

Appendix 4D

Interim Report

BLUGLASS LIMITED

ACN

116825793

Six Months Ended

31 DECEMBER 2024

Corresponding period was the six months ended 31 December 2023

Results for announcement to the market

RESULTS					
		\$A	%		\$A
Revenues from ordinary activities	Up	883,837	21	to	5,050,859
Loss from ordinary activities after tax attributable to members	Up	(39,380)	1	to	(5,724,274)
Loss for the period attributable to members	Up	(39,380)	2	to	(5,724,274)

EPS

Earnings per Security (cents per share)	31 Dec 2024	31 Dec 2023
Basic loss per share (cents per share)	(0.31) cents	(0.37) cents
Diluted loss per share (cents per share)	(0.31) cents	(0.37) cents

Net Tangible Asset Backing

	31 Dec 2024	31 Dec 2023
Per Ordinary Security (cents per share)	0.38 cents	0.39 cents

Dividend Payable

No dividends have been paid or declared during the period.

Dividend Re-investment Plan

There is no dividend re-investment plan in operation.

Control gained over entities having material effect

	NIL
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Loss of control of entities having material effect

Name of entity (or group of entities)	NIL
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Details of associates and joint venture entities

Name of entity (or group of entities)	NIL
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This report is based on the Half Year Financial Report which has been subject to review by the Auditors. All the documents comprise the information required by Listing Rule 4.2A. This information should be read in conjunction with the Interim Financial Report for the Half Year Ended 31 December 2024 and the 30 June 2024 Annual Financial Report.



**BLUGLASS LIMITED
and CONTROLLED
ENTITIES**

ABN 20 116 825 793

**FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED
31 DECEMBER 2024**

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DIRECTORS' REPORT

Your directors present their report on BluGlass Limited and its controlled entities ("the Group") for the half year ended 31 December 2024.

DIRECTORS

The names of directors in office at any time during or since the end of the half year are:

Mr James Walker (Chair)
Mr Vivek Rao
Mr Stephe Wilks
Mr Jean-Michel Pelaprat

Directors have been in office since the start of the financial year to the date of this report.

PRINCIPAL ACTIVITIES

The principal activity of the Group during the financial year was to progress the development and commercialisation of the Company's laser diode product portfolio for the industrial, quantum, biotech, and scientific markets. The Group is working on achieving its technical and commercial milestones using both industry standard MOCVD technology and its patented low-temperature Remote Plasma Chemical Vapour Deposition (RPCVD) technology to manufacture higher performance gallium nitride (GaN) laser diodes, initially in the 405nm, 420nm and 450nm wavelength ranges. RPCVD has the potential to create brighter, higher power, and more efficient laser diodes.

FINANCIAL SUMMARY

Revenue, other income and finance income for the period increased by \$0.88 million (up 21%) to \$5.05 million, with key elements including:

- Foundry Income was up by \$0.21 million to \$0.54 million for the period;
- Project Income was up by \$0.89 million to \$1.59 million for the period; and
- Research and development tax rebate for the period was \$0.35 million less than the corresponding period in the prior year.

Total expenditure for the period has increased by \$1.3 million up 13% to \$10.8 million with material variations as follows:

- Employee benefits expense up 25% to \$3.9 million (2023: \$3.1 million); due to increased headcount in the US to support scaling, including the addition of GaNWorks Foundry employees in December 2023, one-off hiring and on-boarding costs, and the USD to AUD foreign exchange impact
- Consumables expense up 64% to \$1.5 million (2023: \$0.9 million)
- Depreciation and amortisation expense up 27% to \$1.7 million (2023: \$1.3 million).

The consolidated loss after tax for the period amounted to \$5.72 million up 1% (2023: \$5.68 million).

The company's net assets as at 31 December 2024 were \$9.9 million (30 June 2024: \$14.9 million).

The Consolidated Statement of Financial Position does not include a value for the increasing number of patents granted during the period since listing on the ASX in 2006 as all research and development costs are expensed as incurred and not capitalised.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There were no significant changes in the state of affairs that affect the Group's operations, or the results of those operations during the financial period.

DIVIDENDS PAID OR RECOMMENDED

No dividends were paid or declared in the period.

