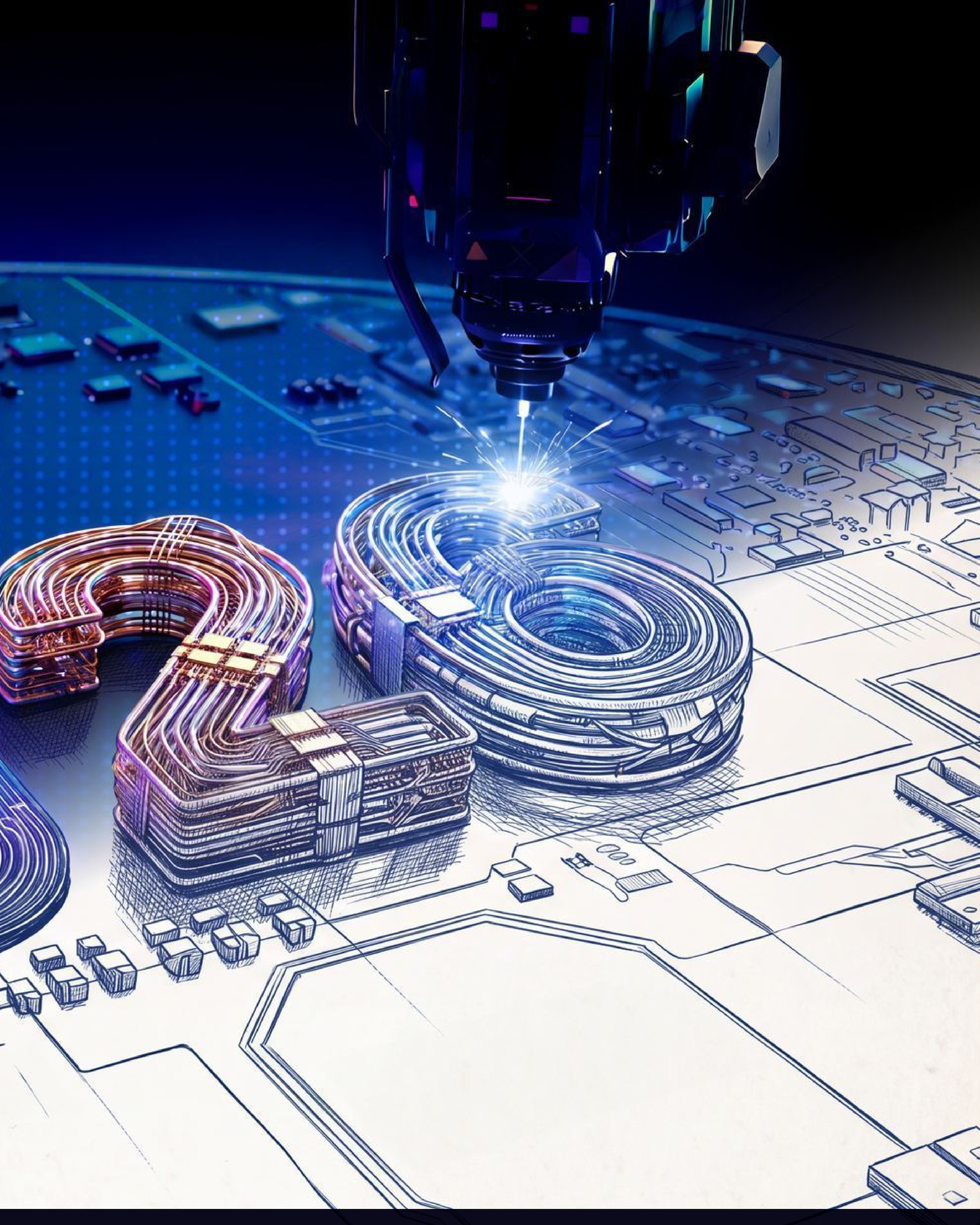

ANNUAL FINANCIAL REPORT 2026

BLUGLASS

CONTENT

CHAIR LETTER

Dear Shareholders,

FY26 was a year of significant change for BluGlass with a refreshed Board and strategy to materially grow the business, transforming the company into a key onshore provider of critical photonic components to the defence and aerospace, quantum, sensing, and AI infrastructure industries. We continue to focus on delivering our organic growth strategy while identifying new longer-term opportunities to fast-track our growth and capture greater value share. These include expanding our presence in the U.S. and integrating complementary upstream technologies to move from a component supplier to a systems provider.

During the year we grew our project and product revenue at the same time as reducing our legacy non-core streams. Our total revenue and other income of $10.5 million reflects this trend, despite lengthy impacts due to the U.S. Government shutdown delaying the signing of new and renewal development projects. We've had a strong second half, awarded five new revenue-generating development contracts collectively valued at just under A$5.2 million. New contracts with the U.S. Department of War, a tier one defence prime, a Fortune 500 company, Uviquity, and TOPTICA reflect BluGlass' leadership in precision visible light and our unique ability to develop novel laser solutions to solve specific customer challenges. While negotiations with Government departments and large industry players often take months or years to mature, they provide the foundation for multi-year follow-on manufacturing orders.

It's been a historic year for the photonic sector with U.S.-listed laser companies outperforming the broader market. Demand is being driven by AI and advanced applications with lasers a critical, enabling component within virtually all next-generation applications. In addition, every advanced chip in the world is also manufactured using ultra-precise light. While visible gallium nitride (GaN) lasers are considered an emerging market compared to the more established infrared laser and LED segments, adoption of advanced laser systems has accelerated over the past year to support defence programs and quantum infrastructure. Global instability has seen the U.S. and allied governments increasingly regulate sovereign supply chains for strategic capabilities, driving project opportunities for BluGlass. As one of just two GaN laser suppliers with U.S. manufacturing, BluGlass is already an approved provider to the U.S. Government through our work in the Department of War's CLAWS Hub. The year ahead will see the Company continue to capitalise on these macro tailwinds, benefitting from greater management focus and increased engagement with key U.S. Government decision makers.

BluGlass delivered significant commercial and technical progress in FY26. Since joining the Board, we have focused on recapitalising the Company to support faster growth and strengthen our ability to pursue inorganic opportunities - securing a combined $14.6 million through an upsized Placement, options exercise, and shortfall agreement. I am a firm believer in the Board and management being aligned with shareholders and have taken a substantial personal position in the Company. The participation of myself, my fellow Directors, and our executives in the Placement reflects our shared confidence in BluGlass' visible laser technology, market opportunity, and growth outlook. In FY26, a new Board was appointed to guide the Company through its next growth phase. We welcomed independent Australian Non-Executive Directors Lucy Robb Vujcic and Ata Gokyildirim to the Board in November, strengthening our corporate governance and commercialisation expertise. We also adopted a corporate structure common with U.S. public companies with CEO Jim Haden appointed to the Board as Managing Director. Jim's Board appointment embeds a founder mentality across the business, aligning management decisions with those of shareholders. I thank outgoing Directors James Walker, Jean-Michel Pelaprat and Stephe Wilks for their significant contribution to BluGlass over many years, and wish them all the best in their future endeavours. I'd also like to take this opportunity to thank Ata, Lucy and Jim for their advice and guidance throughout the remainder of FY26 – a period of substantial change for the business.

Our achievements over the past year would not have been possible without the hard work and dedication of Jim and the entire BluGlass team. Within the highly complex GaN laser market, our team is recognised for its novel capabilities, innovation mindset, and proven track record of solving complex customer challenges. Technical progress and contract wins have enhanced our growing industry reputation, and we are increasingly becoming the development partner of choice for governments and industry leaders.

Finally, thank you to our shareholders for your strong support over the past year. BluGlass enters FY27 in its strongest ever position as we continue to establish ourselves as the leading U.S. onshore visible laser company, delivering real value for shareholders.

Sincerely,

Omer Granit
Executive Chair

CEO’S LETTER

Dear shareholders,

FY26 was a tale of two halves for BluGlass. The first half was challenged by macroeconomic uncertainty and delays in U.S. Government funding, including prolonged negotiations that slowed the signing of new and ongoing development contracts. We met these headwinds with a Board and strategy refresh to sharpen capability and alignment around the Company’s commercial priorities and strategic execution.

This renewed focus delivered early green-shoots in the second half, with strengthened conversion of the Company’s growing customer pipeline, securing multiple development contracts with government and industry leaders, including signing new contracts with a tier-one aerospace prime, a Fortune 500 customer, and leading global photonics supplier TOPTICA; as well as securing follow-on contracts with the U.S. Department of War’s CLAWS Hub and U.S. photonics company Uviquity. These commercial wins were underpinned by a world-record performance for high-fidelity single-mode gallium nitride (GaN) lasers, showcasing the strong technical foundation on which the pipeline is built.
This momentum was supported by a focused recapitalisation and re-networking of the Company. On the capital front, this was led by an historic Board investment, joined by major shareholders through a well-supported Placement, and followed by strong option uptake by our existing shareholders. The microelectronics industry is undergoing significant transformation as demand for AI infrastructure, advanced sensing, quantum technologies and next-generation computing architectures accelerates.

To help BluGlass meet the moment, our renewed Board has focused substantial effort during the second half on developing our top-tier network and influence in our most critical market, the U.S., and specifically the U.S. government. The Company engaged with national security advisor Major General John F. Wharton (U.S. Army Ret.), and appointed Michael Best Strategies - a leading Washington-connected government relations and public affairs firm chaired by former White House Chief of Staff Reince Priebus, to deepen our access to bipartisan decision-makers across the Department of War and Department of Energy, and adoption of our visible GaN laser technologies.

The growing caliber and value of our customer portfolio provides important market validation for our visible laser technology and customisation capability across our key verticals - defence, aerospace, biotech, quantum, consumer, and dual-use sectors. Alongside development contracts, we also received purchase orders from quantum leader Infleqtion and an AI infrastructure customer. The customer traction achieved in the second half reflects a broader market shift toward novel, higher-power, and more compact technologies that can underpin emerging applications and strategic capabilities, particularly in defence, aerospace, and quantum markets where visible light is disrupting traditional infrared and LED technologies.

A critical semiconductor material, gallium nitride (GaN)’s high energy visible photons go beyond the reach of infrared light, enabling breakthroughs in everything from quantum sensors for ultra-precise navigation through to cancer detection, clear air turbulence and atmospheric surveillance, and air and water sterilisation at scale. Importantly, we are leveraging our proprietary know-how to cost-effectively expand our visible laser capability and portfolio with around 85% of manufacturing steps duplicated across product lines. Our platform technology has been designed to both scale and diversify rapidly, as we position BluGlass as the leading supplier of choice for next-generation visible photonics.

Our project to product strategy is meeting a genuine market need for custom development and flexible manufacturing options that reduce system integration complexity and costs. This go-to-market approach is a well-established path for laser businesses, and one many of our larger competitors have embarked on – delivering immediate revenues through the development phase as our visible laser technology are ‘designed into’ new applications, ultimately leading to long-term product supply contracts. The Company’s project pipeline includes opportunities at all stages of the sales funnel and remains concentrated in defence, aerospace, quantum and advanced computing applications. While management believes the opportunity set is substantial, the timing and conversion of opportunities into contracts remains subject to customer procurement cycles and funding approvals. While we are confident the project to product strategy is the right one for our business, the transition from primarily project revenues to primarily product revenues can be a lengthy one and will often include inorganic growth. Importantly, the progression of multiple customers from initial evaluation to development contracts, or repeat orders during FY26 provides tangible evidence that this strategy is working and that our visible laser technology is becoming embedded within next-generation customer platforms.

The United States remains our largest and most strategically important market, representing more than 60% of our opportunity pipeline and the majority of our target customers. Demand is being driven by the reshoring of advanced manufacturing capabilities, increasing geopolitical tensions, and growing investment in sovereign supply chains for critical technologies. As one of only a limited number of end-to-end visible GaN laser manufacturers globally, and one of the very few with U.S. manufacturing facilities, BluGlass is well positioned to support emerging defence, quantum, aerospace, and dual-use programs. This position is strengthened by our established relationship and growing recognition with the U.S. Department of War and our differentiated semi-custom offering, focused on delivering unmatched precision and high-fidelity visible light for the world’s most exacting applications. Unlike many more established suppliers embedded within larger conglomerates, BluGlass is a dedicated GaN laser company with the agility to address highly specialised customer requirements.

On the technology front, FY26 was one of the strongest years in BluGlass’ history. We achieved new world-leading performance standards for single-mode visible GaN lasers, increasing peak power output by 52% to 1.9W while maintaining the precision and beam quality required for advanced sensing, quantum, aerospace, and biomedical applications. We also improved efficiency across our visible wavelength portfolio, extended our demonstrated wavelength range into aquamarine and green, and advanced our industry-leading Distributed Feedback (DFB) laser capability. These achievements strengthen BluGlass’ competitive position and create new opportunities in emerging high-value markets.

To accelerate development of long-wavelength visible lasers, we entered another strategic licence agreement with the University of California Santa Barbara’s Solid-State Lighting and Energy Electronics Consortium (SSLEEC), securing access to critical intellectual property supporting aquamarine and green laser development. These wavelengths are essential for next-generation quantum sensing, biomedical instrumentation, augmented reality, and advanced defence systems. This new agreement builds on our previous agreements with SSLEEC that protect laser design, microfabrication techniques, and specialised optical structures for high-performance GaN DFB lasers for use in wavelengths spanning ultraviolet to green. Combined with BluGlass’ existing expertise in epitaxy, device design, and fabrication, these agreements strengthen our long-term technology roadmap and expand our accessible market opportunity.

I’m incredibly proud of BluGlass’ talented team, supported by our world-class Advisory Board. In FY26, we continued to punch above our weight with innovations across GaN laser performance and the development of novel capabilities to solve unique customer challenges. I look forward to another productive year as we invest in new equipment and personnel to accelerate our commercialisation activities.

Lastly, I’d like to take this opportunity to acknowledge the ongoing support of our shareholders. While the Board and I are bullish about our future, we do not take your continued investment or support for granted. We enter FY27 with increasing commercial momentum, a strengthened leadership team, an expanding portfolio of intellectual property, world-class visible laser performance, and relationships with some of the largest organisations operating within defence, quantum, aerospace, biotechnology, and advanced computing. While we recognise that there remains substantial execution ahead, we believe BluGlass is better positioned than at any point in its history to become a leading supplier of visible photonic technologies for next-generation applications in transformative industries.

