		261,549	290,521
Payments to suppliers and employees (Inc. GST)		(8,375,607)	(12,704,299)
Research and development tax incentive received		2,847,866	2,579,757
Joint development income received		1,485,000	4,950,000
Interest received		32,140	6,404
Interest paid		(80,501)	(110,864)
Net cash from / (used in) operating activities	28	(3,829,553)	(4,988,481)
Investing activities			
Acquisition of property, plant and equipment		(756,090)	(2,403,251)
Acquisition of intangibles		(130,443)	(301,351)
Net cash from / (used in) investing activities		(886,533)	(2,704,602)
Financing activities			
Proceeds from issue of shares	22	4,601,987	5,430,152
Proceeds from issue of share warrants	19	2,722,689	2,374,302
Proceeds from exercise of share options	22	296,600	223,762
Proceeds from exercise of share warrants	22	2,453,037	802,022
Share and share warrant issue transaction costs		(1,097,240)	(1,278,121)
Repayment of Borrowings		(125,086)	(59,846)
Payment of lease liabilities		(508,223)	(404,041)
Net cash from / (used in) financing activities		8,343,764	7,088,230
Net increase / (decrease) in cash and cash equivalents		3,627,678	(604,853)
Cash and cash equivalents at beginning of year		3,982,205	4,647,644
Net foreign exchange gain / (loss) on cash held		98,138	(60,586)
Cash and cash equivalents at end of year	11	7,708,021	3,982,205

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

Graphene Manufacturing Group Ltd
Notes to the consolidated financial statements
For the years ended 30 June 2025 and 2024

1. Reporting entity

Graphene Manufacturing Group Ltd (“**GMG**” or the “**Company**”) and its subsidiaries (collectively, the “**Group**”) is a for-profit company primarily involved in the development of technology and manufacture of graphene powder and energy saving and energy storage solutions enabled by graphene. The Company is a limited liability company incorporated and domiciled in Australia, and whose shares are publicly traded on the TSX Venture Exchange (the “**TSXV**”) and traded over the counter on the OTCQX® Best Market (The “**OTCQX**”).

2. Basis of preparation

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with International Financial Reporting Standards and International Accounting Standards as issued by the International Accounting Standards Board (“**IASB**”) and Interpretations (collectively “**IFRS Accounting Standards**” or “**IFRS**”). They were authorised for issue by the Board of Directors on 30 September 2025.

These consolidated financial statements have been prepared on a historical cost basis, except for those assets held at fair value (refer to note 4(c)). Details of the Group’s accounting policies are included in Note 33. Changes to material accounting policies are described in Note 5.

(a) Going concern

The consolidated financial statements have been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of operations.

For the year ended 30 June 2025, the Group incurred a loss of \$8,573,660 after income tax and net cash used in operating activities of \$3,829,553. At 30 June 2025, the Group had net current assets of \$4,154,123.

The ability of the Group to continue as a going concern is principally dependent upon current cash funding held and the ability to raise additional capital or secure other forms of financing, as and when necessary to meet the levels of expenditure required for the Group. This is required to continue its ongoing development and commercialisation of energy saving and energy storage solutions and to meet the Group’s working capital requirements. In addition to this, the Group is dependent on the ability to commercialise its products to generate sustainable, sufficient operating cash flows.

These conditions give rise to material uncertainty which may cast significant doubt over the Group’s ability to continue as a going concern.

Whilst acknowledging these uncertainties, the Directors have concluded that the going concern basis of preparation of the consolidated financial statements is appropriate considering the following circumstances:

- As at 30 June 2025, the Group had cash on hand of \$7,708,021, which together with the funds which could be received from warrants and options is sufficient to meet the ongoing corporate costs and expected project expenditure in the short to medium term;
- As at the date of this report there are 2,903,483 options and 21,810,804 warrants on issue with exercise prices ranging from AUD\$0.36 to AUD\$3.68. If exercised these could raise up to \$36,919,841 in additional capital. Of these, 1,374,135 options and 2,627,000 warrants are considered “in the money”, amounting to potential proceeds of \$2,332,852.
- Since June 2025, there has been approximately A\$803,422 of warrants exercised.
- On 11 July 2025 the Company entered into an equity distribution agreement (the “Distribution Agreement”) to provide additional working capital if required. Pursuant to the Distribution Agreement, the Company is entitled to sell such number of ordinary shares that would result in aggregate gross proceeds of up to C\$20million.
- On 4 September 2025, the Company completed a bought deal offering of 7,666,667 units at a price of \$0.90 per unit for aggregate gross proceeds of C\$6.9m, which includes the exercise in full of the underwriter’s over-allotment option for 1,000,000 units.

Graphene Manufacturing Group Ltd
Notes to the consolidated financial statements
For the years ended 30 June 2025 and 2024
(continued)

2. Basis of preparation (continued)

(a) Going concern (continued)

- To the extent required, the Company has capacity under the TSXV Listing Rules to raise further funds through the issue or placement of securities and currently has a Base Shelf Prospectus readily available on SEDAR+ for this purpose.

Should the Group be unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial report. This financial report does not include any adjustments related to the recoverability and classification of recorded asset amounts or classification of liabilities and appropriate disclosures that may be necessary should the Group be unable to continue as a going concern.

3. 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 Group's functional and presentation currency is Australian dollars.

(a) Foreign currency transactions and balances

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").

4. Use of judgements and estimates

In preparing these consolidated 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.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

(a) Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the consolidated financial statements is included in the following notes:

- Going concern (note 2(a)) – whether there are material uncertainties that may cast significant doubt on the Group's ability to continue as a going concern;
- Revenue recognition (note 7(c)) – whether revenue from energy saving and energy storage solutions is recognised over time or at a point in time;
- Joint development Income (note 8(a)) – whether the income from the joint development agreement meets the definition of revenue from contracts with customers, or is a collaboration agreement accounted for as other income.
- Research and development tax incentive (note 8(a)) – whether receipt is reasonably assured at the time of lodging the Group's Income Tax Return.
- Inventories (note 13) – whether the net realisable value is greater than the carrying value; and
- Lease term (note 18) – whether the Group is reasonably certain to renew the lease term.

Graphene Manufacturing Group Ltd
Notes to the consolidated financial statements
For the years ended 30 June 2025 and 2024
(continued)

4. Use of judgements and estimates (continued)

(b) Estimates

Information about assumptions and estimation uncertainties at 30 June 2025 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year are included in the following notes:

- Deferred tax assets recognition (note 9(e)) – availability of future taxable profit against which deductible temporary differences and tax losses carried forward can be utilised;
- Financial liabilities (note 19) – key assumptions underlying the basis of measurement of warrant liabilities, valued using the Black-Scholes option pricing model;
- Provisions (note 21) – recognition and measurement of provisions: key assumptions about the likelihood and magnitude of an outflow of resources; and
- Intangible assets impairment test (note 33(a)) – key assumptions underlying recoverable amounts.

(c) 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 Group 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.

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.

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 the following notes:

- Note 19 – financial liabilities; and
- Note 25 – financial instruments.

Graphene Manufacturing Group Ltd
Notes to the consolidated financial statements
For the years ended 30 June 2025 and 2024
(continued)

5. Changes in material accounting policies

(a) New standards, interpretations and amendments adopted

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2024 (unless otherwise stated). The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Liability in a Sale and Leaseback – Amendments to IFRS 16 Leases

The amendments to IFRS 16 *Leases* clarify that where a sale and leaseback transaction qualifies to be recognised as a sales transaction under IFRS 15 *Revenue from Contracts with Customers*, the seller-lessee must subsequently measure its lease liability from the sale and leaseback transaction in such a way that it recognises no gain or loss related to the right of use it retains.

These amendments have no effect on the measurement or presentation of any items in the consolidated financial statements of the Group.

Classification of Liabilities as Current or Non-Current – Amendments to IAS 1 Presentation of Financial Statements

The IAS 1 amendments clarify that a liability is classified as current or non-current based on whether the entity has a substantive right to defer settlement for at least 12 months after the reporting period, regardless of management's intentions or expectations.

The amendments had no impact on the Group's consolidated financial statements.

Non-current Liabilities with Covenants – Amendments to IAS 1 Presentation of Financial Statements

The amendments to IAS 1 Presentation of Financial Statements regarding non-current liabilities with covenants clarify how entities should classify and disclose such liabilities. Specifically, the amendments state that covenants which an entity must comply with only after the reporting date do not affect the classification of a liability as current or non-current at that date. Instead, entities must present non-current liabilities subject to these covenants separately in the balance sheet and provide disclosures in the notes about the nature and timing of the covenants, whether the entity would have complied with them at the reporting date, and whether and how it expects to comply in future periods.

The amendments had no impact on the Group's consolidated financial statements.

Supplier Finance Arrangements – Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures

The amendments to IAS 7 *Statement of Cash flows* and IFRS 7 *Financial Instruments: Disclosures* introduces new disclosures to increase the level of transparency about companies' supplier finance arrangements.

The amendments had no impact on the Group's consolidated financial statements.

(b) New standards, interpretations and amendments not yet effective

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the Group has decided not to adopt early.

The following amendments are effective for the period beginning 1 January 2025:

- Lack of Exchangeability (Amendments to IAS 21 *The Effects of Changes in Foreign Exchange Rates*)

5. Changes in material accounting policies (continued)

(b) New standards, interpretations and amendments not yet effective (continued)

The following amendments are effective for the period beginning 1 January 2026:

- Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 *Financial Instruments*)
- Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7)

The following amendments are effective for the period beginning 1 January 2027:

- IFRS 18 *Presentation and Disclosure in Financial Statements*
- IFRS 19 *Subsidiaries without Public Accountability: Disclosures*

The Group is currently assessing the impact of these new accounting standards and amendments. The Group does not expect any other standards issued by the IASB, but are yet to be effective, to have a material impact on the Group.