REVIEW OF OPERATIONS

Highlights

- Signed a US\$1.925 million (A\$2.9 million) contract with North Carolina State University to enhance BluGlass' GaN DFB laser technology for quantum computing and intelligence applications
- Secured A\$1.2 million for the first phase of a multi-year Joint Development Agreement with a US venture-backed start-up company to make photonic chips more powerful, efficient, and scalable, paving the way for next-gen technologies revolutionizing data processing and connectivity
- Partnering with Macquarie University and defence company Aurizn on the 12-month blue ocean LiDAR project to develop a new laser-based method to measure subsurface water temperature and depth
- Files three US patent applications for high-power tunable GaN lasers, increasing BluGlass' strategic capability to capitalise on growth markets of quantum sensing, communication, and computing
- Received A\$5.7M R&D tax rebate
- Showcased new product capabilities and performance data at SPIE Photonics West
- Successfully launched Semiconductor Australia 2024, Australia's premier investor conference for the semiconductor, quantum, and photonics industry
- Continued to grow revenue pipeline and advance customer negotiations.

Commenting on the Company's H1 FY25 performance, **BluGlass CEO Jim Haden said:** "The first half of this financial year has seen us continue the incredible momentum we achieved during FY24. The record A\$4.1 million we secured in contracts over the past six months, together with the A\$5.7M in R&D tax rebate, ensures our balance sheet is strengthened as we move through the next phase of growth transforming development partnerships with industry and defence primes into commercial opportunities.

Our continuing work under the US Department of Defense's Microelectronics Program and ability to attract partnerships with world-leading institutions and innovative, venture-backed startups demonstrates our growing reputation as a commercial partner of choice. These strategic partnerships validate our commercialisation path, providing non-dilutive capital to support our direct-to-market GaN laser business.

BluGlass is delivering on our ambitious technical and commercial roadmaps. During the half year, we continued to gain significant momentum; creating record half-year revenue growth, advancing our technology capabilities, delivering world-class innovation, attracting industry-leading partners, and cementing our reputation as the agile partner-of-choice in the marketplace.

We recently filed three US provisional patents for next-generation high-power, tunable GaN lasers, strengthening our strategic position in the US\$173 billion quantum technologies market. Our innovations enable customers to tackle complex challenges, including atmospheric LiDAR detection of clear air turbulence, underwater communications, and GPS spoofing and jamming through localised quantum solutions.

The market continues to affirm its need for a high-capability, collaborative, and flexible supplier to meet customer demands, deliver underserved wavelengths, and address integration challenges. With a growing portfolio of propriety technology, novel device architectures, and end-to-end manufacturing capabilities, BluGlass is well placed to capitalise on the growing need for visible GaN lasers.

BluGlass also played a seminal role in creating and co-hosting Australia's first national conference on semiconductors, Semiconductor Australia 2024, bringing together our nation's most innovative companies with key decision makers and capital market experts to unlock the future growth engines of Australia. We will continue our market education series over the coming months."

A\$2.9 million CLAWS Hub sub-contract¹

BluGlass Limited entered a US\$1.925 million (AU\$2.9 million) contract with North Carolina State University (NCSU) for visible laser development as part of the Commercial Leap Ahead for Wide Bandgap Semiconductors (CLAWS) Hub. This is one of eight Microelectronic Commons innovation hubs established by the US Department of Defense to develop next-generation defence and dual use technologies. Hub members include globally leading companies, Coherent, MACOM, General Electric, Adroit, Kyma, and NCA&T State University.

By enabling key performance advantages such as ultra-precision and high-spectral purity, BluGlass is accelerating the commercialisation of innovative photonics for materials processing, sensing, communications, AI, future quantum technologies, and critical defence applications.

A\$1.2 million Joint Development Agreement²

BluGlass secured an A\$1.2 million order for the first of a multi-phase joint development agreement with a leading US-based venture-backed start-up pioneering integrated photonics. The development agreement will see BluGlass and its collaboration partner develop novel photonic chips that combine highly complementary technologies for the production of Heterogeneously Integrated Photonic Integrated Circuits (HIPIC). The multi-phase Joint Development Agreement has the potential for a minimum of two additional phases of non-recurring engineering, each with a similar revenue potential for BluGlass.

LiDAR project

BluGlass signed an agreement with Macquarie University (project lead) and defence company Aurizn to develop and test a new laser-based method to measure subsurface water temperature and depth. BluGlass will provide visible gallium nitride (GaN) lasers to the project. The project will develop and run commercial trials of blue ocean LiDAR (Light Detection and Ranging) technology to enhance maritime situational awareness in defence and environmental contexts, such as detecting underwater objects and improving climate modelling.