Sincerely,

Jim Haden

DIRECTORS REPORT

Your directors present their report on BluGlass Limited ("the Company") and its controlled entities ("BluGlass" or "the Group") for the financial year ended 30 June 2026.

DIRECTORS

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

Mr Omer Granit (Executive Chair) appointed 15 September 2025 as Director, and 10 November 2025 as Executive Chair
Ms Lucy Robb Vujcic (appointed 10 November 2025)
Mr Ata Gokyildirim (appointed 10 November 2025)
Mr James Haden (Executive Director) appointed 9 December 2025 as Director, and Managing Director on 13 July 2026
Mr Yam Rubenstein (appointed 21 August 2026)
Mr Jean-Michel Pelaprat (resigned 9 December 2025)
Mr James Walker (resigned 10 November 2025)
Mr Stephe Wilks (resigned 10 November 2025)
Mr Vivek Rao (resigned 15 September 2025)

PRINCIPAL ACTIVITIES

The Group's principal activity during the financial year was the development and commercialisation of its visible gallium nitride (GaN) laser portfolio. Activities included fulfilling product orders and foundry-service contracts, delivering technical milestones under customer-funded development programs, and advancing laser performance and manufacturing capability using industry-standard MOCVD and BluGlass' proprietary low-temperature Remote Plasma Chemical Vapour Deposition technology.

The Group has operations in both Australia and the USA, including a purpose-built production facility in Silicon Valley.

REVIEW OF OPERATIONS

FY26 marked an important step forward in BluGlass' transition from technology development to commercial execution. During the year, the Company secured new paid development programs and orders from government, defence, quantum, photonics, data-storage and advanced-computing customers, while delivering significant improvements in visible GaN laser performance. Commercial achievements included a third-year CLAWS Hub subcontract, a strategic collaboration with a Fortune 500 mass-capacity data-storage leader, a multi-phase program with a Tier-1 U.S. defence prime, and orders from TOPTICA Photonics and Infleqtion. These engagements validate BluGlass' project-to-product strategy, under which paid custom-development programs are intended to position its lasers for inclusion in customers' next-generation systems and subsequent product supply agreements.

Alongside commercial progress, BluGlass continues to improve the technical parameters of its visible lasers, achieving a new world-record for single-mode GaN laser peak power output during the year. The Company's ability to address specific customer challenges and design tailored solutions is unique in the market, laying the foundation for its lasers to be 'designed in' new products and leading to long-term supply agreements.

A refreshed Board has focused on recapitalising the business to accelerate BluGlass' contract and revenue growth while preparing the business for scale.

THE YEAR IN REVIEW:

Commercial Programs:

Secured Year 3 CLAWS Hub sub-contract

BluGlass strengthened its relationship with the U.S Government in FY26, securing a A$1.05 million contract extension with North Carolina State University as part of the U.S. Department of War's Microelectronics Commons' CLAWS Hub. The Commercial Leap Ahead for Wide bandgap Semiconductors (CLAWS) Hub is one of eight innovation hubs focused on advancing next-generation dual-use technologies for the U.S. Department of War. The extension brings BluGlass' total contract value to $6.5 million for the first three years of the five-year Microelectronics Commons program.

Under its Year 3 contract, BluGlass is continuing to develop high-fidelity, high-precision visible GaN lasers and integrated photonics to address scalability challenges and precision requirements of next-generation defence, quantum and dual-use applications.

A$1.3 million collaboration with a Fortune 500 company

During the year, BluGlass secured a strategic A$1.3 million collaboration with a global leader in mass-capacity data storage. Under the agreement, BluGlass' market leadership in visible GaN lasers is supporting the Fortune 500 company's future photonics development. The $1.3 million contract will be paid in four instalments tied to activity-based milestones, expected to be completed over a 12-18-month period.

A$1.25 million program with a Tier 1 defence prime

BluGlass stepped-up its engagement with industry leaders in FY26, receiving a A$560,000 order as part of a new A$1.25 million multi-phased development program with a U.S. Tier 1 defence prime. Under the multi-phase program, BluGlass is custom developing and packaging its world-leading GaN Distributed Feedback (DFB) lasers and gain chips for evaluation and potential deployment within the customer's novel dual-use aerospace applications. It follows an initial order and successful prototype testing of BluGlass' gain chips by the customer.

The premier U.S. aerospace and defence technology company supplies advanced systems and services across commercial, military and business aviation sectors, including avionics, navigation systems and information management solutions.

A$190k order from TOPTICA Photonics Inc.

In FY26, BluGlass received a $190,000 order of custom GaN lasers for advanced Photonic Integrated Circuits (PICs) from the U.S. division of global industry leader TOPTICA Photonics Inc. A commercial member of the U.S. Department of War's NORDTECH Hub, TOPTICA will use BluGlass' high-precision single frequency PICs to enable quantum capabilities and support the Hub's Quantum Ultra-broadband Photonic Integrated Circuits and Systems (QUPICS) program. QUPICS aims to address key defence challenges by developing chip-scale photonic capabilities for quantum applications.

TECHNICAL AND IP:

New world-record GaN laser performance

The Company demonstrated significant single-mode GaN laser performance improvements during the year, achieving what management believes represents world-leading performance of 1.9W peak output power from a blue GaN laser chip while maintaining single-spatial mode. This achievement supersedes BluGlass' previous world-record of 1.25W of single-spatial mode power – a 52% improvement - and was accomplished using a 450nm single-mode master oscillator with a tapered power amplifier (MOPA). BluGlass' proprietary GaN gain chips and novel MOPA architectures optimise gain and beam quality, delivering the precision and compactness of a single-mode laser alongside the brightness and performance of high-power output.

Licensed visible laser IP

During the year, BluGlass licensed the rights to critical long-wavelength visible laser diode intellectual property from the University of California Santa Barbara (UCSB) Solid State Lighting and Energy Electronics Consortium (SSLEEC). The IP relates to intricate growth and fabrication techniques for AlGaN based layers – critical to the light emission layers of long-wavelength visible devices, including laser diodes - and essential for BluGlass to take share within large next-generation markets. Long-wavelength aquamarine and green lasers are utilised across quantum sensing and computing, advanced bio-medical devices, and consumer markets.

Intellectual Property

BluGlass continues to protect its intellectual property, filing a Patent Cooperation Treaty (PCT) (international patent system) application for its novel high-peak power continuous wave tuneable lasers. These novel designs enhance power and versatility of GaN lasers where power, precision, and tunability are required, and have high-value applications in three critical markets: aerospace, marine, and defence applications; quantum computing and quantum sensing applications; and biomedical and biotech applications.

BluGlass' intellectual property portfolio currently comprises:

- 51 internationally granted patents in key semiconductor manufacturing jurisdictions, including Japan, Taiwan, China, USA, and Europe.
- 6 applications in Patent Cooperation Treaty stage;
- 9 patent families; and
- 13 trademarks.

CUSTOMER ENGAGEMENT

BluGlass continued to execute its project-to-product strategy during the year, progressing projects and opportunities within its US$100 million pipeline. The Company's U.S. manufacturing facilities enable development of custom solutions to solve specific customer challenges while meeting the strict onshoring requirements for strategic next-generation applications. The pipeline comprises government and tier 1 partners as well as industry pioneers and innovators, with negotiations in various stages of maturity. As BluGlass is developing novel lasers and capabilities for emerging applications, development projects take time to realise and often begin as small laser orders used for testing and prototyping. These initial orders can lead to larger development contracts and long-term product orders.

During the year, BluGlass received an initial purchase order of its world-leading GaN gain chips from industry leader Infleqtion for integration within its quantum systems for next-generation applications. Infleqtion designs and builds quantum computers, precision sensors and quantum software for governments, enterprises and research institutes, including Nvidia, NASA, DARPA, and the United States Army. BluGlass also entered an initial feasibility study agreement in support of GaN surface emitters development with a stealth-mode customer developing next-generation optical interconnect technologies to support future AI computing and data centre infrastructure.

BOARD AND STRATEGY

New Board appointed

During FY26, BluGlass appointed a refreshed Board led by U.S.-based Executive Chair Omer Granit, with Non-Executive Directors Lucy Robb Vujcic and Ata Gokyildirim and Executive Director and CEO Jim Haden. Subsequent to year end, Mr Haden was appointed Managing Director effective 13 July 2026, and Mr Yam Rubenstein was appointed Non-Executive Director effective 21 August 2026.

An entrepreneur, investor and corporate lawyer, Omer Granit has a wealth of experience across capital markets, strategy, technology, defence and advanced manufacturing. His appointment as Executive Chair enhances BluGlass' engagement in the U.S., improving access to strategic customers, the global defence industry, and investment community. A commercial barrister, Lucy Robb Vujcic strengthens the Board's governance credentials, bringing extensive experience across corporate law, defence procurement, government contracting and international arbitration. Ata Gokyildirim has a proven track record leading high-growth technology ventures and a deep understanding of complex technology business models, operating environments and go-to-market strategy. An entrepreneur and investor, Yam Rubenstein brings more than two decades' experience in global financial markets, corporate finance and investment, strengthening the Board's global capital markets expertise and networks across the defence, aerospace and deep-tech sectors.

Partnered with U.S. Govt relations firm

Under the direction of its refreshed Board, BluGlass is increasing its engagement with the U.S. Government to enhance access to non-dilutive grants and strategic funding opportunities, leveraging its critical U.S. onshore manufacturing footprint and established relationships across the Department of War and Department of Energy. To support this priority, BluGlass partnered with leading U.S. Government relations firm Michael Best Strategies to deepen engagement with key decision makers across these agencies. Led by former White House Chief of Staff Reince Priebus, Michael Best Strategies is renowned for its extensive White House experience, bipartisan relationships and strategic insights. The U.S. Government is a strategic priority for BluGlass and currently represents more than 60 percent of opportunities in its project pipeline.

CAPITAL AND FINANCIAL PERFORMANCE

Capital

BluGlass delivered total revenue, finance income and other income of A$10.5 million in FY26, down 10% over the prior corresponding period, while continuing its transition toward higher-value project and product revenue streams. The reduction primarily reflected the deliberate transition away from legacy foundry services toward higher-value project and product revenue streams, together with challenging macroeconomic conditions and delays in U.S. Government funding processes, including extended continuing resolution negotiations that slowed the signing of new and ongoing development contracts and deferred milestone-based payments. Revenue comprised the NCSU CLAWS contract, payments under customer-funded development agreements, foundry services, laser product sales, and an A$6.1 million R&D Tax Incentive rebate relating to eligible development activities conducted in Australia and the United States.

Importantly, the transition toward project and product revenues continued to gain momentum during FY26. As the Company reduced and ultimately exited legacy foundry services, resources were increasingly directed toward customer-funded development programs and laser product opportunities that are more closely aligned with BluGlass' long-term growth strategy. Combined with the uptake in new contracts, by year end, project and product revenues had become the dominant contributors to commercial activity, delivering one of the Company's strongest non-legacy quarterly performances since commencing its commercial laser strategy. This shift reflects growing customer adoption of BluGlass' visible GaN laser technology and further validates the Company's project-to-product model, under which development programs are designed to progress toward future product supply opportunities.

The increasing contribution from project and product revenues reflects growing customer adoption of BluGlass' visible GaN laser technology and validates the Company's project-to-product strategy, under which customer-funded development programs are intended to evolve into recurring product opportunities.

During the year, BluGlass raised ~A$14.6 million via a strongly supported institutional Placement, exercise of A$0.26 Options and a shortfall agreement with Amery Partners Pty Ltd. BluGlass' Board and management were significant participants in the A$8 million institutional Placement, contributing A$2.3 million. The Placement was conducted at A$0.24 per share and included one free attaching option exercisable at A$0.38 and expiring on 31 May 2028. The exercised A$0.26 options and shortfall shares also include one free attaching option, exercisable at A$0.38 and expiring on 31 May 2028. Funds raised are being used to scale BluGlass' GaN laser operations, purchase additional fab equipment, and support new and existing contracts.

INDUSTRY ENGAGEMENT

Global industry events

Industry trade shows, conferences and roundtables are important pillars of BluGlass' sales and marketing strategy, increasing awareness of the Company's visible laser and integrated photonics offering, and enabling engagement with prospective partners and customers to discuss novel challenges. BluGlass participated at several industry events during the year, including leading industry conference SPIE Photonics West in San Francisco, SPIE Defence + Security in Maryland, part of the Team Australia delegation to the Quantum World Congress in Washington DC, the India Defence Ministry forum in Sydney, and the Quantum Semiconductor Workshop in California.

BluGlass also participated at several invitation-only U.S. Government and defence industry engagements during the year, including a U.S. Navy event and a roundtable with the U.S. Assistant Secretary for Critical Technologies, the Hon. Michael Dodd.

Industry event with U.S. Major General

During the year, BluGlass and Deloitte hosted a sold-out fireside conversation with U.S. Major General John F. Wharton (ret.) and Executive Chair Omer Granit. Moderated by Deloitte Partner Abhineet Lekhi, the event covered the growing global risk of supply chain concentration, importance of dual-use technologies, manufacturing as a core competency, and investing in enduring sectors.

Retired Major General John F. Wharton has more than 30 years' service spanning logistics, science and technology and national security innovation. As Commanding General of the U.S. Army Research, Development and Engineering Command (RDECOM), General Wharton oversaw ~75% of the U.S. Army's R&D budget, leading over 13,800 personnel across more than 100 global locations. He currently advises U.S. Government agencies, allied and partner nations, international governments, industry and academia on national security strategy, sovereign supply chain resilience, and critical technology acceleration.

Hosted Semiconductor Australia 2025

Building on the success of its inaugural conference, BluGlass partnered with the Semiconductor Sector Service Bureau (S3B) and Corporate Connect to host Semiconductor Australia 2025 in October. The premier conference for the semiconductor, quantum and photonics sectors, Semiconductor Australia 2025 was attended by more than 350 in-person participants and hundreds more online. The event showcased 22 of the nation's deep-tech innovators and featured keynote presentations from industry luminaries, including Australia's ninth Chief Scientist Dr Cathy Foley, and renowned scientist, entrepreneur and investor, Dr Simon Poole. Five expert roundtable sessions covered critical discussions around essential policy frameworks, global supply chain access, and growth capital. While BluGlass divested its majority stake in Semiconductor Australia in July 2026 to focus on its core business, the Company remains committed to the event as a minority shareholder with branding rights and profit share.