6. 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 the operations is not at a stage where there are multiple product lines with all sales coming from energy saving and energy storage solutions mainly in Australia. Assets are all based in Australia.

Graphene Manufacturing Group Ltd
Notes to the consolidated financial statements
For the years ended 30 June 2025 and 2024
(continued)

2025	2024
A\$	A\$

7. Revenue from contracts with customers

Sale of goods ⁽ⁱ⁾	109,403	70,011
Services ⁽ⁱⁱ⁾	128,269	224,848
	<u>237,672</u>	<u>294,859</u>

(i) Comprises of Thermal-XR and G-Lubricant product sales
(ii) Comprises of Thermal-XR coating services

(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	237,672	139,748
Over time	-	155,111
	<u>237,672</u>	<u>294,859</u>

(b) Contract balances

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers.

A\$	Note	2025	2024
Receivables, which are included in 'trade and other receivables'	12	89,721	105,106
Contract assets		-	-
Contract liabilities		(5,919)	(21,100)

The contract assets primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date. Contract liabilities relate to the Group's ability to bill for work not yet performed at reporting date.

A\$	Contract assets		Contract liabilities	
	2025	2024	2025	2024
At 1 July	-	14,728	(21,100)	(126,000)
Revenue recognised from contracts in progress	-	74,210	-	-
Transfers from contract assets to trade receivables	-	(88,938)	-	-
Amounts included in contract liabilities that was recognised as revenue during the period	-	-	22,066	126,000
Unearned revenue recognised where performance obligation is pending completion	-	-	(6,885)	(21,100)
At 30 June	-	-	(5,919)	(21,100)

No information is provided about remaining performance obligations at 30 June 2025 and 2024 that have an original expected duration of one year or less, as allowed by IFRS 15.

7. Revenue from contracts with customers (continued)

(b) Contract balances (continued)

Accounting policy for contract balances

Contract assets

A contract asset is initially recognised for revenue earned from installation services because the receipt of consideration is conditional on successful completion of the installation. Upon completion of the installation and acceptance by the customer, the amount recognised as contract assets is reclassified to trade receivables.

Contract assets are subject to impairment assessment. Further information on the accounting policy for impairment of financial assets is detailed in note 25.

Contract liabilities

A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

(c) Performance obligations and revenue recognition

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with the customer. Revenue from contracts with customers is measured at its transaction price, being the amount of consideration which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, net of goods and service tax, returns, rebates and discounts. Transaction price is allocated to each performance obligation on the basis of the relative standalone selling prices of each distinct good or services promised in the contract. Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time.

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Notes to the consolidated financial statements
For the years ended 30 June 2025 and 2024
(continued)

7. Revenue from contracts with customers (continued)

(c) Performance obligations and revenue recognition (continued)

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

Type of product/service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policies
Sale of goods – including Energy Savings products	<p>Sales of products can be either to domestic (Australia) or international customers. Customer agreements may vary according to the terms of the individual sales contract, whereby transfer of control of the products to the customer may occur upon either shipment or delivery receipt.</p> <p>Invoices are generated at the time of shipment and revenue is recognised at that point in time. Invoices are usually payable within 30 days.</p>	<p>Revenue from the sale of goods is recognised when the Group has satisfied the performance obligations under the contract, which is typically at the point the customer obtains control of the products.</p> <p>Where a performance obligation is subject to delivery or receipt of goods, a corresponding adjustment to recognise the deferred revenue is recorded and included in contract liabilities.</p>
Energy Savings Application Service	<p>Application services apply to some Energy Savings products. Dependent on the size, scale and transportability of the equipment that the products are being applied to, the services may be carried out at the customer's or the Company's premises. As contracts vary according to the customer's requirements, and subject to the size of the project and contract term, all work in progress is monitored in accordance with the stage of service completion.</p> <p>Invoices are issued according to contractual terms and are usually payable within 30 days. Un-invoiced amounts are presented as contract assets.</p>	<p>Revenue from the provision of services is recognised when the Company has satisfied the performance obligations under the contract, which is typically at the point the customer obtains control of the products.</p> <p>Where a performance obligation is subject to completion, a corresponding adjustment to recognise the deferred revenue is recorded and included in contract liabilities.</p>
Sales distribution agreements	<p>Sales distribution agreements entered into by the Company are for the purpose of accelerating commercialisation of the Company's products in the market, with prompt payment discounts available on payment terms, subject to conditions.</p>	<p>Revenue recognition for the sales of goods and provision of services above also applies to revenue generated through sales distribution agreements.</p>

Warranty obligations

Some goods sold by the Group include warranties which require the Group to either replace or mend a defective product during the warranty period if the goods fail to comply with agreed-upon specifications. In accordance with IFRS 15, such warranties are not accounted for as separate performance obligations and hence no revenue is allocated to them. Instead, a provision is made for the costs of satisfying the warranties in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*.

For the years ended 30 June 2025 and 2024, no provision for warranty has been recognised as its impact is considered negligible to the consolidated financial statements. The Group will continue to reassess this in conjunction with the realisation of future sales.

Graphene Manufacturing Group Ltd
Notes to the consolidated financial statements
For the years ended 30 June 2025 and 2024
(continued)

2025	2024
A\$	A\$

8. Income and expenses

(a) Other income

Research and development tax incentive	1,997,992	2,847,866
Joint development income	2,475,000	3,000,000
Foreign exchange gains	144,517	43,554
Other income	9,446	1,035
Interest income	32,140	6,404
	4,659,095	5,898,859

Other income is recognised using the methods outlined below:

Research and development tax incentive

The Research and Development tax incentive represents a refundable tax offset of 43.5% for eligible expenditure in relation to R&D activities within the Group. Income is recognised in the financial year the eligible expenditure was incurred.

Joint development income

Joint development income relates to income received as a result of collaboration agreements where the Group has agreed to work collaboratively with another entity to develop or improve energy storage solutions over a period of time. Income is recognised on a straight-line basis over the collaboration period.

Interest income

Interest income is recognised using the effective interest method.

2025	2024
A\$	A\$

(b) Other expenses

Other expenses include the following items:

Insurance	294,470	346,229
Testing and quality control	172,161	194,618
Filing fee expenses	52,446	70,215
Information technology expenses	168,080	162,367
Transaction costs – financial instruments	307,549	182,863
Freight and courier	29,730	29,282
Marketing	94,993	125,933
Share registry expenses	40,159	34,523
Advertising	57,316	-
Subscriptions	58,574	51,985
Other operating expenses	115,497	99,528
	1,390,975	1,297,548

(c) Finance costs

Interest expense – lease liabilities	76,455	106,144
Foreign exchange losses	54,541	108,003
Finance and other interest charges	19,031	15,599
	150,027	229,746

Graphene Manufacturing Group Ltd
Notes to the consolidated financial statements
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(continued)

	2025 A\$	2024 A\$
9. Income tax expense		
(a) Income tax expense		
Current tax	-	-
Income tax expense	-	-
(b) Numerical reconciliation of income tax benefit to prima facie tax payable		
Loss from continuing operations before income tax	(8,573,660)	(7,400,878)
Tax at the Australian tax rate of 25%	(2,143,415)	(1,850,220)
Tax effect of amounts which are not taxable in calculating taxable income:		
Research and development expenditure	1,148,153	1,636,705
Share based payment expense	349,709	241,157
Sundry Items	(171,645)	(142,808)
R&D tax incentive	(499,498)	(711,966)
Change in fair value of warrants	205,294	(387,515)
Subtotal	(1,111,402)	(1,214,647)
Unrecognised tax losses and temporary differences movement	1,111,402	1,214,647
Income tax expense/(benefit)	-	-
(c) Tax losses		
Unused tax losses for which no deferred tax asset has been recognised:		
Current year	5,618,486	4,297,521
Prior year/s	19,566,380	15,057,601
Potential tax benefit @ 25%	6,296,217	4,838,781
The unused tax losses were incurred by the Company and there is uncertainty on when the Company is likely to generate taxable income in the foreseeable future. They can be carried forward indefinitely. See note 9(e)(ii) for information about recovery of deferred tax assets and significant judgements made in relation to them.		
(d) Unrecognised temporary differences		
Temporary differences for which deferred taxes have not been recognised:		
Section 40-880 (off balance sheet)	32,809	157,185
Fixed assets	(80,905)	(96,190)
Superannuation payable	25,098	23,734
Unrealised foreign exchange gains	15,090	15,090
Other accruals	22,454	12,093
Provision for employee entitlements	74,565	58,521
Provision for make good	140,763	62,500
Right of use assets	(226,933)	(308,824)
Lease liabilities	193,498	306,612
Deferred income	-	281,250
Tax losses	6,296,217	4,838,781
Unrecognised deferred tax asset relating to the above temporary differences	6,453,893	5,350,752

Graphene Manufacturing Group Ltd
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(continued)

9. Income tax expense (continued)

(d) Unrecognised temporary differences (continued)

Unrecognised deferred tax asset relating to s40-880 through equity	404,238	362,318
Total unrecognised net deferred tax assets	6,858,131	5,713,070

(e) Income tax accounting policy

Income tax expense or benefit comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

(i) Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of the current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

(ii) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investment in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Company. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflects uncertainty related to income taxes, if any.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met.

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Notes to the consolidated financial statements
For the years ended 30 June 2025 and 2024
(continued)

10. Earnings per share

Basic earnings or loss per share (“EPS”) calculations have been based on the following loss attributable to ordinary equity holders divided by the weighted average number of ordinary shares outstanding.

Diluted EPS calculations have been based on the following loss attributable to ordinary equity holders and weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares.