Files three US provisional patents for high-power, tunable GaN lasers

Subsequent to the end of the quarter, BluGlass has filed three US provisional patent applications for next generation high-power, tunable GaN lasers. The patents protect novel capabilities and device architectures designed to enhance power and versatility of visible GaN lasers and increase BluGlass' strategic capability to capitalise on the exciting growth markets of quantum sensing, communication, and computing. These advances will enable customers to solve complex problems such as atmospheric LiDAR detection of clear air turbulence, underwater communications and LiDAR, and GPS spoofing and jamming by creating localised quantum solutions.

Showcases new product capability & performance at Photonics West, presented advanced GaN DFB paper

In January, the Company showcased its novel device designs and advanced capabilities at an industry leading conference, Photonics West, in San Francisco, USA. Senior Product Developer, Dr. Ryan Anderson presented a technical paper on BluGlass' advanced GaN DFBs. BluGlass' GaN DFBs are being designed for wafer-scale fabrication to reduce downstream optical alignment costs and address critical challenges in quantum technologies and computing while enabling greater production volume and smaller device sizes. Ultra-precision, near-single-frequency DFB lasers, and DFB gain chips such as MOPAs offer crucial benefits for emerging technologies; where their precise and stable performance is essential for quantum sensing, navigation, communication, and next-generation defence and aviation applications.

Hosted Semiconductor Australia 2024³

In October, BluGlass, in partnership with the Semiconductor Sector Services Bureau (S3B), and ShareCafe hosted Semiconductor Australia 2024, Australia's premier investor conference for the semiconductor, quantum, and photonics

¹ As announced to the market on 18 October 2024 - "[BLG secures A\\$2.9M CLAWS Hub sub-contract](#)".

² As announced to the market on 22 October 2024 - "[BLG enters JDA and secures A\\$1.2M contract](#)".

³ As announced to the market on 18 October 2024 - "[BluGlass to present at Semiconductor Australia conference](#)".

industry. The sold-out event was attended by over 200 in person participants, and hundreds more online. The one-day conference featured keynote presentations from Australia's Chief Scientist, Dr Cathy Foley and venture capitalist, Peter Barrett, expert roundtable sessions, and presentations from public and private Australian deep-tech leaders, including BluGlass CEO Jim Haden and Chair James Walker.

BluGlass continues to expand customer and partner engagement, with its MOU with Applied Energetics a good example of a customer transitioning to a partner.

In the first half of FY24, the Company grew its laser sales and order back-log across its full portfolio and market verticals, securing first repeat customers and orders. BluGlass is working with diverse customers from industry-leading original equipment manufacturers (OEMs), a national lab, leading international research institutions to disruptive start-ups.

In addition to the growing sales pipeline, BluGlass is engaging with multiple potential customers and partners on product and proposal requests. The Company's ability to address specific customer challenges and design custom solutions validates its differentiated market approach, highlighting growing demand for a collaborative, flexible supplier who can meet custom needs, deliver underserved wavelengths, and provide dedicated supply through a pure-play GaN laser offering.

As full qualification of semiconductor lasers in customer applications needing thousands of hours of lifetime in hostile operating environments can be a lengthy process, direct-to-market product revenues can scale slowly, building to significant momentum over time. Large revenue-generating projects, such as the Microelectronics Commons, provide BluGlass with the fastest path to profitability while also accelerating development of higher-value lasers and new capabilities, leading to higher-volume, and higher value product sales.

Customer engagement

BluGlass continues to mature its customer and partner engagement, with the Company working with diverse customers from government agencies, large scale original equipment manufacturers (OEMs), national labs, leading international research institutions, to disruptive start-ups, across its target market verticals.

The Company's project-to-product strategy continues to be strongly validated by the calibre of customers and partners engaging BluGlass to develop ground-breaking innovations. The Company's ability to address specific customer challenges and design purpose-built solutions continues to win customers in need of a collaborative, flexible supplier who can meet custom needs, deliver underserved wavelengths, address integration challenges, and improve the precision and application of GaN lasers for next-generation applications.

BluGlass has a growing pipeline of projects and opportunities in various stages of negotiation in its funnel. The Company is progressing a range of development agreements and long-term projects, including multi-decade opportunities with the potential for follow-on production contracts and manufacturing supply agreements.

While these negotiations can take time to realise, cumulatively, they are transformative to the businesses bottom line - building industry influence, developing and commercialising innovative product portfolios in critical emerging markets, and securing the company's growth and sustainability. Our pipeline opportunities exploit our captive fab, skilled manufacturing team, growing technology capabilities, and our high-value partnerships and collaborations.