THE YEAR AHEAD:

BluGlass remains focused on converting opportunities within its US$100 million project pipeline into revenue-generating contracts, securing new and repeat customer orders, advancing its technology roadmap, and strengthening strategic industry partnerships to launch new capabilities. In parallel, the Company is focused on broadening its relationship with the U.S. Government, leveraging global tailwinds including the reshoring of strategic capabilities to support project negotiations and enhance access to non-dilutive grants and funding options.

As one of just two GaN laser suppliers with U.S. manufacturing capabilities, BluGlass is well positioned to convert customer demand into paid development programs that can enable its visible lasers to be designed into critical next-generation applications, creating pathways to repeat product orders and potential long-term manufacturing supply agreements. The Company is experiencing the strongest demand from defence and aerospace, quantum, biotech and consumer electronic sectors, and is targeting new development programs within these domains over the coming year.

MATERIAL BUSINESS RISKS:

While BluGlass Limited, like any business, is subject to general risks, the key risks specific to our operations include technology development and commercialisation risk, customer concentration risk, government funding and procurement risk, intellectual property risk, supply chain and manufacturing risk, capital funding risk, and research and development execution risk.

- Development and Commercialisation of Technologies: The success of BluGlass is highly dependent on the development and commercialisation of its technologies. Any delays or failures in meeting performance expectations could impact our ability to bring products to market and may require additional time and resources to address, potentially delaying commercialisation.

- Research and Development: There are inherent risks in our R&D efforts, including the possibility that projects may not achieve desired milestones or commercial viability. Uncertainties in early-stage development could lead to delays or cessation of certain projects.

- Intellectual Property: Protecting our intellectual property is crucial, but challenges in enforcement and potential litigation could arise. Additionally, unauthorised use of the BluGlass brand could lead to revenue loss and damage to our brand reputation.

These risks are actively managed to mitigate their potential impact on our business operations.

DIRECTORS REPORT

FINANCIAL SUMMARY

The consolidated loss for the year decreased by 5% to $10,390,851 (2025: $10,977,894).

The net assets of the consolidated entity increased by 24% to $14,413,796 (2025: $11,591,285).

Revenue, finance income and other income decreased by 10% to $10,479,532 (2025: $11,704,847). Material movements during the year included:

- Revenue from Laser Diode Products of $498,212 (up 36%) was recorded for the year compared to $367,560 in the 2025 financial year.
- Revenue from Laser Diode Projects of $2,552,791 (down 25%) was recorded for the year compared to $3,391,154 in the 2025 financial year.
- Revenue from the provision of foundry services to third parties of $1,009,652 (down 40%) was recorded for the year compared to $1,692,426 in the 2025 financial year.
- Income from the Research and Development Tax Incentive of $6,116,957 (up 1%) was recorded for the year compared to $6,053,755 in the 2025 financial year.
- Gross expenditure decreased by $1,812,358 (down 8%) to $20,870,383 compared to $22,682,741 in the 2025 financial year.
- Cash receipts from customers of $4,225,427 (down 39%) were recorded for the year compared to $6,908,799 in the 2025 financial year.
- Net cash outflows from operating activities increased by $2,146,803 (up 35%) to $8,297,546 compared to $6,150,742 in the 2025 financial year.
- Cash and cash equivalents increased by $5,605,384 (up 98%) to $11,343,243 at 30 June 2026, compared to $5,737,859 at 30 June 2025.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

Other than the developments reported elsewhere in this report, there were no significant changes in the state of affairs during the year.

DIVIDENDS PAID OR RECOMMENDED

No dividends were declared in 2026 or 2025.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

On 1 July 2026, the Company repaid a tranche of its FY26 Research and Development Tax Incentive financing facility with Radium Capital. The repayment of $2,410,321, comprising principal, accrued interest and settlement fee, was made following year end. The facility remains available to the Company to redraw if required.

On 7 July 2026, BluGlass completed the sale of 801 shares in its wholly owned Semiconductor Industry Australia Pty Ltd (SIA) to Ruthless Productions Pty Ltd for nominal consideration of $1, reducing BluGlass' ownership interest in SIA to 19.9%. Under the associated shareholders agreement, Ruthless Productions is responsible for SIA's future funding requirements and BluGlass is not obliged to provide additional funding to SIA.

On 15 July 2026, the Company invested US$1.5 million in Uviquity by way of a promissory note, bearing interest at 6% per annum and maturing 12 months from issue.

On 21 August 2026, Mr Yam Rubenstein was appointed as a Non-Executive Director of BluGlass Limited, effective immediately.

Except for the matters disclosed above, no other matter or circumstance has arisen since 30 June 2026 that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES

BluGlass will position itself to take advantage of the growing laser diode market to maximise shareholder return.

BluGlass will continue to evaluate opportunities to leverage and commercialise its proprietary RPCVD technology where it supports shareholder value creation and strategic objectives.

These developments, together with the current strategy of continuous improvement and innovation are expected to assist in the achievement of the Group's long-term goals and development of its business opportunities.

ENVIRONMENTAL AND SAFETY ISSUES

The BluGlass technology uses some materials classified under the Dangerous Goods Act. All materials and consumables are handled in compliance with relevant regulatory environmental, health and safety codes.

The Group has in place WHS procedures and a Safety Manager who reports weekly to the Chief Operating Officer on all safety and environmental related matters. BluGlass meets and exceeds all state and federal WHS statutory requirements.

There were no reportable incidents during the period.

INFORMATION ON DIRECTORS

MR. OMER GRANIT
Executive Chair
LLM, LLB, BA

Special Responsibilities:
Executive Chair

Current Directorships:
Amaero Limited (ASX: 3DA) – January 2023 to present

Experience and Expertise:
Omer Granit is a seasoned entrepreneur, investor and corporate lawyer with more than 20 years' experience across global capital markets, M&A, advanced manufacturing, investment and strategic governance. He has sourced, executed and managed complex transactions across the United States, Europe and Israel.

Omer is a Partner at New York-based investment firm EnPar Capital, investing across private and public markets. He previously founded and served as CEO of MIXER, a high-end co-working company, and West 4 Capital, a UK-regulated hedge fund. He has also served as CEO and Head of Investments at a London-based family office, managed alternative investments for a major institutional investor, and began his career as an M&A attorney with White & Case LLP in New York.

Omer is also a Non-Executive Director of Amaero Limited (ASX: 3DA), an advanced manufacturing and high-performance materials company serving defence, aerospace, nuclear and energy markets. This remains current. He is also, alongside fellow BluGlass Director, Yam Rubenstein, a co-founder and managing member of June 76, a U.S. domiciled investment firm headquartered in New York and Tel Aviv, focused on supply chains, production chains, and critical components.

Omer holds an LLM in Corporate Law from New York University, where he was Valedictorian, and degrees in Law and Business Administration from Reichman University. He is admitted to the New York and Israel Bars.

Omer was appointed a Director of BluGlass on 15 September 2025 and Executive Chair on 10 November 2025.

MS. LUCY ROBB VUJCIC
Non-Executive Director
LLM, LLB, BA, FGIA

Special Responsibilities:
Audit and Risk Committee Chair, Remuneration Committee Member

Former Directorships in last 3 years:
Amaero International Limited (ASX: 3DA) October 2022–October 2024

Experience and Expertise:
Lucy Robb Vujcic is a commercial barrister and corporate governance specialist with extensive experience across corporate law, defence procurement, government contracting and international arbitration.

Before joining the Bar, Lucy was an associate at leading U.S. law firm Skadden, Arps, Slate, Meagher & Flom LLP, where she advised multinational corporations on bilateral investor-state disputes. She is a former Non-Executive Director of Amaero International Limited (ASX: 3DA), an advanced manufacturing and high-performance materials company serving the defence, aerospace, nuclear and energy sectors, where she oversaw a period of significant growth and commercial traction.

Lucy holds a Bachelor of Arts and Bachelor of Laws with First Class Honours from the University of Sydney and a Master of Laws from New York University. She is a Fellow of the Governance Institute of Australia.

Lucy was appointed an independent Non-Executive Director of BluGlass on 10 November 2025.

INFORMATION ON DIRECTORS

MR ATA GOKYILDIRIM
Non-Executive Director
B Comm

Special Responsibilities:
Remuneration Committee Chair, Audit and Risk Committee member

Experience and Expertise:
Ata Gokyildirim is a seasoned commercial executive with extensive hands-on experience across sales, customer and revenue growth, strategic partnerships, commercialisation and go-to-market strategy.

Ata is Chief Revenue Officer at AI technology company Insait IO, where he has supported market penetration, strategic partnerships and product delivery. He has a proven track record leading high-growth technology ventures and brings experience across complex technology business models and operating environments from seed through to scale. His Insait CRO role also remains publicly current.

Ata was previously Chair of biotechnology company Prima BioMed, now Immutep Limited (ASX: IMM), and has held senior executive and consulting roles with technology businesses including Forter, Sedric and LoudNClear.

Ata was appointed an independent Non-Executive Director of BluGlass on 10 November 2025.

MR JAMES (JIM) HADEN
Executive Director
and Chief Executive Officer
MsEE, BEE

Special Responsibilities:
Executive Director and Chief Executive Officer

Experience and Expertise:
Jim Haden is an experienced laser diode executive with more than three decades' industry expertise and a demonstrated track record transitioning advanced technology businesses from R&D and early-stage product development to high-growth commercial operations.

Jim joined BluGlass as President in September 2021 and became CEO in March 2023. Under his leadership, BluGlass has expanded its U.S. manufacturing capability through the acquisition and integration of its Silicon Valley laser production facility and developed strategic relationships across defence, aerospace and quantum markets.

Prior to joining BluGlass, Jim held senior leadership positions at several leading photonics and laser companies, including Kyocera SLD, nLIGHT, Coherent and JDS Uniphase, now Lumentum. His experience spans laser development, manufacturing operations, product commercialisation, yield and margin improvement, and scaling advanced technology businesses.

Jim holds Masters and Bachelor of Science degrees from the University of Southern California in Quantum and Solid-State Physics.

Jim was appointed Executive Director of BluGlass on 9 December 2025.

INFORMATION ON DIRECTORS

MR. YAM RUBENSTEIN
Non-Executive Director
Bachelor of Commerce

Experience and Expertise:
Yam Rubenstein is an Israel-based entrepreneur and investor with more than two decades' experience in global financial markets, corporate finance, investment and strategic advisory.

Yam is the founder and CEO of investment firm 102 Percent Ltd, providing corporate finance, investment and strategic advisory services across technology, fintech and capital markets. He is also an advisory board member of Nasdaq-listed Cyabra, an AI-powered disinformation detection company.

Yam previously held senior management roles at leading investment houses and banks in Israel, including more than 10 years as Deputy CEO of Migdal Capital Markets, where he led its prime brokerage business and developed relationships with leading global investment banks and institutional investors. He is also co-founder of June 76 Investments and has investment interests across the technology and advanced manufacturing sectors.

He is also, alongside fellow BluGlass Executive Chair, Omer Granit, a co-founder and managing member of June 76, a U.S. domiciled investment firm headquartered in New York and Tel Aviv, focused on supply chains, production chains, and critical components.

Yam was appointed a Non-Executive Director of BluGlass on 21 August 2026.

MR. JAMES WALKER
Non-Executive Chair
(retired 10 November 2025)
B Comm, FCA, GAICD

Special Responsibilities:
Chair, Audit and Risk Committee member

Current Directorships:
6K Additive, Inc. (ASX: 6KA) October 2020 – present
Scalare Partners Holdings Limited (ASX: SCP)
November 2024 – present
Native Mineral Resources (ASX: NMR) August 2020 – present

Experience and Expertise:
James is an experienced leader in commercialising technology in new markets, with roles as a Non-Executive Chair, Director and Chief Executive of ASX-listed companies. He also has deep experience as a Chief Financial Officer for a UK, AIM-listed technology company as well as executive roles in other growth companies.

He is currently a non-executive Chair of Native Mineral Resources (ASX: NMR), a non-executive director of Scalare Partners Holdings Limited (ASX: SCP) and a non-executive director 6K Additive, Inc. (ASX: 6KA).

James has over 25 years' experience as a Chartered Accountant, company secretary and senior executive of various high growth private companies. James has successfully completed multiple ASX IPOs, corporate acquisition transactions, secondary round raises on both the ASX and UK AIM markets and private capital raises.

James thrives on scaling businesses, commercialising technology and building new global markets, with extensive experience across a wide range of international high growth businesses, including deal-tech, data-driven customer experience, sensor systems, mining technology services, automotive, aviation, biotechnology, hotel telemarketing, drone detection and security sectors.

James served as a Director of BluGlass for approximately seven years, including five years as Chair, retiring from the Board on 10 November 2025.

INFORMATION ON DIRECTORS

MR. STEPHE WILKS
Non-Executive Director
(retired 10 November 2025)
BSC, LLM

Special Responsibilities:
Audit and Risk Committee member

Former Directorships:
Janison Education Group Limited (ASX: JAN)
October 2025 – June 2026
Vonex Limited (ASX:VN8) October 2022 – October 2025

Experience and Expertise:
Stephe Wilks is a professional company Director, with a long record leading successful global technology companies in high growth and disruptive industries. He has headed several Australian and international technology companies, including as Regional Director (Asia and Japan) Regulatory affairs for BT Asia Pacific, Managing Director of XYZed Pty Ltd (an Optus company), Chief Operating Officer of both Nextgen Networks and Personal Broadband Australia, and as Consulting Director of NM Rothschild and Sons.
Stephe has extensive finance, strategic management, M&A and public affairs expertise added significant value to the BluGlass board.

Stephe served as a Director of BluGlass for approximately seven years, retiring from the Board on 10 November 2025.

MR. VIVEK RAO
Non-Executive Director
(retired 15 September 2025)
BS-Electronics, MS-EE

Special Responsibilities:
Audit and Risk Committee Chair

Experience and Expertise:
Vivek Rao is the President & Chief Operations Officer of SPT Microtechnologies (a Division of SPP Technologies). Vivek is a seasoned semiconductor professional with more than 30 years' experience in the semiconductor capital equipment industry in various managerial and technical leadership roles and brings to the BluGlass board a strong understanding of BluGlass' target markets and customers.

Vivek served as a Director of BluGlass for approximately eight years, retiring from the Board on 15 September 2025.

INFORMATION ON DIRECTORS

JEAN-MICHEL PELAPRAT

Non-Executive Director
(retired 9 December 2025)
BSPhy

Experience and Expertise:
Jean-Michel brings more than 30 years' experience establishing, commercialising and scaling laser and semiconductor businesses. He co-founded NUBURU, a pioneer in blue GaN lasers, and previously held senior leadership roles including President and CEO of Vytran, Chair and CEO of Novalux, and senior executive positions during 13 years at Coherent, Inc.