Due to the net loss recognised for the years, and the ongoing non-cash impact on profit and loss due to the change in the fair value of warrants, to ensure consistency and relevance of reporting, all outstanding stock options, warrants, broker warrants, restricted and performance share units were excluded from the calculation of diluted EPS due to their anti-dilutive effect.

<i>In Australian dollars (\$) unless otherwise stated</i>	2025 A\$	2024 A\$
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Basic and diluted EPS (\$)	(0.0871)	(0.0865)
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Loss attributable to ordinary equity holders of the Company for basic earnings – continuing operations	(8,573,660)	(7,400,878)
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Loss attributable to ordinary equity holders of the Company adjusted for the effect of dilution	(8,573,660)	(7,400,878)
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	2025 Number	2024 Number
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(a) Weighted average number of ordinary shares (“WANOS”)

WANOS used in basic and diluted EPS	98,400,161	85,577,874
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Items excluded from the diluted weighted average number of ordinary shares calculation as their effect would have been anti-dilutive:

Stock options	3,035,483	5,149,348
Warrants	13,705,556	12,680,656
Broker warrants	1,208,515	788,395
Restricted and performance share units	2,874,897	1,130,406
	20,824,451	19,748,805

	2025 A\$	2024 A\$
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11. Cash and cash equivalents

Cash at bank	7,416,561	3,690,745
Term deposits	291,460	291,460
	7,708,021	3,982,205

Accounting policy for cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

Graphene Manufacturing Group Ltd
Notes to the consolidated financial statements
For the years ended 30 June 2025 and 2024
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2025	2024
A\$	A\$

12. Trade and other receivables

Trade and other receivables	89,933	105,319
Goods and services tax receivable	27,041	28,345
	116,974	133,664

Accounting policy for trade and other receivables

Trade and other receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days and are therefore all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade and other receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of sales over a period of 36 months and the corresponding historical credit losses experienced within this period.

Further information regarding credit risk and impairment is provided in note 25.

2025	2024
A\$	A\$

13. Inventories

Energy saving products	372,675	352,088
Graphene powder	236,489	133,347
Critical Spares	661,458	7,183
	1,270,622	492,618

Accounting policy for inventories

Inventory is recorded at the lower of cost and net realisable value. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

2025	2024
A\$	A\$

14. Other current assets

Prepayments	347,315	598,790
Other assets	-	8,720
	347,315	607,510

Prepayments comprises mainly payments made in advance for insurance related to the Company and its operations.

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(continued)

15. Property, plant and equipment

	Right-of-use (i)(ii)	Property, plant and equipment			
	Leased buildings A\$	Plant and equipment (iii) A\$	Leasehold improvements A\$	Capital work in progress (iv) A\$	Total A\$
Cost					
At 1 July 2023	1,684,028	2,360,358	535,595	1,897,088	6,477,069
Additions	318,065	56,824	-	2,702,864	3,077,753
Disposals	-	(777,418)	(6,645)	-	(784,063)
Transfers	-	2,430,174	239,544	(2,756,503)	(86,785)
At 30 June 2024	2,002,093	4,069,938	768,494	1,843,449	8,683,974
Additions	360,900	23,268	-	95,807	479,975
Disposals	(318,065)	(43,029)	-	-	(361,094)
Transfers	-	243,131	3,397	(335,466)	(88,938)
At 30 June 2025	2,044,928	4,293,308	771,891	1,603,790	8,713,916
Accumulated depreciation					
At 1 July 2023	336,806	1,655,382	100,000	-	2,092,188
Depreciation	495,838	937,948	116,493	-	1,550,279
Disposals	-	(747,373)	(6,645)	-	(754,018)
At 30 June 2024	832,644	1,845,957	209,848	-	2,888,449
Depreciation	676,288	596,098	126,570	-	1,398,955
Disposals	(318,065)	(8,302)	-	-	(326,367)
At 30 June 2025	1,190,867	2,433,752	336,418	-	3,961,037
Net book value					
At 30 June 2024	1,169,449	2,223,981	558,646	1,843,449	5,795,525
At 30 June 2025	854,061	1,859,556	435,473	1,603,790	4,752,879

- (i) Right-of-use ("ROU") asset recognised in respect of the Company's head office and warehouse leased premises in Brisbane, Australia, as disclosed in note 18, with the corresponding lease accounting policy as described in note 29.
- (ii) A reassessment of the make good for Unit 4 and Unit 5 Richlands Queensland was completed for the year ended 30 June 2025 and required an increase of \$360,900 to the make good provision and corresponding ROU asset, as disclosed in note 21.
- (iii) Plant and equipment cost includes \$24,246 of leased office equipment and \$56,822 of leased plant manufacturing equipment recognised as a ROU asset as the lease terms exceed 12 months.
- (iv) Capital works in progress at 30 June includes \$197,505 of costs incurred to file global patents & trademarks relating to processes that are not yet enforceable.

Accounting policy for property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated using the diminishing value and straight-line methods to allocate the net cost of the assets over their estimated useful lives or, in the case of leasehold improvements, the shorter lease term as follows:

- Plant and equipment 1 - 10 years
- Leasehold improvements 1 - 20 years
- Right-of-use assets 5 – 6 years

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(continued)

15. Property, plant and equipment (continued)

The residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting year.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Group. Gains and losses between the carrying amount and any disposal proceeds are taken to profit or loss.

16. Intangible assets

	Patents, trademarks and other rights A\$	Computer software A\$	Total A\$
Cost			
At 1 July 2023	2,066,176	35,111	2,101,287
Additions	1,738	-	1,738
Transfers	86,784	-	86,784
At 30 June 2024	2,154,698	35,111	2,189,809
Disposals	(13,897)	-	(13,897)
Transfers	88,939	-	88,939
At 30 June 2025	2,229,740	35,111	2,264,851
Accumulated amortisation			
At 30 June 2023	376,530	8,306	384,836
Amortisation	420,477	6,674	427,151
At 30 June 2024	797,007	14,980	811,987
Amortisation	421,509	6,442	427,951
Disposal	(1,556)	-	(1,556)
At 30 June 2025	1,216,960	21,422	1,238,382
Net book value			
At 30 June 2024	1,357,691	20,131	1,377,822
At 30 June 2025	1,012,780	13,689	1,026,469

Accounting policy for intangible assets

(a) Patents, trademarks and licences

Separately acquired patents, trademarks and other rights, including licences, are shown at historical cost. Trademarks, licences and customer contracts acquired in a business combination are recognised at fair value at the acquisition date. They have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses.

(b) Computer software

Costs associated with maintaining software programmes and the company website are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets. Capitalised website and development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use.

(c) Research and development

Research expenditure and development expenditure are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent year.

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(continued)

16. Intangible assets (continued)

(d) Amortisation

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives and is generally recognised in profit or loss. The estimated useful lives for the current and comparative periods are as follows:

- Patents, trademarks and other rights 1 - 10 years
- Computer software 1 - 5 years

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

	2025 A\$	2024 A\$
17. Trade and other payables		
Trade payables	619,950	147,925
Accrued expenses	412,982	497,878
Other payables	100,392	94,937
Deferred income (note 8a – Joint Development Income)	-	1,125,000
	1,133,324	1,865,739

Refer to note 25 for further information on financial instruments.

Accounting policy for trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

Deferred income

Deferred income represents the Group's obligation to work collaboratively with another entity and is recognised as joint development income when that collaboration occurs, or on a straight-line basis over the collaboration period, which ever best represents the nature of the agreement.

	2025 A\$	2024 A\$
18. Lease liabilities		
Maturity analysis of contractual undiscounted cash flows:		
Within one year	398,601	534,462
Between one and five years	439,340	829,928
More than five years	-	-
	837,941	1,364,390
Lease liabilities included in the statement of financial position:		
Current	354,733	458,727
Non-current	419,260	767,722
	773,993	1,226,449

Right-of-use asset and lease liability

In January 2024, the Company entered into a five-year lease agreement for a liquid nitrogen storage tank. A lease liability of \$56,822 has been recognised along with a corresponding right-of-use asset, as disclosed in note 15.

Graphene Manufacturing Group Ltd
Notes to the consolidated financial statements
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(continued)

	2025	2024
Note	A\$	A\$
19. Financial liabilities		
Warrant liabilities:		
Traded warrants	396,983	211,051
Non-traded warrants	6,069,266	3,574,495
	19(a) 6,466,249	3,785,546
Transaction costs	(928,940)	(810,750)
Carrying amount of warrant liabilities	5,537,309	2,974,796

Refer to note 25 for further information on financial instruments.

Accounting policy for derivative financial liabilities

Derivatives are initially recognised at their fair value on the date the derivative contract is entered into and transaction costs are expensed. The Company's derivatives are subsequently re-measured at their fair value at each statement of financial position date with changes in fair value recognised in net income or loss.

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to their host contracts.

(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 the Company's traded warrants, and the Black-Scholes option pricing model for non-traded warrants.

The changes in the Company's outstanding warrant liability during the years ended 30 June 2025 and 2024 were as follows:

	2025	2024
	A\$	A\$
At 1 July	3,785,546	3,035,752
Issued during the year	2,722,689	2,374,302
Exercised	(863,160)	(74,450)
Expired	-	-
Fair value adjustment	821,174	(1,550,058)
At 30 June	6,466,249	3,785,546

Further details of the warrants issued are disclosed in note 22(e).