Looking ahead

BluGlass is following a well-established commercialisation path for laser companies – partnering with industry and defence primes on large-scale revenue-generating development projects; while scaling its laser revenues. Over the remaining half year, BluGlass will continue to deliver across its four key strategic objectives:

- Strengthen strategic partnerships across industry, government, and defence
- Advance technology roadmaps and launch new capabilities
- Continuous improvement of manufacturing and operations, and
- Win large-scale projects and deliver non-dilutive revenue and development funding.

The Company will continue to advance its technology and commercialisation roadmaps and position the business as the global partner of choice across its rapidly growing target verticals. At the same time, the Company will also secure new and repeat customer orders, grow project and product revenues, and qualify its GaN lasers within customer applications.

As the only pure-play visible GaN laser supplier in the market, BluGlass is helping customers bring critical capabilities to market across the quantum, defence, aviation, and biotech markets. The GaN laser market continues to disrupt traditional laser applications, and gain market share given its significant competitive advantages over IR laser technologies in both existing and emerging markets and applications.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL HALF-YEAR

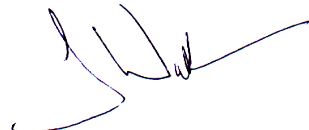
On 24 February 2025, BluGlass secured funding of \$1.95 million against the R&D tax claim for the financial year ending 30 June 2025.

No other matter or circumstance has arisen since 31 December 2024 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after the directors' report.

This Directors' Report is signed in accordance with a resolution of the Board of Directors.



James Walker
Non-Executive Chair

Dated 27 February 2025

**AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION
307C OF THE CORPORATIONS ACT 2001**

To the Directors of Bluglass Limited:

As lead auditor for the review of Bluglass Limited for the half-year ended 31 December 2024, I declare that, to the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in relation to Bluglass Limited and the entities it controlled during the half-year.

In.Corp Audit & Assurance Pty Ltd
ABN 14 129 769 151

Level 1
6-10 O'Connell Street
SYDNEY NSW 2000

Suite 11, Level 1
4 Ventnor Avenue
WEST PERTH WA 6005

GPO BOX 542
SYDNEY NSW 2001

T +61 2 8999 1199
E team@incorpadvisory.au
W incorpadvisory.au

In.Corp Audit & Assurance Pty Ltd



Daniel Dalla
Director

Sydney, 27 February 2025

PROFIT OR LOSS AND COMPREHENSIVE INCOME

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF YEAR ENDED 31 DECEMBER 2024

	Note	Consolidated Entity	
		31 December 2024 \$	31 December 2023 \$
Revenue	3	2,151,422	1,044,107
Other income	3	2,847,003	3,063,022
Finance income	3	52,434	59,893
Employee benefits expense		(3,913,132)	(3,129,735)
Professional fees		(144,914)	(116,401)
Board and secretarial fees		(261,618)	(248,428)
Corporate compliance & legal expense		(99,768)	(106,191)
Consultant fees		(33,200)	(47,158)
Finance cost		(193,408)	(185,020)
Office Utilities		(706,849)	(690,101)
Rent expense		(124,406)	(116,082)
Travel and accommodation expense		(90,432)	(120,192)
Consumables		(1,521,061)	(928,825)
Depreciation and amortisation expense	8	(1,729,937)	(1,359,354)
Share based payment expense		(294,156)	(444,010)
Other expenses		(1,662,252)	(2,009,632)
Loss before income tax		(5,724,274)	(5,334,107)
Income tax expense		-	(350,787)
Loss for the period		(5,724,274)	(5,684,894)
Other comprehensive income		284,523	(96,139)
Total comprehensive income		(5,439,751)	(5,781,033)
Loss attributable to:			
• Members of the parent entity		(5,724,274)	(5,684,894)
• Non-controlling interest		-	-
		(5,724,274)	(5,684,894)
Total Comprehensive Income attributable to:			
• Members of the parent entity		(5,439,751)	(5,781,033)
• Non-controlling interest		-	-
		(5,439,751)	(5,781,033)
Earnings Per Share			
Basic loss per share (cents per share)		(0.31)	(0.37)
Diluted loss per share (cents per share)		(0.31)	(0.37)

The financial statements should be read in conjunction with the following notes.