Jean-Michel holds a degree in Physics from the University of Montpellier, France, and has undertaken executive education at the Wharton School of Business and Stanford University.

Jean-Michel served as a Director of BluGlass for approximately four years, retiring from the Board on 9 December 2025.

COMPANY SECRETARY

The following persons held the position of Company Secretary during the financial year:

Mr Andrew Palfreyman

Mr Palfreyman was appointed Company Secretary on 6 January 2026. He is a practising corporate lawyer, adviser and experienced company secretary of ASX-listed and pre-IPO companies. He regularly advises listed and unlisted company boards across compliance, legal, corporate governance and strategic matters.

Mr Palfreyman holds a Juris Doctor and Graduate Certificate in Professional Legal Practice from the University of Technology Sydney, as well as a Master of Politics and Public Policy and Bachelor of Arts from Macquarie University.

Ms Patricia Vanni

Ms Vanni served as Company Secretary from 1 July 2024 until 6 January 2026. Ms Vanni is a qualified lawyer with more than 20 years' professional experience spanning corporate governance, mergers and acquisitions, project finance, contracts and compliance, as well as company secretarial services for ASX-listed, private and not-for-profit companies across several industries.

Ms Vanni holds a Bachelor of Laws and is admitted to practice in Brazil and Victoria, Australia. She is also an Affiliate of the Governance Institute of Australia.

REMUNERATION REPORT (AUDITED)

INTRODUCTION

The Directors of BluGlass Limited present the Remuneration Report for the Company and its controlled entities for the year ended 30 June 2026. This Remuneration Report forms part of the Directors Report and is subject to audit by the external auditor in accordance with the Corporations Act 2001.

The Report details the nature and amount of remuneration for the Group's non-executive directors and the Group's Key Management Personnel. The Key Management Personnel are the key people accountable for directing the affairs of the Company and its controlled entities.

The people who currently hold Key Management Personnel positions are listed in the table below

NON-EXECUTIVE DIRECTORS		EXECUTIVES	
Lucy Robb Vujcic (appointed 10 November 2025)	Director	**Omer Granit (appointed 15 September 2025)**	Executive Chair
Ata Gokyildirim (appointed 10 November 2025)	Director	**Jim Haden (appointed Director on 9 December 2025)**	Director and Chief Executive Officer
Yam Rubenstein (appointed 21 August 2026)	Director	**Samuel Samhan**	Chief Financial Officer
James Walker (resigned 10 November 2025)	Chair	**Brad Siskavich**	Vice President
Vivek Rao (resigned 15 September 2025)	Director	**Ian Mann**	Chief Operations & Technology Officer
Stephe Wilks (resigned 10 November 2025)	Director		
Jean-Michel Pelaprat (resigned 9 December 2025)	Director		

REMUNERATION STRATEGY

The remuneration policy of BluGlass Limited has been designed to align shareholder objectives with the strategic business objectives of BluGlass. This is achieved by providing;

- a competitive market related fixed remuneration component,
- a small component of short-term incentives and
- long-term incentives based on key performance areas affecting the consolidated entity's ability to commercialise its technology milestones when achieved.

The remuneration policy, setting the terms and conditions for the directors and executives was developed by the remuneration committee and approved by the Board after seeking professional advice from independent external consultants.

The Board of BluGlass Limited aims for the remuneration strategy to attract and retain the appropriate executives and directors to run and manage the consolidated entity.

The ability to attract the best staff is achieved via ensuring all staff as well as executives and directors have access to a meaningful and rewarding long term incentive scheme currently in the form of an employee option scheme in association with an employee share trust that creates goal congruence between directors, executives and shareholders.

The Directors have implemented an employee option plan which will maintain the alignment between directors, executives and shareholders. The framework of the employee option plan is a combination of both Long-Term Incentives (LTI) and Short-Term Incentives (STI) which is based on both pre-agreed personal contribution and company performance goals.

NON-EXECUTIVE DIRECTORS' REMUNERATION

The Board policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. The board determine payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. No such advice has been obtained during the year.

The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting. Fees for non-executive directors are not linked to the performance of the consolidated entity. However, to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the Company and are able to participate in the Company's employee option scheme.

The current remuneration of non-executive directors is:

Position	Remuneration $
Director	70,000
Committee Chair	5,000
Committee member	2,500

A non-executive director's remuneration thus comprises the base board fee, any applicable committee chair fee and the 12% superannuation levy contribution.

		Short Term		Post Employment	Long Term Incentives Remuneration	Total	
	Year	Board and Committee fees cash	Bonus	Super-annuation	*Share Based Payments (performance rights)	Total	% of remuneration that is non-cash
		$	$	$	$	$	%
Non-executive Directors							
Lucy Robb Vujcic	**2026**	**45,326**	-	**5,439**	**-**	**50,765**	**-**
	2025	-	-	-	-	-	-
Ata Gokyildirim	**2026**	**42,014**	-	**5,042**	**-**	**47,056**	**-**
	2025	-	-	-	-	-	-
James Walker	**2026**	**61,202**	-	**7,344**	**(154,959)**	**(86,413)**	**179.32**
	2025	170,000	-	19,550	74,215	263,765	28.1
Vivek Rao	**2026**	**18,499**	-	**2,220**	**(128,959)**	**(108,240)**	**119.14**
	2025	75,000		7,875	64,127	147,002	43.6
Stephe Wilks	**2026**	**30,154**	-	**3,619**	**(128,959)**	**(95,186)**	**135.48**
	2025	72,500		8,337	64,127	144,964	44.2
Jean-Michel Pelaprat	**2026**	**29,165**	-	**-**	**(128,959)**	**(99,794)**	**129.23**
	2025	70,000		-	64,127	134,127	47.8
Total	**2026**	**226,360**	**-**	**23,664**	**(541,836)**	**(291,812)**	
Total	**2025**	**387,500**	**-**	**35,762**	**266,596**	**689,858**	

*Share-based payments include the periodic expense recognised for performance rights issued to directors. During the year, 663,298 performance rights held by directors who resigned lapsed as the relevant vesting conditions were not met, resulting in the reversal of $541,836 of previously recognised share-based payment expense.

EXECUTIVE REMUNERATION

The Board's policy for determining the nature and amount of remuneration for executives of the consolidated entity is as follows. All key management personnel receive a base salary (which is based on factors such as length of service, performance, qualifications and experience), superannuation, and access to a limited short-term cash incentive scheme and to the longer-term incentive scheme via performance rights.

The executives are entitled to receive performance rights for the year ended 30 June 2026. This is based on a combination of short-term and long-term incentives. The STI is based on 25% of annual base salary for Mr Jim Haden (his FY26 LTI is 250,000 performance rights is subject to shareholders approval), and 150,000 performance rights for each Messrs Samuel Samhan, Ian Mann and Brad Siskavich. The LTI performance rights which are earned will vest over 3 years. The overall amount of STI and LTI is weighted on 75% on achievement of company goals and 25% on achievement personal contribution goals.

The non-market vesting conditions for these rights are:

- 34% Performance rights will vest upon delivering pre-agreed company goals for FY26;
- 33% Performance rights will vest upon delivering pre-agreed company goals for FY27 and continued employment with BluGlass until the issue of financial statements for the year ended 30 June 2028; and
- 33% Performance rights will vest upon delivering pre-agreed company goals for FY28 and continued employment with BluGlass until the issue of financial statements for the year ended 30 June 2029.

Pre-agreed goals include but are not limited to commercialisation of products, achievement of sales targets and operational strategies.

Rights given to executives are valued at grant date using the Black-Scholes model.

The Board reviews executive packages annually by reference to the consolidated entity's performance, executive performance and comparable information from similar industry sectors.

The performance of executives is measured against criteria agreed annually with each executive and is based predominantly on the achievement of specific BluGlass technology and commercial milestones being achieved and the efficient conduct of the Group's operations. All bonuses and incentives are linked to these predetermined performance criteria or milestones. The Board may, however, exercise its discretion in relation to approving incentives, bonuses and options, and can recommend changes to the committee's recommendations. Any changes must be justified by reference to measurable performance criteria. The policy is designed to reward executives for performance that will result in long-term growth in shareholder wealth.

Executives are also entitled to participate in the employee share and option arrangements under the employee incentive scheme.

Executives receive a superannuation guarantee contribution required by the government, which is currently 12%, and do not receive any other retirement benefits. Some individuals, however, have chosen to sacrifice part of their salary to increase payments towards superannuation.

EXECUTIVE TOTAL REMUNERATION

		Short Term			Post Employment	Long Term Incentives	Total Remuneration	
	Year	Cash Salary	KPI Related Incentive	Share Based Payments (performance rights)	Super-annuation	Share Based Payments (performance rights)	Total	% of remuneration (share based)
		$	$	$	$	$	$	%
Omer Granit	**2026**	**296,688**	-	-	-	-	296,688	-
	2025	-	-	-	-	-	-	-
Jim Haden	**2026**	**411,485**	-	**73,913**	**31,966**	**30,107**	**547,471**	**19.00**
	2025	440,359	-	58,843	33,165	88,459	620,826	23.7
Samuel Samhan	**2026**	**291,200**	-	**55,401**	**39,989**	**25,445**	**412,035**	**19.62**
	2025	291,200	-	42,042	36,644	24,430	394,316	16.9
Ian Mann	**2026**	**294,899**	-	**53,082**	**40,285**	**24,916**	**413,182**	**18.88**
	2025	293,576	-	40,807	36,417	25,584	396,384	16.7
Brad Siskavich	**2026**	**311,418**	-	**50,722**	**62,856**	**24,743**	**449,739**	**16.78**
	2025	333,270	-	45,616	62,190	25,262	466,338	15.2
Total	**2026**	**1,605,690**	-	**233,118**	**175,096**	**105,211**	**2,119,115**	
Total	**2025**	**1,358,405**	-	**187,308**	**168,415**	**163,735**	**1,877,863**	

The value of share-based payments in the above table reflects the share-based payment expense recognised in profit or loss for the year and not the fair value of the rights granted during the year and may not reflect the current market value of the shares granted.

CONTRACTED EXECUTIVE REMUNERATION

The role of the Company Secretary is contracted by BluGlass to Confidant Partners Pty Ltd (Confidant Partners). The contract with Confidant Partners is subject to a three-month minimum term, which automatically renews for further three-month periods. The Company may terminate the contract at any time by written notice, subject to payment of fees for the remainder of the applicable minimum term. As a contracted position, the Company Secretary does not form part of BluGlass' executive team.

EXECUTIVE SERVICE ARRANGEMENTS

The employment terms and conditions of the CEO and other executives are formalised in contracts of employment. Executives employed by the Group are permanent employees of the relevant BluGlass entity. The Executive Chair is engaged under a separate services agreement as an independent contractor and is not an employee of the Company.

Terms of employment generally require the relevant Group entity to provide an executive with a minimum of one month's notice prior to termination. The CEO's employment contract is subject to three months' notice. Termination payments are determined by the Board where appropriate. Executives employed on a permanent basis may terminate their employment by providing at least one month's notice. Termination payments are not payable on resignation or in circumstances of unsatisfactory performance.

The Executive Chair's services agreement may be terminated by either party on one month's written notice. The Company may terminate the agreement immediately in certain circumstances, including serious misconduct or material breach. The agreement also terminates automatically if the Executive Chair ceases to hold office as a Director, unless otherwise determined by the Board.

PERFORMANCE BASED REMUNERATION

As part of the executive remuneration package there is a performance-based component, consisting of key performance indicators (KPIs). The intention of this program is to facilitate goal congruence between executives with that of the business and shareholders. The KPIs are set annually, with a certain level of consultation with executives to ensure buy-in. The measures are specifically tailored to the areas each executive is involved in and has a level of control over. The KPIs target areas the Board believes hold greater potential for group expansion and profit and cover financial and non-financial as well as short- and long-term goals. The level set for each KPI is based on budgeted figures for the group and respective industry standards.

Performance in relation to the KPIs is assessed annually, with bonuses being awarded depending on the number and deemed difficulty of the KPIs achieved and the period of employment for the period. Following the assessment, the KPIs are reviewed by the Board in light of the desired and actual outcomes, and their efficiency is assessed in relation to the Group's goals and shareholder wealth, before the KPIs are set for the following year.

At the end of 30 June 2026, the IP portfolio included 50 granted patents in various countries covering nine separate patent families and 7 applications at multiple stages of examination filed in numerous countries. BluGlass' potential value exists in it being able to commercialise its GaN laser product portfolio and leverage its extensive IP rights into the growing markets for quantum, defence, biotech, consumer electronics, and scientific markets.

MOVEMENT IN SHAREHOLDINGS OF KMP AS AT 30 JUNE 2026

	Total	Direct	BLG ESS	*Movement			Total	Direct	*BLG ESS
	Opening Balance			On	Off	Other	Closing Balance		
Non-executive Directors									
Lucy Robb Vujcic	**-**	-	-	-	-	-	**-**	-	-
Ata Gokyildirim	**-**	-	-	625,000	-	-	**625,000**	625,000	-
James Walker	**222,413**	222,413	-	25,000	(247,413)	-	**-**	-	-
Vivek Rao	**135,166**	135,166	-	-	-	-	**135,166**	135,166	-
Stephe Wilks	**132,281**	127,781	4,500	-	(132,281)	-	**-**	-	-
Jean Michel Pelaprat	**70,636**	65,636	5,000	-	(70,636)	-	**-**	-	-
Executives									
Omer Granit	**-**	-	-	8,333,334±	-	-	**8,333,334**	-	-
Jim Haden	**810,533**	685,580	124,953	312,500	266,005	-	**1,389,038**	1,174,295	214,743
Samuel Samhan	**47,308**	47,308	-	45,000	252,692	-	**345,000**	345,000	-
Ian Mann	**427,361**	332,990	94,371	83,334	244,704	-	**755,399**	601,811	153,588
Brad Siskavich	**225,768**	183,626	42,142	44,584	200,343	-	**470,695**	369,795	100,900

*The opening balances have been restated to reflect the 20:1 share consolidation completed during the financial year and therefore differ from the closing balances disclosed at 30 June 2025.
†On/off movement represents share acquisition movement on-market and off-market. Off-market transactions typically represent the receipt of shares from vested options/rights.
± The registered holder of these shares is J76 BLG LLC. Mr Granit and Mr Rubenstein each have a relevant interest in these shares by virtue of their control of J76 BLG LLC. Refer to Note 29: Events After Reporting Date for Mr Rubenstein's appointment.