Graphene Manufacturing Group Ltd
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(continued)

19. Financial liabilities (continued)

(a) Warrant liability (continued)

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:

	30 June 2025	30 June 2024
Share price	C\$0.60	C\$0.65
Exercise price	C\$0.55 – C\$3.35	C\$0.55 – C\$3.35
Expected volatility	159.75%	81.4%
Expected life (years)	1.42 – 2.85	0.18 – 3.85
Risk-free interest rate	3.21% - 3.26%	4.07% - 4.15%

Traded warrants

At 30 June 2025, the fair value of traded warrants was based on the market price per warrant at the reporting date. For the Marketed Offering warrants issued on 16 August 2023 trading under the ticker of GMG-WT-A, the price was C\$0.35 (2024 C\$0.18) per warrant at the end of the reporting period.

	2025 A\$	2024 A\$
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20. Employee benefit liabilities

Liabilities for employee benefits below and comprise:

Annual leave liability	249,366	185,962
Long service leave liability	48,895	48,122
	298,261	234,084

Accounting policy for employee benefits

(a) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The annual leave liabilities are presented as current employee benefit obligations in the balance sheet. The liabilities relating to wages and other employee related payables are presented as current other payables in the balance sheet.

(b) Other long-term employee benefit obligations

The liabilities for long service leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. It is measured as the probability of expected payments to be made in respect of services provided by employees up to the reporting date. The liability is recognised as a non-current liability in the balance sheet. Remeasurements as a result of experience adjustments are recognised in profit or loss.

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Notes to the consolidated financial statements
For the years ended 30 June 2025 and 2024
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21. Provisions

	2025 A\$	2024 A\$
Lease Provision		
At 1 July	250,000	218,916
Raised during the year	360,900	50,000
Utilised	(47,849)	(1,197)
Released in year	-	(17,719)
At 30 June	563,051	250,000
Categorised as:		
Current	6,151	-
Non-current	556,900	250,000

Lease provision

A reassessment of the make good for Unit 4 and Unit 5 Richlands Queensland was completed for the year ended 30 June 2025 and required an increase to the make good provision of \$360,900 with a corresponding increase to the right-of-use asset, as disclosed in note 15.

Restoration of the premise at Unit 6A Richlands Queensland occurred during the year ended 30 June 2025 as per the lease agreement. Complete transfer of the premise was not until July 2025.

For the year ended 30 June 2024, the Spine Street premise provision for make good was released, largely due to negotiated early exit and transfer of lease.

Accounting policy for provisions

Provisions are recognised when the Company has a present (legal or constructive) obligation as a result of a past event, it is probable the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

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For the years ended 30 June 2025 and 2024
(continued)

22. Share capital

	Note	2025 Number	2025 A\$	2024 Number	2024 A\$
Ordinary shares		107,939,244	51,248,870	94,642,421	43,928,522
(a) Movement in ordinary shares					
At 1 July		94,642,421	43,928,522	82,044,234	38,089,878
Shares issued – Marketed Offering	(i)	-	-	2,029,412	3,254,423
Shares issued – Marketed Offering	(ii)	-	-	8,280,000	2,175,729
Shares issued – OzKem Transaction	(iii)	-	-	125,206	500,000
Shares issued – ATM	(iv)	1,074,500	921,487	-	-
Shares issued – Bought Deal	(v)	7,245,000	3,680,500	-	-
Share options exercised	(vi)	819,295	296,600	375,000	223,762
Warrants exercised	(vii)	4,038,500	2,453,037	1,467,100	802,022
RSUs exercised	(viii)	119,528	-	321,469	-
Transaction costs for issued shares		-	(894,436)	-	(1,191,742)
		107,939,244	50,385,710	94,642,421	43,854,072
Share capital warrant premium		-	863,160	-	74,450
At 30 June		107,939,244	51,248,870	94,642,421	43,928,522

(i) Share issue – Marketed Offering

On August 16, 2023, 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 2,029,412 Offering Units were sold at a price of C\$1.70 per Offering Unit (the “**Offering Price**”) for gross proceeds of approximately C\$3.45 million. Each Offering Unit is comprised of one ordinary share in the capital of the Company (each, an “**Ordinary Share**”) and one-half of an Ordinary Share purchase warrant (each, an “**Offering Warrant**”). Each Offering Warrant entitles the holder to purchase one Ordinary Share at C\$2.20 at any time until August 16, 2027.

The TSX Venture Exchange also accepted for listing the 1,014,706 Offering Warrants underlying the Offering Units issued pursuant to the Offering. GMG share warrants trade on TSXV under the ticker “GMG.WT.A”.

(ii) Share issue – Marketed Offering

On May 7, 2024, GMG completed a marketed public offering of units (the “**Units**”) of the Company, including exercise in full of the over-allotment option (the “**Offering**”). A total of 8,280,000 Units were sold at a price of C\$0.42 per Unit for gross proceeds of approximately C\$3.47 million. Each Unit is comprised of one ordinary share of the Company (each, an “**Ordinary Share**”) and one ordinary share purchase warrant (each, a “**Warrant**”). Each Warrant shall entitle the holder to purchase one ordinary share of the Company (a “**Warrant Share**”) at an exercise price of C\$0.55 per Warrant Share at any time until May 7, 2028, subject to adjustment in certain events. The Offering was completed pursuant to an underwriting agreement dated April 30, 2024, between the company and Ventum Financial Corp. (formerly PI Financial Corp.) (the “**Underwriter**”).

(iii) Share issue - OzKem Transaction

On 15 August 2022, GMG and OzKem Pty Ltd (“**OzKem**”) signed a binding agreement for GMG to acquire the manufacturing intellectual property and brand rights of OzKem’s THERMAL-XR® coating products for a cash consideration of \$1 million, in addition to \$1 million in ordinary shares of GMG (the “**OzKem Transaction**”). GMG paid OzKem an initial A\$1 million cash and issued 125,207 ordinary shares of GMG (“**Shares**”) to OzKem upon the receipt of certain deliverables and equipment from OzKem on 8 September 2022 and 22 September 2022 respectively.

GMG issued an additional 125,206 Shares (the “**Additional Shares**”) to OzKem, upon successful commercial batch blend of the THERMAL XR® produced by GMG on 28 August 2023.

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For the years ended 30 June 2025 and 2024
(continued)

22. Share capital (continued)

(a) Movement in ordinary shares (continued)

(iv) Share issue – ATM

On October 11, 2024, the Company announced that during the quarterly period ended September 30, 2024, the Company issued a total of 208,000 Ordinary Shares on the TSX Venture Exchange (the “TSXV”) at an average price of C\$0.6759 per share under the ATM Program, providing gross proceeds of C\$140,580.70 (A\$153,680). Commissions of C\$4,217.42 (A\$4,610) were paid to the Agent in relation to these distributions.

On April 25, 2025, the company further announced that during the quarterly period ended March 31, 2025, the Company issued a total of 866,500 Ordinary Shares on the TSX Venture Exchange (the “TSXV”) at an average price of C\$0.7965 per share under the ATM Program, providing gross proceeds of C\$690,196.80 (A\$767,807). Commissions of C\$20,705.90 (A\$23,034) were paid to the Agent in relation to these distributions

(v) Share issue – Bought Deal

On March 20, 2025, GMG completed a bought deal offering of 7,245,000 units at a price of C\$0.80 per Unit for gross proceeds of C\$5.796 million. Each Unit consisted of one common Share and one warrant. Each warrant entitles the holder to purchase one common Share for a period of 36 months at C\$1.10.

(vi) Share options exercised

Shares issued upon the exercise of options allocated under the Stock Option Plan detailed in note 24(a).

(vii) Warrants exercised

Shares issued upon the exercise of warrants detailed in note 22(e).

(viii) Restricted share units (“RSUs”) exercised

Shares issued upon the exercise of RSUs detailed in note 24(e).

(b) Ordinary shares

Ordinary shares are classified as equity. Holders of these shares are entitled to dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company. All ordinary shares rank equally with regard to the Company’s residual assets.

Incremental costs directly attributable to the issue of ordinary shares or options are recognised as a deduction from equity. Income tax relating to transaction costs of an equity transaction is recognised in equity or in OCI.

Proceeds related to the issuance of units are allocated between share capital and warrants on a relative fair value basis where warrants are classified as equity instruments. For warrants classified as financial liabilities, the fair value of the warrants is determined with the residual amount allocated to share capital.

(c) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Company, on or before the end of the reporting year but not distributed at the end of the reporting year.

(d) Capital management

For the purpose of the Company’s capital management, capital includes share capital, options, warrants, restricted and performance share units and all other equity reserves.

The Company’s objectives when managing capital are to:

- safeguard the Company’s ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- maintain an optimal capital structure to reduce the cost of capital.

Graphene Manufacturing Group Ltd
Notes to the consolidated financial statements
For the years ended 30 June 2025 and 2024
(continued)

22. Share capital (continued)

(d) Capital management (continued)

The Company sets the amount of capital it requires in proportion to risk. The Company manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt, where applicable.

The Company is not funded by debt, and therefore is not subject to externally imposed capital requirements that result in debt covenant ratio types of monitoring. Instead, the Company manages its capital, including shares, options, warrants, restricted and performance share units, together with the current and anticipated (reduction in tax payable) funding levels in order to achieve its stated objectives.