FINANCIAL POSITION

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2024

	Note	Consolidated Entity	
		31 December 2024 \$	30 June 2024 \$
Current Assets			
Cash and cash equivalents		3,812,598	5,573,205
Trade and other receivables		3,798,308	8,221,301
Inventories		1,084,138	886,346
Other current assets		67,370	36,814
TOTAL CURRENT ASSETS		8,762,414	14,717,666
Non-Current Assets			
Security deposit		458,438	415,158
Property, plant and equipment	8	7,243,923	8,007,282
TOTAL NON-CURRENT ASSETS		7,702,361	8,422,440
TOTAL ASSETS		16,464,775	23,140,106
Current Liabilities			
Trade and other payables		1,074,922	1,391,874
Lease liabilities	9	1,216,418	862,419
Short-term provisions		664,242	621,040
Borrowings		-	1,149,236
TOTAL CURRENT LIABILITIES		2,955,582	4,024,569
Non-Current Liabilities			
Lease liabilities	9	2,017,311	2,664,470
Long-term provisions		1,592,221	1,564,994
TOTAL NON-CURRENT LIABILITIES		3,609,532	4,229,464
TOTAL LIABILITIES		6,565,114	8,254,033
NET ASSETS		9,899,661	14,886,073
Equity			
Issued capital	7	113,087,382	112,583,155
Reserves		592,638	359,003
Accumulated losses		(103,780,359)	(98,056,085)
TOTAL EQUITY		9,899,661	14,886,073

The financial statements should be read in conjunction with the following notes.

CHANGES IN EQUITY

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 31 DECEMBER 2024

	Issued Capital	Share-Based Payments Reserve	Other Reserves	Accumulated Losses	Total
Consolidated Entity	\$	\$	\$	\$	\$
Balance at 1 July 2023	101,886,520	372,581	(454,722)	(87,917,219)	13,887,160
Loss for the period	-	-	-	(5,684,894)	(5,684,894)
Other comprehensive income	-	(1,816)	(94,323)	-	(96,139)
Total comprehensive income for the period	-	(1,816)	(94,323)	(5,684,894)	(5,781,033)
Transactions with owners in their capacity as owners					
Shares issued during the period	1,032,493	-	-	-	1,032,493
Shares issued in lieu of cash	134,669	(134,669)	-	-	-
Share based payments	-	444,010	-	-	444,010
Rights exercised	19,445	(19,445)	-	-	-
Balance at 31 December 2023	103,073,127	660,661	(549,045)	(93,602,113)	9,582,630

Balance at 1 July 2024	112,583,155	861,171	(502,168)	(98,056,085)	14,886,073
Loss for the period	-	-	-	(5,724,274)	(5,724,274)
Other comprehensive income	-	-	284,523	-	284,523
Total comprehensive income for the period	-	-	284,523	(5,724,274)	(5,439,751)
Transactions with owners in their capacity as owners					
Shares issued during the period	6,216	-	-	-	6,216
Shares issued in lieu of cash	152,967	-	-	-	152,967
Share based payments	-	294,156	-	-	294,156
Rights exercised	345,044	(345,044)	-	-	-
Balance at 31 December 2024	113,087,382	810,283	(217,645)	(103,780,359)	9,899,661

CASHFLOWS

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF YEAR ENDED 31 DECEMBER 2024

	Note	Consolidated Entity	
		31 December 2024 \$	31 December 2023 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		4,220,144	668,111
Research and development tax rebate		5,372,680	7,306,966
Interest received		52,434	59,893
Interest paid		(4,224)	(103,222)
Payments to suppliers and employees		(8,944,376)	(7,838,921)
Net cash used in operating activities		696,658	92,827
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(450,004)	(1,149,272)
Net cash used in investing activities		(450,004)	(1,149,272)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of share	7	6,216	-
Repayment of lease liability		(695,521)	(395,223)
Interest paid		(168,730)	(81,797)
Proceeds from borrowings		1,499,236	-
Repayments of borrowings		(2,648,462)	-
Net cash provided by financing activities		(2,007,261)	(477,020)
Net decrease in cash held		(1,760,607)	(1,533,466)
Cash at beginning of financial year		5,573,205	4,258,334
Cash at end of financial period		3,812,598	2,724,868

The financial statement should be read in conjunction with the following notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1: NATURE OF OPERATIONS

The principal activity of the Group during the half year was the development of the direct-to-market laser diode business unit. This business unit designs, manufactures, tests and will ship laser diode products direct to the customer. These devices target high value applications such as industrial welding, biotech and displays with the objective of capturing significant value in the near-term.

NOTE 2: BASIS OF PREPARATION

These general-purpose financial statements for the half-year reporting period ended 31 December 2024 have been prepared in accordance with requirements of the *Corporations Act 2001* and AASB 134: *Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with International Financial reporting standard IAS34 Interim Financial Reporting. The group is a for profit entity for financial reporting purposes under Australian Accounting standards.