OPTIONS AND PERFORMANCE RIGHTS HELD BY KMP AS AT 30 JUNE 2026

	Movement									
	Opening Balance	Vested in O/B	Vested in period	Total Vested	Exercised	Granted in period	Expired or Forfeited in period	Closing Balance	Vested and exercisable %	Unvested %
Non-executive Directors										
Lucy Robb Vujcic	-	-	-	-	-	-	-	-	-	-
Ata Gokyildirim	-	-	-	-	-	-	-	-	-	-
James Walker	**209,574**	25,000	-	25,000	(25,000)	-	(184,574)	-	-	-
Vivek Rao	**159,574**	-	-	-	-	-	(159,574)	-	-	-
Stephe Wilks	**174,574**	-	-	-	-	-	(174,574)	-	-	-
Jean-Michel Pelaprat	**169,574**	-	-	-	-	-	(169,574)	-	-	-
Executives										
Omer Granit	-	-	-	-	-	-	-	-	-	-
Jim Haden	**360,798**	-	89,791	89,791	(89,791)	-	**(28,209)**	242,798	37	63
Samuel Samhan	**166,170**	-	166,600	44,901	(44,901)	150,000	**(14,184)**	257,085	17	83
Ian Mann	**180,166**	-	59,217	59,217	(59,217)	150,000	**(15,555)**	255,394	23	77
Brad Siskavich	**180,146**	-	480,910	58,758	(58,758)	150,000	**(16,097)**	255,291	23	77

*The opening balances have been restated to reflect the 20:1 share consolidation completed during the financial year and therefore differ from the closing balances disclosed at 30 June 2025.

Options and performance rights vested when the vesting criteria for the share option have been met. Options and performance rights are then converted into ordinary shares and held in the BluGlass Employee Share Scheme Trust until they are elected to be withdrawn by the beneficiary.

For clarity the vested options held as shares in the Trust are also disclosed in the KMP's shareholding above as they can be exercised and withdrawn at any time once vested.

SHARES ISSUED ON EXERCISE OF COMPENSATION OPTIONS

No options were exercised during the year by the Company's employee share trust, BluGlass Employee Incentive Plan Pty Ltd. When options that have been granted as compensation in prior periods meet the requisite vesting conditions they are exercised by the trust into shares. These shares are then held in the share trust for the eligible employees until employees exercise their right to withdraw the shares from the trust. During the year no shares were withdrawn from the trust.

APPROVAL OF 2025 REMUNERATION REPORT

A resolution seeking approval of the 2025 Remuneration Report was tabled at the November 2025 Annual General Meeting. The resolution was passed at that meeting with the vote in favour recorded of 94.53%.

REMUNERATION ADVISORS

No remuneration advisors were engaged during the year nor was any formal remuneration advice received during the year.

END OF REMUNERATION REPORT - AUDITED

DIRECTORS' REPORT (CONTINUED)

MEETINGS OF DIRECTORS

During the financial year, 8 meetings of directors were held. Attendances by each director during the year were:

	DIRECTORS' MEETINGS		REMUNERATION, AUDIT AND RISK COMMITTEES MEETINGS	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Omer Granit	8	8	-	-
Lucy Robb Vujcic	6	6	4	4
Ata Gokyildirim	6	6	4	4
Jim Haden	5	5	-	-
James Walker	4	4	1	1
Vivek Rao	2	2	1	1
Stephe Wilks	4	4	1	1
Jean Michel Pelaprat	4	4	-	-

INDEMNITIES GIVEN TO AND INSURANCE PREMIUMS PAID FOR AUDITORS AND OFFICERS

The Group has entered into Deeds of Indemnity, Insurance and Access with each of the directors and the Company Secretary. Each deed provides officers with the following:

- A right to access certain Board papers of the Group during the period of their tenure and for a period of seven years after that tenure ends;
- Subject to the Corporations Act 2001, an indemnity in respect of liability to persons other than the Group and its related bodies corporate that they may incur while acting in their capacity as an officer of the Group or a related body corporate, except where that liability involves a lack of good faith, and for defending certain legal proceedings; and the requirement that the Group maintains appropriate directors' and officers' insurance for the officer;
- No liability has arisen under these indemnities as at the date of this report;
- The Group has paid premiums of $83,020 (2025: $72,946) to insure each of the directors, secretary and executives against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of a director or officer of the Group, other than conduct involved in a wilful breach of duty in relation to the Group; and
- The Group has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify any current or former officer or auditor of the Group against a liability incurred as such by an officer or auditor.

OPTIONS

At the date of this report, the unissued ordinary shares of BluGlass Limited under option/rights are as follows:

Grant Date	Date of Expiry	Exercise Price	Number Under Option
15 July 2024	28 February 2027	1.20	6,757
4 March 2025	28 February 2027	1.20	9,400
17 December 2025	31 May 2028	0.38	42,308
20 January 2026	31 May 2028	0.38	858,062
23 January 2026	31 May 2028	0.38	168,046
30 January 2026	31 May 2028	0.38	66,669
6 February 2026	31 May 2028	0.38	1,027
9 March 2026	31 May 2028	0.38	345,437
12 March 2026	31 May 2028	0.38	224,068
20 March 2026	31 May 2028	0.38	667
17 April 2026	31 May 2028	0.38	2,186,156
24 April 2026	31 May 2028	0.38	61,282
1 May 2026	31 May 2028	0.38	150,000
8 May 2026	31 May 2028	0.38	14,599
15 May 2026	31 May 2028	0.38	106,232
19 May 2026	31 May 2028	0.38	312,928
22 May 2026	31 May 2028	0.38	736,122
25 May 2026	31 May 2028	0.38	1,012,892
26 May 2026	31 May 2028	0.38	2,522,041
27 May 2026	31 May 2028	0.38	3,076,491
28 May 2026	31 May 2028	0.38	1,773,525
29 May 2026	31 May 2028	0.38	1,411,265
4 June 2026	31 May 2028	0.38	6,400,683
15 June 2026	31 May 2028	0.38	33,533,340
			55,019,997

CORPORATE GOVERANCE POLICY AND STATEMENT

The Groups Corporate Governance statement can be viewed on the Company's website at www.bluglass.com

PROCEEDINGS ON BEHALF OF COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party or taking responsibility on behalf of the Company for all or any part of those proceedings.

NON-AUDIT SERVICES

No amounts have been paid to the auditors of the Group, In.Corp Audit & Assurance Pty Ltd, or its related practices for non-audit services during the year.

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration as required by s307C of the Corporations Act 2001 for the year ended 30 June 2026 has been received and can be found on page 23 and forms part of the Directors' Report.

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

Omer Granit

Executive Chair
31 August 2026

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

To the Directors of BluGlass Limited

As lead auditor for the audit of BluGlass Limited for the year ended 30 June 2026, 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 audit; and
- no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of BluGlass Limited and the entities it controlled during the year.

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In.Corp Audit & Assurance Pty Ltd

Daniel Dalla
Director

Sydney, 31 August 2026

PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2026

	Note		Consolidated Entity	
			2026	2025
			$	$
Revenue	2		4,060,655	5,451,140
Other income	2		6,400,842	6,193,877
Finance income	2		18,035	59,830
Employee benefits expense	17		(7,984,172)	(8,489,421)
Professional fees			(228,397)	(210,171)
Board and secretarial fees			(657,997)	(541,666)
Corporate compliance & legal expense			(248,180)	(198,067)
Consultant fees			(389,255)	(322,743)
Finance cost			(594,407)	(441,492)
Office Utilities			(1,382,595)	(1,292,878)
Rent expense			(345,694)	(324,170)
Subscriptions			(455,702)	(684,607)
Travel and accommodation expense			(452,973)	(257,485)
Consumables			(2,696,903)	(3,166,633)
Depreciation and amortisation expense			(2,831,989)	(3,294,271)
Share based payment expense			292,978	(552,013)
Other expenses			(2,895,097)	(2,907,124)
Loss before income tax	**3**		**(10,390,851)**	**(10,977,894)**
Income tax expense	4		-	-
Loss for the year			**(10,390,851)**	**(10,977,894)**
Other comprehensive income, net of tax				
Items that may be reclassified to profit or loss				
Exchange differences on translation of foreign operations			(512,339)	(6,944)
Total comprehensive income			**(10,903,190)**	**(10,984,838)**
Earnings Per Share				
Basic loss per share (cents per share)	6		(7.51)	(11.74)
Diluted loss per share (cents per share)	6		(7.51)	(11.74)

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

FINANCIAL POSITION

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2026

	Note		Consolidated Entity	
			2026	2025
			$	$
Current Assets				
Cash and cash equivalents	7		11,343,243	5,737,859
Trade and other receivables	8		7,697,193	7,772,435
Inventories	9		1,344,628	1,069,037
Other current assets	10		125,624	33,285
TOTAL CURRENT ASSETS			**20,510,688**	**14,612,616**
Non-Current Assets				
Security deposits			406,595	698,931
Plant and equipment	11		6,495,369	8,618,849
Intangible assets	12		-	-
TOTAL NON-CURRENT ASSETS			**6,901,964**	**9,317,780**
TOTAL ASSETS			**27,412,652**	**23,930,396**
Current Liabilities				
Trade and other payables	14		2,647,327	2,951,046
Lease liabilities	21		873,104	782,012
Short-term provisions	15		698,048	700,052
Borrowings	16		4,540,324	3,047,908
TOTAL CURRENT LIABILITIES			**8,758,803**	**7,481,018**
Non-Current Liabilities				
Long-term provisions	15		1,588,550	1,583,497
Lease liabilities	21		2,651,503	3,274,596
TOTAL NON-CURRENT LIABILITIES			**4,240,053**	**4,858,093**
TOTAL LIABILITIES			**12,998,856**	**12,339,111**
NET ASSETS			**14,413,796**	**11,591,285**
Equity				
Issued capital	18		134,573,341	120,076,236
Reserves	19		(734,715)	549,028
Accumulated losses	20		(119,424,830)	(109,033,979)
TOTAL EQUITY			**14,413,796**	**11,591,285**

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

CHANGES IN EQUITY

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2026

	Note	Issued Capital	Share-Based Payments Reserve	Other Reserves	Accumulated Losses	Total
Consolidated Entity		$	$	$	$	$
Balance at 1 July 2024		112,583,155	868,444	(509,441)	(98,056,085)	14,886,073
Profit for the year		-	-	-	(10,977,894)	(10,977,894)
Other comprehensive income		-	-	(6,944)	-	(6,944)
Total comprehensive income for the year		-	-	(6,944)	(10,977,894)	(10,984,838)
Transactions with owners in their capacity as owners						
Shares issued during the year	18	7,670,975	-	-	-	7,670,975
Share transaction costs during the year	18	(700,768)	-	-	-	(700,768)
Shares issued in lieu of cash		152,967		-	-	152,967
Share based payments		-	552,013	-	-	552,013
Rights exercised		355,044	(355,044)	-	-	-
Options exercised		14,863	-	-	-	14,863
Balance at 30 June 2025		120,076,236	1,065,413	(516,385)	(109,033,979)	11,591,285
Balance at 1 July 2025		120,076,236	1,065,413	(516,385)	(109,033,979)	11,591,285
Profit for the year		-	-	-	(10,390,851)	(10,390,851)
Other comprehensive income		-	-	(512,339)	-	(512,339)
Total comprehensive income for the year		-	-	(512,339)	(10,390,851)	(10,903,190)
Transactions with owners in their capacity as owners						
Shares issued during the year	18	9,548,002	-	-	-	9,548,002
Share transaction costs during the year	18	(933,258)	-	-	-	(933,258)
Shares issued in lieu of cash		502,858	-	-	-	502,858
Share based payments		-	(456,529)	-	-	(456,529)
Rights exercised		314,875	(314,875)	-	-	-
Rights lapsed			-	-	-	-
Options exercised		5,064,628	-	-	-	5,064,628
Balance at 30 June 2026		134,573,341	294,009	(1,028,724)	(119,424,830)	14,413,796

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

CASHFLOWS

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2026

	Note		Consolidated Entity	
			2026	2025
			$	$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers			4,225,427	6,908,799
Research and development tax rebate			6,068,755	5,372,680
Interest received			18,035	59,830
Interest paid	21		(184,249)	(272,386)
Payments to suppliers and employees			(18,425,514)	(18,219,665)
Net cash used in operating activities	**23**		**(8,297,546)**	**(6,150,742)**
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts from security deposits			220,039	(283,773)
Purchase of plant and equipment			(1,214,728)	(1,808,502)
Proceeds from disposal of plant and equipment			66,240	7,392
Net cash used in investing activities			**(928,449)**	**(2,084,883)**
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issue of shares, net of transaction costs	18		14,612,630	7,451,688
Lease repayments			(1,014,702)	(780,993)
Interest paid			(258,965)	(169,106)
Proceeds from borrowings			4,540,324	4,547,152
Repayments of borrowings			(3,047,908)	(2,648,462)
Net cash provided by financing activities			**14,831,379**	**8,400,279**
Net increase in cash held			5,605,384	164,654
Cash at beginning of financial year			5,737,859	5,573,205
Cash at end of financial year	**7**		**11,343,243**	**5,737,859**

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: MATERIAL ACCOUNTING POLICY INFORMATION

The financial report covers BluGlass Limited as a consolidated entity (“Group”). BluGlass Limited is a listed public Company, incorporated and domiciled in Australia.

The separate financial statements of the parent entity BluGlass Limited have not been presented within this financial report as permitted by the Corporations Act 2001.

The financial statements were authorised for issue on 31 August 2026 by the directors of the Company.

The following is a summary of the material accounting policies adopted by the consolidated entity in the preparation of the financial report.

Basis of Preparation

The consolidated general-purpose financial statements of the Group have been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. Compliance with Australian Accounting Standards results in full compliance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). BluGlass Limited is a for-profit entity for the purpose of preparing financial statements.

The accounting policies set out below have been consistently applied to all years presented.

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, and financial assets and financial liabilities for which the fair value basis of accounting has been applied.

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Going Concern

Notwithstanding the loss of $10,390,851 and the negative cashflows from operations of $8,297,546 for the financial year, 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.

As a result of factors listed below, 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.