(e) Warrants

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

Issue date	Expiry date	Note	Exercise price	30 June 2025	30 June 2024
2 September 2021	2 September 2024	(i)	C\$2.60	-	1,994,100
2 September 2021	2 September 2024	(ii)	C\$2.05	-	16,180
2 September 2021	2 September 2024	(iii)	C\$2.60	-	187,500
2 September 2021	2 September 2024	(iv)	C\$2.14	-	5,760
9 November 2021	2 September 2024	(v)	C\$2.60	-	2,335
30 November 2022	30 November 2026	(vi)	C\$3.35	2,091,850	2,091,850
30 November 2022	30 November 2024	(vii)	C\$2.75	-	62,755
16 August 2023	16 August 2027	(viii)	C\$2.20	1,014,706	1,014,706
16 August 2023	16 August 2027	(ix)	C\$1.70	121,765	121,765
7 May 2024	7 May 2028	(x)	C\$0.55	3,354,000	7,392,500
7 May 2024	7 May 2028	(xi)	C\$0.55	579,600	579,600
20 March 2025	20 March 2028	(xii)	C\$1.10	7,245,000	-
20 March 2025	20 March 2028	(xiii)	C\$0.80	507,150	-
Total				14,914,071	13,469,051

(i) *Warrants – Marketed Offering*

These warrants were issued in connection with the marketed public offering on 2 September 2021. A total of 2,817,500 warrants were originally issued, trading on the TSXV under the ticker “GMG-WT”

(ii) *Broker Warrants – Marketed Offering*

In connection with the Offering above in (i), the Company 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*

212,500 warrants were issued in connection with the Private Placement on 2 September 2021. Each warrant is exercisable into one Ordinary Share at a price of C\$2.60 per unit until September 2, 2024.

Graphene Manufacturing Group Ltd
Notes to the consolidated financial statements
For the years ended 30 June 2025 and 2024
(continued)

22. Share capital (continued)

(e) Warrants (continued)

(iv) Broker Warrants – Private Placement

In connection with the Private Placement disclosed in (iii) above, the Company paid to certain arms' length finders, finders' compensation comprised of an aggregate cash commission of \$24,653 and an aggregate of 5,760 warrants. The warrants are exercisable into one Ordinary Share at a price of C\$2.14 per unit until September 2, 2024.

(v) Broker Warrants – Compensation Warrants – second level

In connection with the initial exercising of Compensation Warrants in (ii) above, the Company recognised the share based payment expense in respect of the 84,525 warrants anticipated to be issued in full in accordance with the Offering Unit terms. At the end of the period, 8,090 of the 84,525 warrants are yet to be issued.

(vi) Warrants – Bought Deal Offering

These warrants were issued in connection with the Offering as disclosed in note 22(a)(iv).

(vii) Broker Warrants – Bought Deal Offering

In connection with the Offering disclosed in note 22(a)(iv), the Company has paid to the Underwriters a cash commission of \$345,155 and issued to the Underwriters 62,755 ("Compensation Warrants"). Each Compensation Warrant is exercisable into a unit, with equivalent terms to an Offering Unit as disclosed on November 30, 2022, at the Offering Price until November 30, 2024. Subject to the exercise of these warrants, a further allocation of 62,755 warrants may be issued in accordance with the Offering Unit terms. As at June 30, 2024, all 62,755 Level 2 warrants are unissued.

(viii) Warrants – Marketed Offering

Warrants were issued in connection with the Offering as disclosed in note 22(a)(i).

(ix) Broker Warrants – Marketed Offering

In connection with the Offering disclosed in note 22(a)(i), the Company has paid to the Underwriters a cash commission equal to 6% of the gross proceeds of the Offering (C\$207,000) and issued to the Underwriters 121,765 ("Compensation Warrants"). Each Compensation Warrant is exercisable into a unit, at an exercise price of C\$1.70 per Unit until August 16, 2026. Subject to the exercise of these warrants, a further allocation of 60,882 warrants may be issued in accordance with the Offering Unit terms as disclosed in note 24(f)(i). As at June 30, 2024, all 60,882 Level 2 warrants are unissued.

(x) Warrants – Marketed Offering

Warrants were issued in connection with the Offering as disclosed in note 22(a)(ii).

(xi) Broker Warrants – Marketed Offering

In connection with the Offering disclosed in note 22(a)(ii), the Company has paid to the Underwriters a cash commission equal to 7% of the gross proceeds of the Offering (C\$243,432) and issued to the Underwriters 579,600 ("Compensation Warrants"). Each Compensation Warrant is exercisable into a unit, at an exercise price of C\$0.42 per Unit until May 7, 2028. Subject to the exercise of these warrants, a further allocation of 579,600 warrants may be issued in accordance with the Offering Unit terms as disclosed in note 24(f)(ii). As at June 30, 2024, all the Compensation Warrants had been exercised, therefore all 579,600 Level 2 warrants were issued.

(xii) Warrants – Bought Deal

Warrants were issued in connection with the Offering as disclosed in note 22(a)(v).

(xiii) Broker Warrants – Bought Deal

In connection with the Offering as disclosed in note 22(a)(v), the Company has paid to the Underwriters a cash commission equal to 7% of the gross proceeds of the Offering (C\$405,720) and issued to the Underwriters 507,150 ("Compensation Warrants"). Each Compensation Warrant is exercisable into a unit, at an exercise price of C\$0.80 per Unit until March 20, 2028.

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Notes to the consolidated financial statements
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(continued)

22. Share Capital (continued)

(e) Warrants (continued)

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

	2025 WAEP	2025 Number	2024 WAEP	2024 Number
Outstanding at 1 July	\$1.60	13,469,051	\$3.36	4,360,480
Issued	\$1.20	7,752,150	\$0.80	10,575,671
Exercised	\$0.61	(4,038,500)	\$0.54	(1,467,100)
Expired ⁽ⁱ⁾	\$2.91	(2,268,630)		
Outstanding at 30 June	\$1.50	14,914,071	\$1.60	13,469,051

- (i) Warrants expiring on September 2, 2024, consisted of 1,994,100 traded warrants and 18,515 compensation warrants both from the September 2021 Marketed Offer and 187,500 non traded warrants, and 5,760 Finders warrants both from the September 2021 Private Placement. Warrants expiring on 30 November 2024, consisted of 62,755 compensation warrants from the November 2022 Bought Deal Offer.

23. Reserves

	2025 A\$	2024 A\$
Share-based payment reserve	5,791,502	4,392,666
Warrants reserve	1,275,946	1,053,011
	7,067,448	5,445,677

(a) Movements in reserves

	Share-Based Payment A\$	Warrants A\$	Total A\$
At 30 June 2023	3,428,037	610,133	4,038,170
Stock option plan expense	317,205	-	317,205
RSUs expense	647,424	-	647,424
Warrants issued	-	442,878	442,878
At 30 June 2024	4,392,666	1,053,011	5,445,677
Stock option plan expense	354,526	-	354,526
RSUs expense	1,044,310	-	1,044,310
Warrants issued	-	222,935	222,935
At 30 June 2025	5,791,502	1,275,946	7,067,448

(b) Nature and purpose of reserves

Share-based payments reserve

The share-based payments reserve is used to recognise:

- the grant date fair value of options issued to employees but not exercised;
- the grant date fair value of shares issued to employees; and
- the grant date fair value of deferred shares granted to employees but not yet vested.

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Notes to the consolidated financial statements
For the years ended 30 June 2025 and 2024
(continued)

23. Reserves (continued)

(b) Nature and purpose of reserves (continued)

Warrants reserve

Warrants and broker warrants fair values are determined according to the quoted prices and number of warrants at the date of issue.

24. Share-based payments

(a) Share-based payments reconciliation

		Contributed equity	Share Based Payment Reserve			Warrant Reserve	Warrant Liability
			Stock Options	RSU	PSU		
		\$	\$	\$	\$	\$	\$
Balance at 1 July 2024		43,928,522	924,234	3,468,432	-	1,053,011	2,974,796
Shares issued – ATM	(i)	921,487	-	-	-	-	-
Shares issued – Bought Deal	(ii)	3,680,500	-	-	-	222,935	2,722,689
Transaction costs issued shares	(iii)	(894,436)	-	-	-	-	(425,739)
Stock options exercised	(iv)	296,600	-	-	-	-	-
Stock options vested/(forfeited)	(v)	-	354,526	-	-	-	-
RSU and PSU exercised	(vi)	-	-	-	-	-	-
RSU and PSU vested/(forfeited)	(vii)	-	-	1,044,310	-	-	-
Warrants Exercised	(viii)	2,453,037	-	-	-	-	-
Warrant Premium	(ix)	863,160	-	-	-	-	(863,160)
FV adjustment of warrants	(x)	-	-	-	-	-	821,174
Transaction costs amortised	(xi)	-	-	-	-	-	307,549
At 30 June 2025		51,248,870	1,278,760	4,512,742	-	1,275,946	5,537,309

- (i) ATM Facility funds raised - see note 22(a)(iv)
(ii) Funds raised from Bought Deal – see note 22(a)(v)
(iii) Transaction costs incurred as part of establishing both the ATM facility in note (i) and the Bought Deal in note (ii). Including the cost of 507,150 broker warrants issued, see note 24(g) for fair value measurement
(iv) Shares issued upon the exercise of options allocated under the Stock Option Plan detailed in note 24(b).
(v) The cost of options issued under the stock Option Plan are recognised according to their vesting period.
(vi) RSU's & PSU's issued under the Share Incentive plan detailed in note 24(c) have a \$nil exercise price.
(vii) The cost of RSU's and PSU's issued under the share incentive plan are recognised in accordance with their vesting period.
(viii) Shares issued upon the exercise of warrants issued as part of the May 2024 Marketed Offering – see (ii) above.
(ix) Premium of share price at exercise over exercise price relating to shares issued in (viii) above.
(x) Fair value adjustment of the warrant liability outstanding due to the loss in value of the underlying share price.
(xi) Transaction costs associated with the issue of warrants are amortised over the life of the warrant.

24. Share-based payments (continued)

(a) Stock option plan and Share Incentive Plan

Amendments to the stock option plan (established 19 September 2018) and the Share Incentive Plan (established 25 November 2021) were approved by resolutions of shareholders on 25 November 2022. The plans are designed to provide eligible participants 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 participants.