This half year financial report is intended to provide users with an update on the latest annual financial statements of BluGlass Limited and its controlled entities (the Group). As such, it does not contain information that represents relatively insignificant changes occurring during the half year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial report of the Group for the year ended 30 June 2024, together with any public announcements made during the half-year.

The same accounting policies and methods of computation have been followed in this half year financial report as were applied in the most recent annual financial statements, except in relation to the matters discussed below.

MATERIAL ACCOUNTING POLICY INFORMATION

The half year financial statements have been prepared in accordance with the accounting policies adopted in the Group's last annual financial statements for the year ended 30 June 2024. The financial statements of BluGlass Limited for the half-year ended 31 December 2024 were authorised for issue in accordance with a resolution of the directors on 27 February 2025.

Going Concern

The Group incurred a loss after tax of \$5,724,274 (2023: \$5,684,894) and positive cashflows from operations of \$696,658 (2023: positive cashflows of \$92,827) for the half-year ended 31 December 2024. Notwithstanding the loss, the financial statements have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and the discharge of liabilities in the normal course of business.

The Directors believe that there are reasonable grounds that the Group will be able to continue as a going concern, on the following basis:

- The Group has cash and cash equivalents of \$3,812,598 as at 31 December 2024 (30 June 2024: \$5,573,205). As at that date, the Group had current assets of \$8,762,414 (30 June 2024: \$14,717,666) and net assets of \$9,899,661 (30 June 2024: \$14,886,073). The Group has performed a detailed cash flow forecast, and determined that it will have adequate cash resources with the anticipated research and development tax rebate and future capital raise;
- If required, the Group has the ability to continue to raise additional funds on a timely basis pursuant to the Corporations Act 2001. The Directors have no reason to believe that it will not be able to continue to source equity or alternative funding if required;
- If required, the Group has the ability to further finance the 2025 research and development tax rebate to have access to the funding earlier. This will improve the liquidity of the Group; and
- The Group has the ability to scale back a significant portion of its development activities if required.

As a result of these factors, there is material uncertainty as to whether the Group will continue as a going concern and, therefore, whether it will realise its assets and settle its liabilities and commitments in the normal course of business at the amounts stated in the financial report.

NOTE 2: BASIS OF PREPARATION (CONTINUED)

Reclassification of balances and accounts

During the reporting period, certain balances and accounts have been reclassified in order to better reflect the nature and purpose of the underlying transactions. These reclassifications have been made in accordance with applicable accounting standards and guidelines. None of these reclassifications had an impact on profit or loss and equity.

Revenue and Other Income

Revenue arises mainly from foundry revenue and laser diode revenue. To determine whether to recognise revenue, the Group follows a 5-step process:

- Identifying the contract with a customer
- Identifying the performance obligations
- Determining the transaction price
- Allocating the transaction price to the performance obligations
- Recognising revenue when/as performance obligation(s) are satisfied

In all cases, the total transaction price for a contract for foundry revenue and laser diode revenue is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties. Revenue is recognised consistent with the pattern of transfer of control of the underlying good or service to the customer. Accordingly, when the entity satisfies a distinct performance obligation at a point in time (such as on the delivery of wafers), revenue attributable to the associated good or service is recognised in full at that time. Alternatively, when the entity satisfies a distinct performance obligation over time (such as when it undertakes or provides research and development services to a customer), revenue attributable to the associated good or service is recognised on a pro-rata basis over the relevant period. The Group currently has no obligation for returns, refunds or warranties.

The Group recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities in the statement of financial position. Similarly, if the Group satisfies a performance obligation before it receives the consideration, the Group recognises either a contract asset or a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

Critical accounting estimates and judgements

The directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

Key judgement – Laser diode project revenue

BluGlass has recognised laser diode project revenue in accordance with AASB 15. Laser diode project revenue customers are parties that have contracted with the Group to obtain research and development services in exchange for consideration. Laser diode project revenue is recognised over time when the entity provides this service and satisfies the distinct performance obligation.

NOTE 3: REVENUE, OTHER INCOME AND FINANCE INCOME

	Consolidated Group	
	31 December 2024	31 December 2023
The following revenue items are relevant in explaining the financial performance for the half year period		
Revenue		
Foundry Services Revenue	541,791	328,554
Laser Diode Product Revenue	16,010	7,126
Laser Diode Project Revenue	1,593,621	708,427
Total Revenue	2,151,422	1,044,107
Other income		
Research and development tax rebate	2,706,881	3,058,613
Semiconductor Industry Australia Conference	132,730	-
Other	7,392	4,409
Total Other income	2,847,003	3,063,022
Finance Income		
Interest received	52,434	59,893
Total Finance Income	52,434	59,893

NOTE 4: DIVIDENDS

There were no dividends paid or declared during the period.