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 $11,343,243 as at 30 June 2026 (2025: $5,737,859). As at that date, the Group had current assets of $20,510,688 (2025: $14,612,616) and net assets of $14,413,796 (2025: $11,591,285). The Group has performed a detailed cash flow forecast and determined that it will have adequate cash resources, together with the anticipated research and development tax rebate and future capital raisings;
- The Group has the ability to continue to raise additional funds on a timely basis pursuant to the Corporations Act 2001. During the 2026 financial year, the Group raised $9,548,002 from the issue of shares and $5,064,628 from the exercise of options. The Directors have no reason to believe that the Group will not be able to continue to source equity or alternative funding if required;
- If required, the Group has the ability to finance the 2026 research and development tax rebate to access the funding earlier, which would improve the liquidity of the Group; and
- The Group has the ability to scale back a significant portion of its development activities if required.

NOTE 1: MATERIAL ACCOUNTING POLICY INFORMATION (CONT.)

Notwithstanding the above, the Directors are confident they will be successful in one of or a combination of the above factors and on this basis the financial report has been prepared on a going concern basis. Accordingly, no adjustments have been made to the financial report relating to the recoverability and classification of the asset carrying amounts and of the liabilities that might be necessary should the Group not continue as a going concern. Accordingly, the Directors have prepared the financial report on a going concern basis.

Accounting Policies

a. Tax consolidation

BluGlass Limited and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under tax consolidation legislation. BluGlass Limited is responsible for recognising the current and deferred tax assets and liabilities for the tax consolidated group. The Group notified the Australian Taxation Office that it had formed an income tax consolidated group to apply from 21 September 2006. The tax consolidated group has entered a tax sharing agreement whereby each company in the group contributes to the income tax payable in proportion to their contribution to the net profit before tax of the tax consolidated group.

b. Plant and Equipment

Each class of plant and equipment is carried at cost, less, any accumulated depreciation and impairment losses.

The depreciable amount of all fixed assets including building and capitalised lease assets is depreciated on a straight-line basis over their useful lives to the Group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	
	Depreciation Rate
Furniture and fittings	10%
Leasehold improvements	20-100%
Plant and equipment	33.33%
Computer hardware and software	33.33%
Right of use	Life of lease

c. Foreign Currency Transactions and Balances

Functional and presentation currency
The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent and controlled entity's functional and presentation currency.

Transaction and balances
Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in profit or loss, except where deferred in equity as a qualifying cash flow or net investment hedge.
Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the income statement.

NOTE 1: MATERIAL ACCOUNTING POLICY INFORMATION (CONT.)

d. Equity-settled compensation

The Group operates an equity-settled share-based payment employee share and option scheme. The fair value of the equity to which employees become entitled is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to an equity account. The fair value of shares is ascertained as the market bid price. The fair value of rights with non-market conditions is ascertained using the Black Scholes model. The number of shares and options expected to vest is reviewed and adjusted at each reporting date such that the amount recognised for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

e. 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.

f. Government Grants

Government grants are recognised at fair value where there is reasonable assurance that the grant will be received and all grant conditions will be met. Grants relating to expense items are recognised as income over the periods necessary to match the grant to the costs they are compensating. Grants relating to assets are credited to deferred income at fair value and are credited to income over the expected useful life of the asset on a straight-line basis.

g. Critical accounting estimates and judgments

Key estimates — Share Options and Performance Rights

The Company issues options under the BluGlass Limited employee incentive option scheme. The options and performance rights granted in the year were valued using the Black-Scholes model at the date of grant. The prior year options and performance rights were valued using the same methodology. The key inputs to the pricing model are disclosed on Note 24. In addition to the pricing, key judgements revolve around the likelihood of vesting and estimated vesting date where there are vesting conditions. These judgements impact the expense recorded for the period.

Key estimates- R&D tax rebate

The group's research and development (R&D) activities are eligible under an Australian government tax incentive for eligible expenditure. Management has assessed these activities and expenditure to determine which are likely to be eligible under the incentive scheme. Amounts are recognised when it has been established that the conditions of the tax incentive have been met and that the expected amount can be reliably measured. Judgement is applied to each transaction the Group incurs each financial year, by determining a percentage of each transaction that relates to R&D. R&D income is determined using eligibility criteria and percentages of eligibility estimated by management. These estimated eligibility percentages determine the base for which the R&D tax rebate is calculation and therefore is subject to a degree uncertainty.

Key estimates- Lease make good provision
The Group has received an external estimate to return the current lease to the original condition the property was in at the beginning of the lease. This judgement impacts the provisions recorded and the expensed amounts for the period.

h. Adoption of New and Revised Accounting Standards
The Group has adopted all the amendments to Australian Accounting Standards issued by the Australian Accounting Standards Board, which are relevant to and effective for the Group's financial statements for the annual period beginning 1 July 2025. None of these have a material impact on the Group's financial statements.

i. Accounting standards and interpretations issued but not yet effective
At the date of authorisation of these consolidated financial statements, several new, but not yet effective, Standards and amendments to existing Standards, and Interpretations have been published by the IASB. None of these Standards or amendments to existing Standards have been adopted early by the Group.

Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New Standards, amendments and Interpretations not adopted in the current year have not been disclosed as they are not expected to have a material impact on the Group's financial statements. The Group's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Group, are set out below.

AASB 18 Presentation and Disclosure in Financial Statements
This standard is applicable to annual reporting periods beginning on or after 1 January 2027 and early adoption is permitted. The standard replaces AASB 101 'Presentation of Financial Statements', with many of the original disclosure requirements retained and there will be no impact on the recognition and measurement of items in the financial statements. The standard will affect presentation and disclosure in the financial statements, including introducing five categories in the statement of profit or loss and other comprehensive income: operating, investing, financing, income taxes and discontinued operations. The standard introduces two mandatory sub-totals in the statement: 'Operating profit' and 'Profit before financing and income taxes'. There are also new disclosure requirements for 'management-defined performance measures', such as earnings before interest, taxes, depreciation and amortisation ('EBITDA') or 'adjusted profit'. The standard provides enhanced guidance on grouping of information (aggregation and disaggregation), including whether to present this information in the primary financial statements or in the notes. The Group will adopt this standard from 1 July 2027 and it is expected that there will be a significant change to the layout of the statement of profit or loss and other comprehensive income.

NOTE 2: REVENUE AND OTHER INCOME

	Consolidated Entity	
	2026	2025
	$	$
Revenue		
Foundry Services Revenue	1,009,652	1,692,426
Laser Diode Product Revenue	498,212	367,560
Laser Diode Project Revenue	2,552,791	3,391,154
Total Revenue	**4,060,655**	**5,451,140**
Other Income		
Research and development tax rebate	6,116,957	6,053,755
Other	283,885	140,122
Total other income	**6,400,842**	**6,193,877**
Finance Income		
Interest received	18,035	59,830
Total finance income	**18,035**	**59,830**

NOTE 3: LOSS FOR THE YEAR

	Consolidated Entity	
	2026	2025
	$	$
Expenses		
Finance cost on right of use asset leases	184,249	272,386
Share based payments	(292,978)	552,013

NOTE 4: INCOME TAX EXPENSE

	Consolidated Entity	
	2026	2025
	$	$
(a) The components of tax expense comprise:		
Current tax	-	-
Deferred tax	-	-
	-	-
(b) The prima facie tax on loss before income tax is reconciled to the income tax as follows:		
Loss before income tax	(10,390,851)	(10,977,894)
Prima facie tax payable on loss before income tax at 25% (2025: 25%)		
consolidated entity	(2,597,713)	(2,744,474)
Add:		
Tax effect of:		
Share based payments during the year	(73,245)	138,003
Non-allowable items (R&D)	1,986,253	1,965,731
Other non-allowable items	24,630	22,958
Deferred tax assets not brought to account	660,075	617,782
	-	-
Accumulated tax losses not brought to account:		
Australia	26,593,788	25,834,867
Potential tax benefit at 25%	6,648,447	6,458,717
United States	10,762,864	6,056,470
Potential tax benefit at 21%	2,260,201	1,271,859

NOTE 5: AUDITOR'S REMUNERATION

	Consolidated Entity	
	2026	2025
	$	$
Remuneration of the auditor for:		
In.Corp Audit & Assurance Pty Ltd auditing and reviewing the financial reports	69,500	65,000
	69,500	**65,000**

NOTE 6: LOSS PER SHARE

	Consolidated Entity	
	2026	2025
	$	$
(a) Loss attributable to members of the parent entity	10,390,851	10,977,894
(b) Basic and diluted loss per share (cents per share)	7.51	11.74
	No.	**No.**
(c) Weighted average number of ordinary shares outstanding during the year used in calculating basic and diluted EPS.	138,299,810	93,547,766

On 4 December 2025, the Company completed the consolidation of its issued capital on the basis of 1 share for every 20 shares and 1 option for every 20 options, following shareholder approval at the Company's Annual General Meeting held on 24 November 2025. Comparative earnings per share and weighted average number of shares for the prior period have been adjusted to reflect the consolidation.

NOTE 7: CASH AND CASH EQUIVALENTS

	Consolidated Entity	
	2026	2025
	$	$
Cash at bank and in hand	11,342,898	5,737,514
Petty cash	345	345
	11,343,243	**5,737,859**

NOTE 8: TRADE AND OTHER RECEIVABLES

	Consolidated Entity	
	2026	2025
	$	$
Research and development tax rebate	6,128,996	6,065,794
Trade receivables	1,341,708	1,333,141
Other receivables	226,489	373,500
	7,697,193	**7,772,435**

All amounts are short-term. The net carrying value of other receivables is considered a reasonable approximation of fair value. No impairment of receivables is deemed to exist. There were no bad debts during the year (2025: $nil).

NOTE 9: INVENTORIES

	2026	2025
	$	$
CURRENT		
Consumables at cost	1,344,628	1,069,037
	1,344,628	**1,069,037**

NOTE 10: OTHER CURRENT ASSETS

	Consolidated Entity	
	2026	2025
	$	$
CURRENT		
Prepayments	125,624	33,285
	125,624	**33,285**

NOTE 11: PLANT AND EQUIPMENT

	Consolidated Entity	
	2026	2025
	$	$
Plant and equipment		
At cost	19,454,087	19,201,870
Accumulated depreciation	(16,802,259)	(15,015,397)
Total plant and equipment	**2,651,828**	**4,186,473**
Leasehold improvements		
At cost	6,821,229	6,648,917
Accumulated depreciation	(6,603,326)	(6,524,339)
Total leasehold improvements	**217,903**	**124,578**
Lease make good provision		
At cost	1,526,163	1,540,344
Accumulated depreciation	(1,030,719)	(943,002)
Total lease make good provision	**495,444**	**597,342**
Computer equipment		
At cost	571,440	551,117
Accumulated depreciation	(523,678)	(497,653)
Total computer equipment	**47,762**	**53,464**
Furniture and fittings		
At cost	237,639	241,775
Accumulated depreciation	(227,934)	(221,188)
Total furniture and fittings	**9,705**	**20,587**
Right of use asset		
At cost	7,118,963	6,836,989
Accumulated depreciation	(4,046,236)	(3,200,584)
Total right of use asset	**3,072,727**	**3,636,405**
Total property, plant and equipment	**6,495,369**	**8,618,849**

(a) Movements in Carrying Amounts

Movement in the carrying amounts for each class of plant and equipment between the beginning and the end of the current financial year.

	Right of use Asset	Plant and Equipment *	Lease Make Good	Leasehold Improvements	Computer Equipment	Furniture & Fittings	Total
	$	$	$	$	$	$	$
Consolidated Entity:							
Balance at 30 June 2025	3,636,405	4,186,473	597,342	124,578	53,464	20,587	8,618,849
Additions	-	689,773	-	184,213	25,850	3,784	903,620
Remeasurement of lease liability	281,974	-	-	-	-	-	281,974
Depreciation expense	(845,652)	(1,786,862)	(87,717)	(78,987)	(26,025)	(6,746)	(2,831,989)
Exchange rate movement	-	(437,556)	(14,181)	(11,901)	(5,527)	(7,920)	(477,085)
Balance at 30 June 2026	**3,072,727**	**2,651,828**	**495,444**	**217,903**	**47,762**	**9,705**	**6,495,369**

*The value of assets under construction of $408,168 (2025: $$2,116,671) is included within plant and equipment that is not yet depreciated.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 12: INTANGIBLE ASSETS

	Consolidated Entity	
	2026	2025
	$	$
In process research and development:		
Cost	12,130,080	12,130,080
Accumulated impairment	(12,130,080)	(12,130,080)
Net carrying value	**-**	**-**

NOTE 13: CONTROLLED ENTITIES

	Country of Incorporation	Percentage Owned (%)*	
		2026	2025
Parent Entity:			
BluGlass Limited	Australia	-	-
Subsidiaries of BluGlass Limited:			
Semiconductor Industry Australia Pty Ltd	Australia	100	100
Gallium Enterprises Pty Ltd	Australia	100	100
EpiBlu Technologies Pty Ltd	Australia	100	100
BluGlass Incorporated	United States	100	100

* Percentage of voting power is in proportion to ownership

NOTE 14: TRADE AND OTHER PAYABLES

	Consolidated Entity	
	2026	2025
	$	$
Current		
Trade payables	1,447,573	2,074,367
Sundry payables and accrued expenses	1,199,754	876,679
	2,647,327	**2,951,046**

The carrying values of trade payables, sundry and accrued payables are considered to be reasonable approximation of fair value.

NOTE 15: PROVISIONS

	Consolidated Entity	
	2026	2025
	$	$
Current		
Employee benefits	698,048	700,052
Total Current provisions	**698,048**	**700,052**
Non-Current		
Lease make good	1,526,163	1,540,344
Employee benefits	62,387	43,153
Total Non-current provisions	**1,588,550**	**1,583,497**
	2,286,598	**2,283,549**

	Lease Make Good	Employee Benefits	Total
	$	$	$
Consolidated Group			
Opening balance at 1 July 2025	1,540,344	743,205	2,283,549
Additional provisions		355,813	355,813
Exchange rate movements	(14,181)	(17,186)	(31,367)
Amounts used	-	(321,397)	(321,397)
Total Non-current provisions	**1,526,163**	**760,435**	**2,286,598**

NOTE 16: BORROWINGS

	Consolidated Entity	
	2026	2025
	$	$
Current		
Borrowings*	4,540,324	3,047,908
	4,540,324	**3,047,908**

*BluGlass executed two loan agreements with Innovation Structured Finance Co., LLC ("RADIUM Capital") on 24 December 2025 and 20 February 2026. The two loans, with a maturity date of 31October 2026 and an annual interest rate of 16.5%, are secured by the FY26 R&D tax rebate claim.