Eligible participants under each plan are any director, executive officer, employee or consultant of the Company as decided upon by the board to be eligible under the terms of the respective plan.

Options, RSUs and PSUs may be granted 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 participant, or the Company's share price. Participation in each plan is at the board's discretion.

Options, RSUs and PSUs are granted under the respective plan for no consideration and carry no dividend or voting rights. Upon exercise or settlement, each option, RSU and PSU is convertible into one ordinary share.

(b) Restricted share units ("RSUs") and performance share units ("PSUs")

Equity settled

Under the terms of the share incentive plan ("**Share Incentive Plan**") the Board of Directors may, from time to time, grant to directors, executive officers, employees and consultants, RSUs and PSUs in such numbers and on such terms as determined by the board. RSUs and PSUs granted under the Share Incentive Plan, are exercisable into ordinary shares for no additional consideration, after the vesting conditions specified within the terms of each participants' agreement are met.

The fair value of RSUs and PSUs was determined based on the Company's share price on the date of grant.

The RSUs vest in one to three tranches with vesting conditions based on time over a one to three-year period. The PSUs vest in three tranches with vesting conditions based on time and performance targets over a three-year period.

Share-based payments expense related to the RSUs and PSUs are recorded over the respective one to three-year vesting period and the amount is adjusted at each reporting period to reflect the number of RSUs and PSUs expected to vest.

Graphene Manufacturing Group Ltd
Notes to the consolidated financial statements
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(continued)

24. Share-based payments (continued)

(c) Reconciliation of outstanding share options

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

Grant date	Expiry date	Exercise price	30 June 2025	30 June 2024
6 November 2018	4 November 2025	\$0.36	367,245	2,222,654
18 February 2019	16 February 2026	\$0.61	-	220,000
15 March 2019	13 March 2026	\$0.61	75,000	75,000
20 March 2019	18 March 2026	\$0.61	29,326	29,326
2 December 2019	30 November 2026	\$0.42	440,000	440,000
6 April 2020	5 April 2027	\$0.61	29,326	29,326
21 April 2020	20 April 2027	\$0.61	85,000	85,000
23 December 2020	22 December 2027	\$0.82	480,238	518,694
12 March 2021	10 March 2028	\$0.94	29,348	29,348
1 July 2023	30 June 2026	C\$1.90	100,000	100,000
1 February 2024	1 February 2028	C\$1.74	1,400,000	1,400,000
Total			3,035,483	5,149,348

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

	2025 WAEP	2025 Number	2024 WAEP	2024 Number
Outstanding at 1 July	\$0.91	5,149,348	\$0.50	4,221,233
Granted	-	-	\$1.97	1,500,000
Exercised	\$0.36	(819,295)	\$0.60	(375,000)
Lapsed	\$0.42	(328,666)	\$0.93	(151,125)
Forfeited	\$0.42	(965,904)	\$0.82	(45,760)
Outstanding at 30 June	\$1.26	3,035,483	\$0.91	5,149,348
Exercisable at 30 June	\$0.95	2,097,483	\$0.51	3,749,348

Graphene Manufacturing Group Ltd
Notes to the consolidated financial statements
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(continued)

24. Share-based payments (continued)

(d) Reconciliation of outstanding broker warrants

Broker warrants, issued as share based payments, outstanding at the end of the year have the following expiry dates and exercise prices:

Issue date	Expiry date	Exercise price	30 June 2025	30 June 2024
2 September 2021	2 September 2024	C\$2.05	-	16,180
2 September 2021	2 September 2024	C\$2.14	-	5,760
9 November 2021	2 September 2024	C\$2.60	-	2,335
30 November 2022	30 November 2024	C\$2.75	-	62,755
16 August 2023	16 August 2026	C\$1.95	121,765	121,765
14 June 2024	7 May 2028	C\$0.55	579,600	579,600
20 March 2025	20 March 2028	C\$0.80	507,150	
Total			1,208,515	788,395

The number and weighted average exercise price ("WAEP") of broker warrants, issued as share based payments which are all exercisable, were as follows:

	2025 WAEP	2025 Number	2024 WAEP	2024 Number
Outstanding at 1 July	\$1.04	788,395	\$2.93	87,030
Issued	\$0.88	507,150	\$0.67	1,280,965
Exercised	-	-	\$0.46	(579,600)
Expired	\$2.89	(87,030)		
Outstanding at 30 June	\$0.86	1,208,515	\$1.04	788,395

Further details in respect of broker warrants held at reporting date are provided in note 22(e).

Graphene Manufacturing Group Ltd
Notes to the consolidated financial statements
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(continued)

24. Share-based payments (continued)

(e) Reconciliation of outstanding RSUs and PSUs

RSUs and PSUs, granted as share based payments, outstanding at the end of the year, have the following expiry dates:

Grant date	Expiry date	Plan Type	30 June 2025	30 June 2024
20 October 2021 ⁽ⁱ⁾	20 October 2026	RSU	10,532	10,532
14 September 2022 ⁽ⁱⁱ⁾	14 September 2027	RSU	61,390	105,240
14 September 2022 ⁽ⁱⁱⁱ⁾	14 October 2027	RSU	17,540	-
20 September 2022	20 September 2027	RSU	106,027	106,027
14 October 2022	14 October 2027	RSU	4,984	4,984
20 October 2022	20 October 2027	RSU	65,737	80,121
21 October 2022	21 October 2027	RSU	6,984	6,984
13 July 2023	13 July 2028	RSU	57,098	114,196
22 January 2024	22 January 2028	RSU	384,456	502,076
12 February 2024	12 February 2028	RSU	39,021	39,021
12 February 2024	12 February 2026	RSU	161,225	161,225
7 October 2024	7 October 2027	RSU	388,830	-
14 March 2025	14 March 2027	RSU	111,789	-
14 March 2025	14 March 2029	RSU	1,459,284	-
Total			2,874,897	1,130,406

- (i) The vesting and expiry dates for 59,805 RSUs granted on 20 October 2021, with an original expiry date of 20 October 2026, were accelerated following the approval of the amendments by the Board.
- (ii) The vesting and expiry dates for 118,395 RSUs granted on 14 September 2022, with an original expiry date of 14 September 2027, were accelerated to a date no earlier than 12 months from grant date following the approval of the amendments by the Board.
- (iii) The expiry dates for 17,540 RSUs granted on 14 September 2022, with an original expiry date of 14 September 2027 were accelerated to 14 October 2025.

The number and weighted average share price ("WASP") of RSUs and PSUs were as follows:

	2025 WASP ^(iv)	2025 Number	2024 WASP ^(iv)	2024 Number
RSUs				
Outstanding at 1 July	\$2.28	1,130,406	\$4.35	954,458
Granted	\$0.84	2,002,137	\$0.74	1,517,025
Exercised	\$2.50	(119,528)	\$3.92	(321,469)
Expired or forfeited	\$1.43	(138,118)	\$2.59	(1,019,608)
Outstanding at 30 June	\$1.31	2,874,897	\$2.28	1,130,406
Exercisable at 30 June	\$2.49	514,737	\$3.40	147,718

- (iv) Further details of fair value measurement are included in note 24(h).

Graphene Manufacturing Group Ltd
Notes to the consolidated financial statements
For the years ended 30 June 2025 and 2024
(continued)

24. Share-based payments (continued)

(f) Fair values of options and warrants granted

The assessed fair value of options granted during the year ended 30 June 2025 was nil (2024: \$900,937). The assessed fair value of warrants issued during the year ended 30 June 2025 was \$222,935 (2024: \$442,878).

The fair value of options at grant date is determined using a Black-Scholes Model (BSM) 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 during the years ended 30 June 2025 and 2024 were calculated using the exercise price, grant date and expiry date as per above with the following weighted average assumptions:

On initial recognition	Options	
	30 June 2025 ⁽ⁱ⁾	30 June 2024
Share price at grant date	-	\$1.37
Expected volatility	-	55.01%
Risk-free interest rate	-	3.59%

(i) No Options were granted during the financial year ended 30 June 2025.

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 the Company's shares calculated by reference to those warrants.

Compensation Warrants

For the Compensation Warrants issued on 16 August 2023 and 7 May 2024 that contain a second level of warrants upon exercise of the first level, the Monte Carlo Simulation (MCS) Methodology has been used to determine the fair value of each level, that takes into account the exercise price, the term of the warrant, the market price of a share at grant date, the price volatility of the underlying share and the risk-free rate for the term of the warrant.

For the Compensation Warrants issued on 20 March 2025 the Black Scholes (BS) methodology has been used to determine the fair value.