NOTE 5: OPERATING SEGMENTS

Business and geographical segments

The Group identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The Group is managed primarily on the basis of research and development activities. The Group's operation has one main risk profile and performance assessment criteria. Operating segments are therefore determined on the same basis.

Reportable segments disclosed are based on aggregating operating segments where the segments are considered to have similar economic characteristics and are also similar with respect to the following:

- the products sold and/or services provided by the segment;
- the manufacturing process;
- the type or class of customer for the product or service;
- the distribution method; and any external regulatory requirements

Applying the above criteria, the Group only has one operating division being the research and manufacture of Gallium Nitride (GaN).

The Group operates in two geographical area being in Australia and the United States. The Group did not discontinue any of its existing operations during the year.

NOTE 5: OPERATING SEGMENTS (CONTINUED)

	Australia	USA	Intersegmental Elimination	Total
31 December 2024	\$	\$	\$	\$
Sales to Customers	541,791	1,609,631	-	2,151,422
Intersegment Revenue	1,497,494	5,553,241	(7,050,735)	-
Other Revenue	2,847,003	-	-	2,847,003
Interest Revenue	52,434	-	-	52,434
Total Segment Revenue	4,938,722	7,162,872	(7,050,735)	5,050,859
Depreciation and amortisation	187,872	1,542,065	-	1,729,937
Employee benefit expense	1,279,092	2,634,040	-	3,913,132
Intersegment expense	5,553,241	1,497,494	(7,050,735)	-
Other expenses	2,899,012	2,233,052	-	5,132,064
Segment Results	(4,980,495)	(743,779)	-	(5,724,274)
Segment Assets	16,394,041	7,937,270	(7,866,536)	16,464,775
Segment Liabilities	3,139,019	12,621,109	(9,195,014)	6,565,114

	Australia	USA	Intersegmental Elimination	Total
31 December 2023	\$	\$	\$	\$
Sales to Customers	328,554	715,553	-	1,044,107
Intersegment Revenue	-	4,620,888	(4,620,888)	-
Other Revenue	3,058,613	4,409	-	3,063,022
Interest Revenue	59,893	-	-	59,893
Total Segment Revenue	3,447,060	5,340,850	(4,620,888)	4,167,022
Depreciation and amortisation	215,514	1,143,840	-	1,359,354
Employee benefit expense	934,528	2,195,207	-	3,129,735
Other expenses	7,505,823	2,477,892	(4,620,888)	5,362,827
Segment Results	(5,208,805)	(476,089)	-	(5,684,894)
Segment Assets	22,580,029	8,525,470	(7,965,393)	23,140,106
Segment Liabilities	4,620,620	12,127,617	(8,494,204)	8,254,033

NOTE 6: LOSSES PER SHARE

Both the basic and diluted losses per share have been calculated using the losses attributable to shareholders of the Parent Company (BluGlass Limited) as the numerator, i.e. no adjustments to losses were necessary during the six (6) month period to 31 December 2024 and 2023.

The weighted average number of shares for the purposes of the calculation of diluted losses per share can be reconciled to the weighted average number of ordinary shares used in the calculation of basic losses per share as follows:

	6 months to 31 December 2024	6 months to 31 December 2023
Weighted average number of shares used in basic earnings per share	1,834,538,618	1,530,766,101
Weighted average number of shares used in diluted earnings per share	1,834,538,618	1,530,766,101

NOTE 7: SHARE CAPITAL

	6 months to 31 December 2024 No.	Year to 30 June 2024 No.
Shares issued and fully paid		
Beginning of the period	1,827,108,411	1,528,045,654
Issued under share-based payment plans in lieu of cash	6,118,676	20,429,206
Issued under share-based payment plans from vested Rights	6,910,116	3,818,792
Shares issued	135,136	274,814,759
Shares issued and fully paid	1,840,272,339	1,827,108,411
Shares authorised for share-based payments	50,733,135	48,362,747
Total shares authorised at the end of the period	1,891,005,474	1,875,471,158
	Shares	\$
Shares issued and fully paid		
Beginning of the period	1,827,108,411	112,583,155
Shares issued	135,136	6,216
Shares issued in lieu of cash	6,118,676	152,967
Rights exercised	6,910,116	345,044
As at 31 December 2024	1,840,272,339	113,087,382