NOTE 17: EMPLOYEE BENEFITS EXPENSE

	Consolidated Entity	
	2026	2025
	$	$
Wages and salaries	7,725,427	8,240,384
Superannuation	258,745	249,037
Total employee benefit expense	**7,984,172**	**8,489,421**
Share based payments	**(292,978)**	**552,013**

NOTE 18: ISSUED CAPITAL

	Consolidated Entity	
	2026	2025
	$	$
190,022,917 (2025: 120,659,948) fully paid ordinary shares	134,573,341	120,076,236
The 2025 balance has been restated to reflect the 20:1 share consolidation. The balance as reported at 30 June 2025, prior to the share consolidation, was 2,413,198,962 ordinary shares.		
Total issued capital	**134,573,341**	**120,076,236**

	No.	$
(a) Ordinary Shares 2026		
At the beginning of reporting period	120,659,948	120,076,236
Shares issued during the year		
1 July 2025 *	7,692,308	-
21 July 2025	469,036	76,265
3 October 2025	1,905,903	591,702
17 December 2025	5,185	2,449
Options exercised during the year September 2025 to 31 May 2026	19,474,090	5,063,264
Share Placement Tranche 1 from 13-30 April 2026	23,464,587	5,631,502
30 April 2026	177,557	42,614
1 May 2026	65,138	40,783
1 June 2026	266,335	63,920
Options Shortfall Placement from 1-5 June 2026	5,769,231	1,500,000
Share Placement Tranche 2 from 10-16 June 2026	10,068,750	**2,416,500**
4 June 2026	3,590	1,364
Rounding difference resulting from the consolidation of shares (20:1)	1,259	-
Share Issue transaction costs	-	(933,258)
At reporting date	**190,022,917**	**134,573,341**

	No.	$
(a) Ordinary Shares 2025		
At the beginning of reporting period	91,355,421	112,583,155
Shares issued during the year		
15 July 2024	6,757	6,216
6 September 2024	469,995	282,297
16 September 2024	126,568	124,487
11 November 2024	4,877	4,097
19 December 2024	50,000	93,430
22 January 2025	5,000	3,700
5 March 2025	9,400	8,648
9 May 2025	8,873,046	2,306,992
24 June 2025	169,231	44,000
24 June 2025	19,589,654	3,819,982
30 June 2025 *	-	1,500,000
Share Issue transaction costs	-	(700,768)
At reporting date	**120,659,948**	**120,076,236**

*While the $1,500,000 proceeds were received on 30 June 2025, the related 7,692,308 Ordinary Shares were issued on 1 July 2025.

NOTE 18: ISSUED CAPITAL (CONT.)

a. Shares

SHARES ISSUED IN 2026 FINANCIAL YEAR

- On 21 July 2025, BluGlass issued 469,036 fully paid ordinary shares at $0.195 per share to Company consultants in lieu of cash consideration for services provided.
- Share parcels issued on 3 October 2025, 17 December 2025 and 1 May 2026 a total of 1,976,226 fully paid shares were issued in relation to STI and LTI program. 1,430,411 fully paid shares were issued as STI paid in shares, and the remainder 545,815 fully paid shares were issued on conversion of vested Performance Rights exercised by employees under the Incentive Option & Performance Rights.
- Between September 2025 and 31 May 2026, 19,474,090 fully paid ordinary shares were issued on the exercise of options at $0.26 per share relating to the 2025 capital raise. The options had an expiry date of 31 May 2026. Each option exercised resulted in the issue of one fully paid ordinary share and one additional option exercisable at $0.38 and expiring on 31 May 2028.
- In April and June 2026, BluGlass completed a two-tranche Placement to international and Australian institutional and sophisticated investors at an issue price of $0.24 per share. Tranche 1 raised $5,064,628 before costs through the issue of 19,477,680 fully paid ordinary shares, and Tranche 2 raised $2,416,500 before costs through the issue of 10,068,750 fully paid ordinary shares. In total, the Placement raised $8,048,001 before costs through the issue of 33,533,337 fully paid ordinary shares. Tranche 2 included Board and management participation of $2,266,500 for 9,443,750 fully paid ordinary shares. The issue price represented a 17.2% discount to the last traded price and a 3.7% discount to the 15-day volume weighted average market price. The Placement included one free attaching listed option for every new share issued, exercisable at $0.38 and expiring on 31 May 2028.
- On 30 April 2026 and 1 Jun 2026, BluGlass issued a total of 443,892 fully paid ordinary shares at $0.24 per share to Company consultants in lieu of cash consideration for services provided.
- Between 1 and 5 June 2026, BluGlass completed a Shortfall Placement under a shortfall agreement, raising $1,500,000 through the issue of 5,769,231 fully paid ordinary shares at $0.26 per share. Each share issued included one free attaching option, exercisable at $0.38 and expiring on 31 May 2028.
- On 4 June 2026, BluGlass issued 3,590 fully paid ordinary shares on the exercise of options at $0.38 per share. The options are exercisable at $0.38 and expire on 31 May 2028.

SHARES ISSUED IN 2025 FINANCIAL YEAR

- On 15 July 2024 and 4 March 2025, BluGlass issued 135,136 and 188,000 fully paid shares consecutively as part of exercised options at $0.046 related to the 2024 capital raise.
- On 15 December 2023, as part of the STI program for key personnel, 2,992,650 fully paid shares were issued in lieu of their cash bonuses on achievement of FY23 company's KPI's. The shares were issued at $0.045 per share.
- Share parcels issued between 6 September 2024 to 22 January 2025 were in relation to STI and LTI program, 6,118,676 fully paid shares were issued as STI paid in shares, and the remainder 1,402,023 fully paid shares were issued on conversion of vested Performance Rights exercised by employees under the Incentive Option & Performance Rights.
- On 9 May 2025, BluGlass completed Placement offer to a group of International and Australian Institutional and sophisticated investors via a share Placement offer of $0.013 per share. The placement raised $2,306,992 before costs for 177,460,928 new fully paid ordinary shares, the amount includes key personnel contribution to the raise of $44,000 for 3,384,616 fully paid ordinary shares. The issue price represented a 18.75% discount to the last closing share price on 28 April 2025 and a 25.5% discount to the 10-day volume weighted average market price of the Company's shares. The Placement includes one free attaching listed option for every new share (Attaching Option), exercisable at $0.013 and expiring on 31 May 2026. Every free attaching option exercised will include one fully paid share and one additional option (Piggyback Option), exercisable at $0.019 and expiring on 31 May 2028.
- Shares issued on 24 June 2025 were the directors' placement of $44,000 for 3,384,616 fully paid ordinary shares which was approved by shareholders. The same terms of the Placement offer applied.
- On 24 June 2025 were in relation to a Share Purchase Plan, enabling eligible shareholders to subscribe for new shares in the Company, raising $3,819,982 before costs for 391,793,079 new fully paid ordinary shares at $0.013 per share. The same terms of the Placement offer applied.
- 153,846,154 Ordinary Shares were issued on 1 July 2025 for new investors, the related $1,500,000 proceeds were received on 30 June 2025, closing the shortfall of Share Purchase Plan. The same $0.013 price and terms of the Placement offer applied.

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held.
At the shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands. Shares have no par value.

b. Options

For information relating to the BluGlass Limited employee option plan, including details of options issued, exercised and lapsed during the financial year and options outstanding at the end of the financial year, refer to Note 24 Share-based Payments.

c. Capital Management

Management controls the capital of the Group in order to maintain a good debt to equity ratio, provide the shareholders with adequate returns and ensure that the consolidated entity can fund its operations and continue as a going concern.
The consolidated entity's capital comprises ordinary share capital. There are no externally imposed capital requirements.
There have been no changes in the strategy adopted by management to control the capital of the consolidated entity since the prior year.

NOTE 19: RESERVES

a. **Share-based payments reserve**
The reserve records items recognised as expenses on valuation of employee share options and shares. The Company has elected to reclassify amounts representing expired options to accumulated losses.

b. **Foreign currency translation reserve**
Comprises foreign currency translation differences arising from the translation of financial statements of the Group's foreign entities into Australia dollars.

c. **Other reserves**
This reserve is used to recognise the difference between purchase consideration paid and the non-controlling interest carrying value.

	Share-Based Payments Reserve	Foreign Currency Translation Reserve	Other Reserves	Total
	$	$	$	$
Consolidated Group				
Opening balance at 1 July 2025	1,065,413	466,067	(982,452)	549,028
Movement	(771,404)	(512,339)	-	(1,283,743)
Balance at 30 June 2026	**294,009**	**(46,272)**	**(982,452)**	**(734,715)**

NOTE 20: ACCUMULATED LOSSES

	Consolidated Entity	
	2026	2025
	$	$
Beginning of financial year	(109,033,979)	(98,056,085)
Net loss	(10,390,851)	(10,977,894)
End of financial year	**(119,424,830)**	**(109,033,979)**

NOTE 21: LEASE LIABILITIES

	Consolidated Entity	
	2026	2025
	$	$
Current	873,104	782,012
Non-Current	2,651,503	3,274,596
	3,524,608	**4,056,608**
Future lease payments in relation to lease liabilities as at year end are as follows:		
Within one year	1,318,784	1,297,955
Later than one year but not later than five years	2,889,126	3,617,473
Later than five years	222,767	593,636
	4,430,677	**5,509,064**
Amounts recognised in the statement of profit or loss		
Interest expense (Included in finance costs)	184,249	272,386
Total cash outflow for leases	1,198,951	1,053,379

NOTE 21: LEASE LIABILITIES (CONT.)

On 2 April 2025, the Silverwater lease, which was originally due to expire in 2028 following a 10-year term, was extended by an additional five years to February 2033. The property lease is a non-cancellable lease with rent payable monthly in advance. Contingent rental provisions within the lease agreement require the minimum lease payments shall be increased by the greater of CPI or 4.0% per annum. The lease does not allow for subletting of any lease areas. The lease for 74 Asquith Street is supported by The Commonwealth Bank of Australia ("CBA") bank guarantee for $168,000. Collateral for the bank guarantee is an off-set against cash invested with the CBA for $168,000.

The Group entered into a four-year lease from November 2021 for its facility in New Hampshire, USA, used for packaging and testing. During the 2026 financial year, the Group exercised its option to extend the lease for a further three years from 1 November 2025 to 31 October 2028. The property lease is a non-cancellable lease with rent payable monthly in advance. Rent during the renewal term is subject to adjustment in accordance with the Consumer Price Index provisions of the lease agreement. The lease does not allow for subletting of any lease areas.

The Group entered into a three-year lease in May 2022 for its facility in California, USA. During the 2026 financial year, the Group exercised its option to extend the lease for a further three years from 1 November 2025 to 31 October 2028. The property lease is a non-cancellable lease with rent payable monthly in advance and annual increases during the extended term. The lease does not allow for subletting of any lease areas. The lease is supported by a security deposit of US$75,000 held by the landlord.

NOTE 22: OPERATING SEGMENTS

a. 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) laser devices.

The Group operates in two geographical areas being in Australia and the United States.

NOTE 22: OPERATING SEGMENTS (CONT.)

	Australia	USA	Intersegmental Elimination	Total
	$	$	$	$
30 June 2026				
Sales to Customers	1,019,652	3,041,003	-	4,060,655
Intersegment Revenue	1,193,908	9,991,166	(11,185,074)	-
Other Revenue	6,310,712	90,130	-	6,400,842
Interest Revenue	18,035	-	-	18,035
Total Segment Revenue	**8,542,307**	**13,122,299**	**(11,185,074)**	**10,479,532**
Depreciation and amortisation	511,162	2,320,827	-	2,831,989
Employee benefit expense	2,403,553	5,580,619	-	7,984,172
Other expenses	13,398,524	7,840,772	(11,185,074)	10,054,222
Segment Results	**(7,770,932)**	**(2,619,919)**	**-**	**(10,390,851)**
Segment Non-Current Assets	27,825,480	5,026,233	(25,949,749)	6,901,964
Segment Assets	44,696,995	8,665,406	(25,949,749)	27,412,652
Segment Liabilities	9,353,873	18,065,108	(14,420,125)	12,998,856

	Australia	USA	Intersegmental Elimination	Total
	$	$	$	$
30 June 2025				
Sales to Customers	1,697,426	3,753,714	-	5,451,140
Intersegment Revenue	1,157,671	9,047,414	(10,205,085)	-
Other Revenue	6,193,877	-	-	6,193,877
Interest Revenue	59,830	-	-	59,830
Total Segment Revenue	**9,108,804**	**12,801,128**	**(10,205,085)**	**11,704,847**
Depreciation and amortisation	305,203	2,989,068	-	3,294,271
Employee benefit expense	2,604,186	5,885,235	-	8,489,421
Other expenses	13,438,918	7,665,216	(10,205,085)	10,899,049
Segment Results	**(7,239,503)**	**(3,738,391)**	**-**	**(10,977,894)**
Segment Non-Current Assets	24,661,670	6,532,529	(21,876,419)	9,317,780
Segment Assets	26,707,808	8,079,417	(10,856,829)	23,930,396
Segment Liabilities	8,299,853	15,342,299	(11,303,041)	12,339,111

NOTE 23: CASH FLOW INFORMATION

	Consolidated Entity	
	2026	2025
	$	$
(a) Reconciliation of Cash Flow from Operations with Loss after Income Tax		
Loss after income tax	(10,390,851)	(10,977,894)
Non-cash flows in loss		
Depreciation and amortisation expense	2,831,989	3,294,271
Share based payment expense	(292,978)	552,013
Interest paid included in financing activities	258,965	169,106
Other non-cash items	(111,313)	(8,076)
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries		
(Increase)/decrease in trade and other receivables	75,242	448,866
(Increase)/decrease in other assets	(92,339)	3,529
(Increase)/decrease in inventories	(275,591)	(182,691)
Increase/(decrease) in trade and other payables and accruals	(303,719)	452,619
Increase/(decrease) in provisions	3,049	97,515
Net cash used in operating activities	**(8,297,546)**	**(6,150,742)**

NOTE 24: SHARE-BASED PAYMENTS

The following share-based payments existed at 30 June 2026:

	Consolidated Entity			
	2026		2025	
	Number of options and performance rights	Weighted Average Exercise Price ($)	Number of options and performance rights	Weighted Average Exercise Price ($)
Outstanding at the beginning of the year	2,611,346	-	2,418,137	-
Granted	1,291,250	-	1,426,500	-
Forfeited/lapsed	(1,174,067)	-	(882,785)	-
Exercised	(545,814)	-	(350,506)	-
Expired	-	-	-	-
Rounding difference due to shares consolidation	(4)	-	-	-
Outstanding at year-end	2,182,711	-	2,611,346	-
Exercisable at year-end	-	-	-	-

The life of the options and performance rights is based on the historical exercise patterns, which may not eventuate in the future.