The fair value of Compensation Warrants issued during the year ended 30 June 2025 and 2024, were calculated using the following assumptions:

	Compensation Warrants Issued 20 March 2025 ⁽ⁱⁱⁱ⁾	Compensation Warrants Issued 16 August 2023 ⁽ⁱ⁾		Compensation Warrants Issued 7 May 2024 ⁽ⁱⁱ⁾	
Methodology	BS	MCS	MCS	MCS	MCS
On initial recognition		Level 1	Level 2	Level 1	Level 2
Share price at grant date	C\$0.75	C\$1.62	C\$1.62	C\$0.395	C\$0.395
Exercise price	C\$0.80	C\$1.70	C\$2.20	C\$0.42	C\$0.55
Term	3 years	3 years	3 years	4 years	4 years
Risk-free rate	3.75%	4.420%	4.420%	3.774%	3.774%
Dividend yield	-	-	-	-	-
Volatility (rounded)	81%	75%	75%	75%	75%

Graphene Manufacturing Group Ltd
Notes to the consolidated financial statements
For the years ended 30 June 2025 and 2024
(continued)

24. Share-based payments (continued)

(g) Fair values of options and warrants granted (continued)

- (i) 121,765 broker warrants were issued on 16 August 2023 in respect of the Marketed Offering completed, as detailed in Note 22(a)(i). The warrants have two levels of value whereby upon exercise, each initial warrant (Level 1) grants its holder an ordinary share in the Company, as well as a second warrant (Level 2). The Level 2 warrants entitle the holder to purchase an additional ordinary share in the Company at a new exercise price as listed in the table.
- (ii) 579,600 broker warrants were issued on 7 May 2024 in respect of the Marketed Offering completed, as detailed in Note 22(a)(ii). The warrants have two levels of value whereby upon exercise, each initial warrant (Level 1) grants its holder an ordinary share in the Company, as well as a second warrant (Level 2). The Level 2 warrants entitle the holder to purchase an additional ordinary share in the Company at a new exercise price as listed in the table.
- (iii) 507,150 broker warrants were issued on 20 March 2025 in respect of the Bought Deal Offering completed as detailed in Note 22(a)(v)

(g) Fair values of RSUs and PSUs granted

The assessed fair value of RSUs granted during the year ended 30 June 2025 was \$1,680,226 (2024: \$2,326,433) and is based on the Company's share price on the date of grant. No PSUs were issued during the year ended 30 June 2025 and 2024.

The RSUs vest in one to three tranches with vesting conditions based on time over a one to three-year period. The PSUs vest in one to three tranches with vesting conditions based on time and performance targets over a three-year period.

Share-based payments expense related to the RSUs and PSUs are recorded over the respective one to three-year vesting period and the amount is adjusted at each reporting period to reflect the number of RSUs and PSUs expected to vest.

The fair value of RSUs and PSUs granted during the years ended 30 June 2025 and 2024, were calculated at the grant date based on the following weighted average assumptions:

On initial recognition	RSUs		PSUs	
	30 June 2025	30 June 2024	30 June 2025	30 June 2025
Share price at grant date	\$0.67 - \$0.88 ⁽ⁱ⁾	\$1.41 - \$2.25 ⁽ⁱⁱ⁾	-	-

- (i) The fair value of RSUs granted during the year ended 30 June 2025, was based on the share price on 14 March 2025, and 7 October 2025 in accordance with employment agreement terms and the Share Incentive Plan.
- (ii) The fair value of RSUs granted during the year ended 30 June 2024, was based on the share price on 28 April 2023, 5 May 2023, 13 July 2023, 22 January 2024 and 12 February 2024 in accordance with employment agreement terms and the Share Incentive Plan.

(h) Share-based payments accounting policy

Share-based compensation benefits are provided to employees via a stock option plan and the Share Incentive Plan. Shares and warrants may be provided to service providers as share based payments.

24. Share-based payments (continued)

(h) Share-based payments accounting policy (continued)

Options and warrants

The fair value of options granted under the stock option plan, and warrants issued, is recognised as a share based payments expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted and warrants issued:

- including any market performance conditions (e.g. the entity's share price); and
- excluding the impact of any service based vesting conditions (for example, remaining an employee of the entity for a period of time).

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied, where applicable. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

Where warrants are issued without vesting conditions attached, the total expense is recognised upon issue.

Restricted share units ("RSUs") and performance share units ("PSUs")

The Company grants to directors, executive officers, employees and consultants, RSUs and PSUs in such numbers and for such terms as determined by the board. RSUs and PSUs granted under the Company's Share Incentive Plan, are exercisable into common shares for no additional consideration, after the vesting conditions specified within the terms of each participants' agreement are met.

RSUs are measured at fair value on the date of grant and the corresponding share-based payment is recognised in profit or loss, over the vesting period, as applicable.

In addition to service conditions, RSUs and PSUs may have performance-based vesting conditions. Market conditions, such as a target share price upon which vesting is conditioned, is included in the fair value assessment of the share-based payment at grant date.

Vesting conditions, other than market conditions, are included in the measurement of the transaction amount by adjusting the number of equity instruments included, so that ultimately, the cumulative value of the share-based payment shall be based on the number of equity instruments that eventually vest.

Shares

The fair value of shares issued as share-based compensation for goods or services rendered, is measured based on the value of those goods or services provided, expensed at the time of share issue. No share based payments were granted during the year ended 30 June 2025. For the year ended 30 June 2024, share based payments settled via the issuance of shares during the year included shares issued for the purchase of IP, Trademark and sole distribution rights for THERMAL-XR®. (refer note 22).

25. Financial risk management

Financial assets and financial liabilities are recognised in the balance sheet when the Company 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 Company 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:

Graphene Manufacturing Group Ltd
Notes to the consolidated financial statements
For the years ended 30 June 2025 and 2024
(continued)

25. Financial risk management (continued)

	2025 A\$	2024 A\$
Financial assets		
Cash and cash equivalents	7,708,021	3,982,205
Financial assets at amortised cost		
Trade and other receivables	116,974	133,664
Research and development grants receivables	1,997,992	2,847,866
	<u>2,114,966</u>	<u>2,981,530</u>
	<u>9,822,987</u>	<u>6,963,735</u>
Financial liabilities		
Liabilities at amortised cost		
Trade and other payables	(720,343)	(242,861)
Lease liabilities	(773,993)	(1,226,449)
	<u>(1,494,336)</u>	<u>(1,469,310)</u>
Liabilities at FVTPL ⁽ⁱ⁾		
Traded warrants	(396,983)	(211,051)
Non-traded warrants	(6,069,266)	(3,574,495)
	<u>(6,466,249)</u>	<u>(3,785,546)</u>

(i) The fair value of traded and non-traded warrants is measured on the basis described in note 19.

The activities undertaken by the Company do not expose it to any material credit, liquidity or market risk.

Risk	Exposure arising from	Measurement	Management
Market risk – interest rate	No sensitivity analysis has been conducted on the basis that the only financial instrument held by the Company that would be impacted by a change in interest rates is cash, and a +/-1% change would result in an immaterial impact on the loss for the year.	Not applicable	Cash held by reputable bank.
Credit risk	The maximum exposure to credit risk at balance date in relation to each class of recognised financial assets is the gross carrying amount of those assets.	Not applicable	No collateral is held as security and no credit enhancements relate to financial assets held by the Company.
Liquidity risk	The fair value of payables is assumed to approximate the value of the original transaction.	Fair value	Not applicable

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. It is the Company's policy to require customers to make payment in advance for goods and services supplied unless otherwise agreed in writing. Credit financing facilities are available through third party providers which minimises credit risk associated with customers seeking credit-based arrangements. All sales contracts are assessed locally to determine the credit worthiness of the customer before entering contracts.

Credit risk also arises from cash and cash equivalents and deposits with banks and financial institutions. For banks and financial institutions, only independently rated parties with minimum rating "A" are accepted. The Company's cash and deposits are primarily held with the Commonwealth Bank which meet the minimum rating requirement.

Graphene Manufacturing Group Ltd
Notes to the consolidated financial statements
For the years ended 30 June 2025 and 2024
(continued)

25. Financial risk management (continued)

Impairment

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the debtor;
- a breach of contract such as a default or being more than 90 days past due;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's objective when managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The following table details the remaining contractual maturity for non-derivative financial liabilities.

	Within 1 Year	Between 1 - 5 years	More than 5 years	Total Contractual Cash Flows	Carrying Amount
30 June 2025	\$	\$	\$	\$	\$
Trade and other payables	1,133,323	-	-	1,133,323	1,133,323
Lease liabilities	398,601	439,340	-	837,941	773,993
30 June 2024					
Trade and other payables	1,865,739	-	-	1,865,739	1,865,739
Lease liabilities	534,462	829,928	-	1,364,390	1,226,449

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Notes to the financial statements
For the years ended 30 June 2025 and 2024
(continued)

26. Key management personnel disclosures

(a) Directors' and executive officers' remuneration

Details of the nature and amount of each major element of remuneration of each director of the Company, and other key management personnel of the Company are:

	Short term			Post-employment		Share-based payments		Portion performance
In Australian dollars (A\$)	Salary & fees (i)	Total	Superannuation (ii)	Other long term (i)	Options and RSUs(iii)	TOTAL		related
Directors								
Non-executive directors								
Andrew Small	2025	55,218	55,218	8,433	-	47,885	111,537	-
	2024	50,417	50,417	3,553	-	24,384	78,354	-
Robert Galyen	2025	55,000	55,000	-	-	230,338	285,338	-
	2024	55,000	55,000	-	-	121,110	176,110	-
John Perkowski, Chairperson	2025	96,667	96,667	-	-	260,443	357,110	-
	2024	87,500	87,500	-	-	135,518	223,018	-
Sub-total non-executive directors' remuneration	2025	206,885	206,885	8,433	-	538,666	753,984	-
	2024	319,168	319,168	3,553	-	302,664	625,385	-
Executive directors								
Craig Nicol, Founder, Managing Director & CEO	2025	311,200	311,200	35,650	7,928	153,723	508,501	-
	2024	311,200	311,200	33,444	46,471	157,237	548,352	-
Total directors' and executives' remuneration	2025	518,085	518,085	44,083	7,928	692,389	1,262,485	-
	2024	653,801	653,801	39,564	48,266	472,458	1,214,089	-

(i) In accordance with IAS 19 *Employee Benefits*, annual leave provision is classified as an other long term employee benefit.

(ii) Superannuation is only applicable for the period in which the directors and non-executive directors are paid as employees, rather than in a consulting capacity.

(iii) The fair value of the options is calculated at the date of grant using the Black Scholes option-pricing model and allocated to each reporting period evenly over the period from grant date to vesting date. The value disclosed is the portion of the fair value of the options recognised as an expense in each reporting period.