NOTE 8: PROPERTY, PLANT AND EQUIPMENT

The following tables show the movements in property, plant, and equipment:

	Right-of-use asset	Plant and Equipment	Lease Make Good	Leasehold Improvements	Computer Equipment	Furniture & Fittings	Total
	\$	\$	\$	\$	\$	\$	\$
Balance at 30 June 2024	3,127,506	4,151,756	530,914	89,977	64,962	42,167	8,007,282
Additions	-	552,065	-	33,994	21,773	1,287	609,119
Transfer in/(out)	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-
Depreciation expense	(353,106)	(1,210,191)	(103,613)	(27,560)	(22,034)	(13,433)	(1,729,937)
Exchange rate movement	72,746	265,442	7,350	5,890	3,332	2,699	357,459
Balance at 31 December 2024	2,847,146	3,759,072	434,651	102,301	68,033	32,720	7,243,923

*The value of assets under construction of \$467,100 (30 June 2024: \$46,627) are included within plant and equipment that is not yet depreciated

NOTE 9: LEASE LIABILITIES

The Group has held the following leases for the following facilities at 31 December 2024:

- Silverwater (Australia) – Warehouse and Office
- New Hampshire (USA) – Packaging and Testing Facility
- California (USA) – Fabrication Facility

Future minimum lease payments were as follows:

	31 December 2024	30 June 2024
Lease liabilities (current)	1,216,418	862,419
Lease liabilities (non-current)	2,017,311	2,664,470
	3,233,729	3,526,889

NOTE 10: COMMITMENTS AND CONTINGENCIES

Contingent liabilities include the lease for 74 Asquith Street which is supported by The Commonwealth Bank of Australia (“CBA”) bank guarantee for \$168,800. Collateral for the bank guarantee is a set-off against cash invested with the CBA for \$168,800. The CBA also holds a Guarantee against the company credit cards of \$50,000.

NOTE 11: EVENTS SUBSEQUENT TO REPORTING DATE

On 24 February 2025, BluGlass secured funding of \$1.95 million against the R&D tax claim for the financial year ending 30 June 2025.

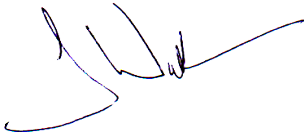
No other matter or circumstance has arisen since 31 December 2024 that has significantly affected, or may significantly affect, the Group’s operations, the results of those operations, or the Group’s state of affairs in future financial years.

DIRECTORS' DECLARATION

The directors of the company declare that:

1. the financial statements and notes as set out on pages 8 to 18 are in accordance with the Corporations Act 2001 and:
 - (a) comply with Accounting Standards AASB 134 *Interim Financial Reporting*; and
 - (b) give a true and fair view of the financial position as at 31 December 2024 and of the performance for the half year ended on that date.
2. in the directors' opinion, there are reasonable grounds to believe that the group will be able to pay its debts as and when they become due and payable.

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



James Walker
Non-Executive Chair

Dated 27 February 2025

BLUGLASS LIMITED
INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Bluglass Limited

Conclusion

We have reviewed the accompanying half-year consolidated financial report of Bluglass Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 31 December 2024, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising material accounting policy information and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001* including:

- i. giving a true and fair view of the Group's financial position as at 31 December 2024 and of its performance for the half-year ended on that date; and
- ii. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of 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 annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Emphasis of Matter – Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the financial report, which notes that the Group incurred a net loss of \$5,724,276 for the half-year. As stated in Note 2, this events along with other matters as set forth in Note 2 indicate that a material uncertainty exists that may cast doubt on 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 conclusion is not modified in respect of this matter.

In.Corp Audit & Assurance Pty Ltd
ABN 14 129 769 151

Level 1
6-10 O'Connell Street
SYDNEY NSW 2000

Suite 11, Level 1
4 Ventnor Avenue
WEST PERTH WA 6005

GPO BOX 542
SYDNEY NSW 2001

T +61 2 8999 1199
E team@incorpadvisory.au
W incorpadvisory.au

BLUGLASS LIMITED

INDEPENDENT AUDITOR'S REVIEW REPORT (continued)

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. 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 review report.

Responsibility of Directors for the Half-Year Financial Report

The directors of the Company are responsible for the preparation of the consolidated half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Half-Year Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2024 and its performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

In.Corp Audit & Assurance Pty Ltd



Daniel Dalla
Director

Sydney, 27 February 2025