Graphene Manufacturing Group Ltd
Notes to the financial statements
For the years ended 30 June 2025 and 2024
(continued)

27. Related parties

	2025	2024
	A\$	A\$
(a) Key management personnel compensation		
Short-term employee benefits	518,085	653,801
Post-employment benefits	44,083	39,564
Other long-term benefits	7,928	48,266
Share-based payments	692,389	472,458
Total key management personnel compensation	1,262,485	1,214,089

Details of the key management personnel compensation is included in note 26(a).

On 14 March 2025, the Company granted 174,570 RSUs to Craig Nicol which vest evenly over three years from the grant date.

On 14 March 2025, the Company granted 53,032 RSUs to John Perkowski, 27,784 RSUs to Robert Galyen and 30,973 RSUs to Andrew Small, which vest in one year from the grant date.

There were no loans to key management personnel and their related parties for the reporting years ended 30 June 2025 and 30 June 2024. Transactions with key management personnel and their related parties for the reporting years ended 30 June 2025 and 30 June 2024, are disclosed in note 27(b).

	2025	2024
	A\$	A\$
(b) Transactions with other related parties		
The following transactions occurred with related parties:		
<i>Purchase of services</i>		
Share issue costs paid to director as a share-based payment	-	-
Consulting services	20,385	85,826
<i>Amounts owing to related parties at 30 June</i>		
Galyen Energy, LLC	59,108	38,723

Robert Galyen is a director and shareholder of Galyen Energy, LLC which provided battery consulting services of \$20,385 in the year ended 30 June 2025. Total amount owing as at 30 June 2025 to Galyen Energy LLC includes amount owed as at 30 June 2024.

Compensation in the form of directors' fees for all non-executive directors are paid either directly to the directors, or their director-related entities, as disclosed in note 26(a).

(c) Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates.

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Notes to the financial statements
For the years ended 30 June 2025 and 2024
(continued)

28. Reconciliation of cash flows from operating activities

	2025	2024
	A\$	A\$
Loss for the year	(8,573,661)	(7,400,878)
Adjustments for:		
Depreciation and amortisation	1,826,907	1,977,430
Share-based payments – share plan	1,398,836	964,629
Non-cash expenses transferred from Capital Work in Progress	208,820	-
Transaction costs – amortisation	307,549	182,863
Loss on disposal of property, plant and equipment	47,067	30,045
Net finance costs	(46,330)	164,820
Non-cash insurance expenses	-	184,932
Change in fair value of warrants	821,174	(1,550,058)
Change in operating assets and liabilities:		
Decrease in trade and other receivables	(618,435)	(191,623)
Increase in contract assets	-	14,728
Decrease in inventories	(213,599)	(131,691)
Increase/(decrease) in other current assets	260,195	(215,403)
Decrease in trade and other payables	749,137	1,194,653
Decrease/(increase) in provisions and employee benefits liabilities	66,329	(3,568)
Increase in contract liabilities	(15,181)	(104,900)
Net interest paid	(48,361)	(104,460)
Net cash outflow from operating activities	(3,829,553)	(4,988,481)

(a) Non-cash investing and financing activities

Share-based payments charged to share issue costs:		
Warrants issued	222,935	442,878
Share plan expense	-	-
	222,935	442,878

Graphene Manufacturing Group Ltd
Notes to the financial statements
For the years ended 30 June 2025 and 2024
(continued)

(b) Cash and non-cash movements in liabilities arising from financing activities

	Opening balance A\$	Non-Cash Additions A\$	Other adjustments A\$	Cash Lease payments A\$	Closing balance A\$
Borrowings					
Lease liabilities					
At 30 June 2024	1,305,603	324,887	-	(404,041)	1,226,449
At 30 June 2025	1,226,449	-	5,767	(458,224)	773,992

	Opening balance A\$	Non-Cash Fair Value Adjustment A\$	Premium booked on exercise A\$	Cash Proceeds from Issue A\$	Closing balance A\$
Warrant Liability					
At 30 June 2024	3,035,752	(1,550,058)	(74,450)	2,374,302	3,785,546
At 30 June 2025	3,785,546	821,174	(863,160)	2,722,689	6,466,249

29. Commitments

(a) Leases accounting policy

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessee

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

29. Commitments (continued)

(a) Leases accounting policy (continued)

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payment that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise. Lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position.

Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets, as well as short-term leases, including for leased premises and portable office units. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The inclusion of leases within this election, is reassessed at each reporting date according to the current terms of the leases and taking into consideration the reasonable certainty of any assumptions which form part of that assessment.

30. Contingencies

The Company had no contingent liabilities as at 30 June 2025.

Graphene Manufacturing Group Ltd
Notes to the financial statements
For the years ended 30 June 2025 and 2024
(continued)

31. Auditors' remuneration

The auditor of Graphene Manufacturing Group Ltd is BDO Audit Pty Ltd.

	2025	2024
	A\$	A\$
Audit and review of financial statements – current year ⁽ⁱ⁾	179,225	169,829
Audit and review of financial statements – prior years ⁽ⁱⁱ⁾	2,412	13,538
Other assurance services – current year ⁽ⁱⁱⁱ⁾	23,435	58,814
Other assurance services – prior years ^(iv)	3,484	1,000
	208,556	243,181

- (v) Audit and review services in the year ended 30 June 2025 increased compared to the prior year ended 30 June 2024.
- (vi) Additional audit and review in respect of prior years ended 30 June 2024.
- (vii) Other assurance services consisted of reviews of additional reports produced by the Company for capital raising activities, including the Base Shelf and Short Form Prospectus.
- (viii) Additional assurance services in respect of prior years ended 30 June 2024.

32. Subsequent events

On 11 July 2025, the Company announced that it entered into an equity distribution agreement (the "Distribution Agreement") with Cantor Fitzgerald Canada Corporation (the "Agent"). Pursuant to the Distribution Agreement, the Company will be entitled, at its discretion and from time-to-time during the term of the Distribution Agreement, to sell, through the Agent, such number of ordinary shares of the Company that would result in aggregate gross proceeds to the Company of up to C\$20 million.

On 4 September 2025, GMG announced that it completed its previously announced bought deal offering of 7,666,667 units at a price of \$0.90 per unit for aggregate gross proceeds of C\$6,900,000, which includes the exercise in full of the underwriter's over-allotment option for 1,000,000 units.

33. Material accounting policies

The Company has consistently applied the following accounting policies to all periods presented in these consolidated financial statements, unless otherwise stated.

(a) Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

(b) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except:

- When the GST incurred on a sale or purchase of assets or services is not payable to nor recoverable from the taxation authority, in which case the GST is recognised as part of the revenue or the expense item or as part of the cost of acquisition of the asset, as applicable.
- When receivables and payables are stated with the amount of GST included.

33. Material accounting policies (continued)

(b) Goods and Services Tax (GST) (continued)

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of the receivables or payables in the statement of financial position. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as part of operating cash flows.

Graphene Manufacturing Group Ltd
Consolidated Entity Disclosure Statement
For the year ended 30 June 2025

Consolidated Entity Disclosure Statement

Entity Name	Type of entity	Trustee, partner or participant in joint venture	% of share capital held	Country of incorporation	Australian resident	Foreign jurisdiction(s) in which the entity is a resident for tax purposes (according to the law of the foreign jurisdiction)
Graphene Manufacturing Group Limited	Body Corporate	-	N/A	Australia	Yes	N/A
GMG North America LLC	Body Corporate	-	100%	United States of America	No	N/A

Basis of Preparation

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

Determination of Tax Residency

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

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

Australian tax residency

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

Foreign tax residency

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

Graphene Manufacturing Group Ltd
Directors' declaration
For the year ended 30 June 2025

Directors' declaration

In the directors' opinion:

- (a) The consolidated financial statements and notes set out on pages 20 to 64:
 - (i) comply with Australian Accounting Standards, which, as stated in accounting policy note 2 to the financial statements, constitutes compliance with International Financial Reporting Standards; and
 - (ii) give a true and fair view of the Company's financial position as at 30 June 2025 and of its performance for the financial year ended on that date, and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
- (c) the information disclosed in the Consolidated Entity Disclosure is true and correct.

The directors have been given the declarations by the Chief Executive Officer and Chief Financial and Commercial Officer required by Section 295A of the Corporations Act 2001.

This declaration is made in accordance with a resolution of the directors.

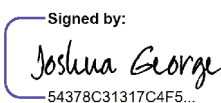
Signed by:

48637227466B491...

Craig Nicol

Managing Director and CEO

Brisbane
30 September 2025

Signed by:

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Joshua George

Chief Financial and Commercial Officer

Brisbane
30 September 2025

INDEPENDENT AUDITOR'S REPORT

To the members of Graphene Manufacturing Group Ltd

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Graphene Manufacturing Group Ltd (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2025, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including material accounting policy information, the consolidated entity disclosure statement and the directors' declaration.

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

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2025 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

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

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

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

Material uncertainty related to going concern

We draw attention to Note 2(a) in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the group's ability to continue as a going concern and therefore the group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.

Other information

The directors are responsible for the other information. The other information obtained at the date of this auditor's report is information included in the Directors' report, but does not include the financial report and our auditor's report thereon.

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

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

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

Responsibilities of the directors for the Financial Report

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

- a) the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and
- b) the consolidated entity disclosure statement that is true and correct in accordance with the Corporations Act 2001, and

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

- i) the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- ii) the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the Financial Report

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



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

https://www.auasb.gov.au/media/apzlw0y/ar3_2024.pdf

This description forms part of our auditor's report.

BDO Audit Pty Ltd

A handwritten signature in black ink, appearing to read 'N I Batters', is written over a faint, light grey BDO logo.

N I Batters
Director

Brisbane, 30 September 2025