The fair values of the granted performance rights were determined by the vesting conditions of the rights.

NOTE 24: SHARE-BASED PAYMENTS (CONT.)

Rights on issue in 2026

December 2020 Rights Issue
The non-market condition performance rights were valued using the Black-Scholes model at grant date. Management have estimated the number of instruments that will ultimately vest based on the expectations for meeting non-market-based vesting conditions. These performance rights were valued at $0.0997 per right. The non-market vesting conditions for rights issued are spread between Directors' rights and executive rights with both rights expiring 31 December 2024 with no exercise price.

Executive rights vesting conditions:
- 20% of the Performance Rights to be issued will vest on the attainment of $1 million of laser diode product revenue over a calendar 12-month period within the Vesting Period; and
- 80% Performance Rights to be issued will vest on the attainment of $5 million of laser diode product revenue over a calendar 12-month period within the Vesting Period.

Director's rights vesting conditions:
- 14% Performance Rights to be issued will vest on the attainment of $1 million of laser diode product revenue over a calendar 12-month period within the Vesting Period;
- 56% Performance Rights to be issued will vest on the attainment of $5 million of laser diode product revenue over a calendar 12-month period within the Vesting Period; and
- 30% Performance Rights to be issued will vest at a rate of 100,000 Performance Rights for each year of service over the Vesting Period.

November 2021 Rights Issue

The rights were valued using the Black-Scholes model at grant date. Management have estimated the number of instruments that will ultimately vest based on the expectations for meeting non-market based vesting conditions. These performance rights were valued at $0.037. The rights have an expiry date of 31 December 2024 with no exercise price. The vesting conditions for these rights are:

- 16% Performance Rights to be issued will vest on the attainment of $1 million of laser diode product revenue over a calendar 12-month period within the Vesting Period;
- 62% Performance Rights to be issued will vest on the attainment of $5 million of laser diode product revenue over a calendar 12-month period within the Vesting Period; and
- 22% Performance Rights to be issued will vest at a rate of 100,000 Performance Rights for each year of service over the Vesting Period.

July 2022 & August 2022 Rights Issue

These rights were valued using the Black-Scholes model at grant date. Management have estimated the number of instruments that will ultimately vest based on the expectations for meeting non-market based vesting conditions. These performance rights were valued at $0.024 (July 2022 rights) and $0.025 (August 2022 rights). The rights have an expiry date of 1 March 2026 with no exercise price. The non-market vesting conditions for these rights are:

- 33% Performance rights will vest upon delivering pre-agreed company goals for FY23;
- 33% Performance rights will vest upon delivering pre-agreed company goals for FY23 and continued employment with BluGlass until the issue of financial statements for the year ended 30 June 2024; and
- 33% Performance rights will vest upon delivering pre-agreed company goals for FY23 and continued employment with BluGlass until the issue of financial statements for the year ended 30 June 2025.

February 2023 Rights Issue
These rights were valued using the Black-Scholes model at grant date. Management have then estimated the number of instruments that will ultimately vest based on the expectations for meeting non-market based vesting conditions. These performance rights were valued at $0.073. The rights have an expiry date of 1 March 2026 with no exercise price. The non-market vesting conditions for these rights are:

- 34% Performance rights will vest upon delivering pre-agreed company goals for FY23;
- 33% Performance rights will vest upon delivering pre-agreed company goals for FY23 and continued employment with BluGlass until the issue of financial statements for the year ended 30 June 2024; and
- 33% Performance rights will vest upon delivering pre-agreed company goals for FY23 and continued employment with BluGlass until the issue of financial statements for the year ended 30 June 2025.

February 2023 Rights Issue
These rights were valued using the Black-Scholes model at grant date. These rights were issued to Bell Potter. 75% of the options will vest when the capital raise is completed and the remaining 25% of the options will vest if the funds received for the March 2023 capital raise are in excess of $8 million. As at 30 June 2025 all the vesting conditions have been met but none of the options have been exercised. These rights were valued at $0.0258. The rights have an expiry date of 24 March 2026 with an exercise price of $0.12.

NOTE 24: SHARE-BASED PAYMENTS (CONT.)

September 2023 Rights Issue

These rights were valued using the Black-Scholes model at grant date. Management have then estimated the number of instruments that will ultimately vest based on the expectations for meeting non-market based vesting conditions. These performance rights were valued at $0.042. The rights have an expiry date of 21 December 2028 with no exercise price. The non-market vesting conditions for these rights are:

- 34% Performance rights will vest upon delivering pre-agreed company goals for FY24;
- 33% Performance rights will vest upon delivering pre-agreed company goals for FY24 and continued employment with BluGlass until the issue of financial statements for the year ended 30 June 2025; and
- 33% Performance rights will vest upon delivering pre-agreed company goals for FY24 and continued employment with BluGlass until the issue of financial statements for the year ended 30 June 2026.

October 2023 Rights Issue

These rights were valued using the Black-Scholes model at grant date. Management have then estimated the number of instruments that will ultimately vest based on the expectations for meeting non-market based vesting conditions. These performance rights were valued at $0.052. The rights have an expiry date of 15 December 2028 with no exercise price. Apart from 1,000,000 rights, of which 500,000 rights vested immediately and the remainder vested in one year. The non-market vesting conditions for the rest of the rights are:

- 34% Performance rights will vest upon delivering pre-agreed company goals and board employment until the time of vesting 15 December 2024; and
- 33% Performance rights will vest upon delivering pre-agreed company goals and board employment until the time of vesting 15 December 2025; and
- 33% Performance rights will vest upon delivering pre-agreed company goals and board employment until the time of vesting 15 December 2026.

December 2024 Rights Issue

These rights were valued using the Black-Scholes model at grant date. Management have then estimated the number of instruments that will ultimately vest based on the expectations for meeting non-market based vesting conditions. These performance rights were valued at $0.025. The rights have an expiry date of 31 December 2029 with no exercise price. The non-market vesting conditions for the rest of the rights are:

- 34% Performance rights will vest upon delivering pre-agreed company goals and board employment until the time of vesting 13 December 2025; and
- 33% Performance rights will vest upon delivering pre-agreed company goals and board employment until the time of vesting 13 December 2026; and
- 33% Performance rights will vest upon delivering pre-agreed company goals and board employment until the time of vesting 13 December 2027.

March 2026 Rights Issue

These rights were valued using the Black-Scholes model at grant date. Management have then estimated the number of instruments that will ultimately vest based on the expectations for meeting non-market based vesting conditions. These performance rights were valued at $0.32. The rights have an expiry date of 31 December 2030 with no exercise price. The non-market vesting conditions for the rest of the rights are:

- 34% Performance rights will vest upon delivering pre-agreed company goals and board employment until the time of vesting 30 August 2026; and
- 33% Performance rights will vest upon delivering pre-agreed company goals and board employment until the time of vesting 30 August 2027; and
- 33% Performance rights will vest upon delivering pre-agreed company goals and board employment until the time of vesting 30 August 2028.

All rights have an underlying service condition to remain employed until the time of vesting.

NOTE 25: KEY MANAGEMENT PERSONNEL

	Consolidated Entity	
	2026	2025
	$	$
The totals of remuneration paid to key management personnel of the group during the year are as follows:		
Short term employment benefits	1,832,050	1,745,905
Post-employment benefits	198,760	222,640
Share-based payments	(203,507)	617,639
	1,827,303	**2,586,184**

NOTE 26: RELATED PARTY TRANSACTIONS

The Group uses management software owned by their CEO Jim Haden and has paid $31,718 as subscription fees in the current year (2025: $33,357).

The Group uses mechanical parts used in packaging and testing sourced from a company where their VP of Business Development Brad Siskavich is a director and has paid $145,297 in the current year (2025: $134,237).

The Group has no other related party transactions.

NOTE 27: FINANCIAL RISK MANAGEMENT

The Group's financial instruments consist mainly of deposits with banks, short-term investments, accounts receivable and payable, loans to a subsidiary and leases.

The totals for each category of financial instruments, measured in accordance with AASB 9 as detailed in the accounting policies to these financial statements, are as follows:

			Consolidated Entity	
			2026	2025
	Note		$	$
Financial Assets				
Cash and cash equivalents	7		11,343,243	5,737,859
Trade and other receivables	8		7,697,193	7,772,435
			19,040,436	**13,510,294**
Financial Liabilities				
Trade and other payables	14		2,647,327	2,951,046
Borrowings	16		4,540,324	3,047,908
Lease liabilities	21		3,524,607	4,056,608
			10,712,258	**10,055,562**

The Audit and Risk Committee (ARC) has been delegated responsibility by the Board of Directors for, amongst other issues, monitoring and managing financial risk exposures of the Group. The ARC monitors the Group's financial risk management policies and exposures and approves financial transactions within the scope of its authority. It also reviews the effectiveness of internal controls relating to commodity price risk, counter party credit risk, currency risk, financing risk and interest rate risk. The ARC meets regularly and minutes are reviewed by the Board.

The ARC's overall risk management strategy seeks to assist the consolidated group in meeting its financial targets, while minimising potential adverse effects on financial performance. Its functions include the review of the use of hedging derivative instruments, credit risk policies and future cash flow requirements.

NOTE 27: FINANCIAL RISK MANAGEMENT (CONT.)

Specific Financial Risk Exposures and Management

The main risk the Group is exposed to through its financial instruments is interest rate risk. Other risks include foreign currency risk, liquidity risk, credit risk, and commodity and equity price risk.

The maximum exposure to financial risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the Statement of Financial Position and notes to the financial statements.

a. *Credit Risk*

The group does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the consolidated entity.

b. *Price Risk*

The Group has no exposure to commodity price risk.

c. *Liquidity Risk*

Liquidity risk is that the Group might be unable to meet its obligations. The Group manages its liquidity needs by monitoring scheduled debt servicing payments as well as forecast cash inflows and outflows due in day-to-day business. The data used for analysing these cash flows is consistent with that used in the contractual maturity analysis below. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for a 180-day and a 360-day lookout period are identified monthly.

The Group's objective is to maintain cash and marketable securities to meet its liquidity requirements for 30-day periods at a minimum. This objective was met for the reporting periods.

The Group considers expected cash flows from financial assets in assessing and managing liquidity risk, in particular its cash resources and trade receivables. The Group's existing cash resources and trade receivables significantly exceed the current cash outflow requirements.

As at 30 June 2026 the Group's non-derivative financial liabilities have contractual maturities (including interest payments where applicable) as summarised below:

	Current		Non-Current	
	Within 6 months	6 - 12 months	1 to 5 years	Later than 5 years
	$	$	$	$
30 June 2026				
Trade and other payables	2,647,327	-	-	-
Borrowings	4,540,324	-	-	-
Lease liabilities	436,552	436,552	2,889,126	222,767
Total	**7,624,203**	**436,552**	**2,889,126**	**222,767**

	Current		Non-Current	
	Within 6 months	6 - 12 months	1 to 5 years	Later than 5 years
	$	$	$	$
30 June 2025				
Trade and other payables	2,951,046	-	-	-
Borrowings	3,047,908	-	-	-
Lease liabilities	391,006	391,006	2,383,383	891,213
Total	**6,389,960**	**391,006**	**2,383,383**	**891,213**

Financial assets and financial liabilities are being held at amortised costs.

NOTE 27: FINANCIAL RISK MANAGEMENT (CONT.)

d. Market Risk

i. Foreign Exchange Risk

The Group is exposed to foreign exchange risk, primarily in relation to its U.S. operations and transactions and balances denominated in U.S. dollars. Foreign exchange risk is monitored by management and the Group does not currently use derivative financial instruments to hedge its foreign currency exposure.

ii. Interest Rate Risk

The Group's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets is as follows:

	Consolidated Entity			
	2026		2025	
	$	%	$	%
Consolidated Entity Financial Assets:				
Cash	11,342,898	0.01	5,737,514	0.01
Investments in security deposits and bank bills	406,595	0.33	218,800	0.33
Total Financial Assets	**11,749,493**		**5,956,314**	

All other financial assets and liabilities are non-interest bearing.

iii. Financial instrument composition and maturity analysis

All trade and sundry payables are expected to be paid within the next 45 days.

iv. Net Fair Values

All financial assets and liabilities at 30 June 2026 that have maturities of less than 45 days and carrying value represents net fair value. Lease liabilities have been discounted to their present value.

v. Sensitivity analysis

The consolidated and parent entity does not have projected material exposure to foreign currency risk, price risk or interest rate risk.

NOTE 28: CONTINGENT LIABILITIES

There are no contingent liabilities at or since balance date.

NOTE 29: EVENTS AFTER REPORTING DATE

On 1 July 2026, the Company repaid a tranche of its FY26 Research and Development Tax Incentive financing facility with Radium Capital. The repayment of $2,410,321, comprising principal, accrued interest and settlement fee, was made following year end. The facility remains available to the Company to redraw if required.

On 7 July 2026, BluGlass completed the sale of 801 shares in its wholly owned Semiconductor Industry Australia Pty Ltd (SIA) to Ruthless Productions Pty Ltd for nominal consideration of $1, reducing BluGlass' ownership interest in SIA to 19.9%. Under the associated shareholders agreement, Ruthless Productions is responsible for SIA's future funding requirements and BluGlass is not obliged to provide additional funding to SIA.

On 15 July 2026, the Company invested US$1.5 million in Uviquity by way of a promissory note, bearing interest at 6% per annum and maturing 12 months from issue.

On 21 August 2026, Mr Yam Rubenstein was appointed as a Non-Executive Director of BluGlass Limited, effective immediately.

Except for the matters disclosed above, no other matter or circumstance has arisen since 30 June 2026 that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

NOTE 30: BLUGLASS LIMITED PARENT COMPANY INFORMATION

	2026	2025
	$	$
Parent entity		
Assets		
Current assets	16,870,955	13,058,169
Non-current assets	27,825,480	24,615,240
Total assets	**44,696,435**	**37,673,409**
Liabilities		
Current liabilities	6,326,374	5,112,701
Non-current liabilities	2,988,308	3,187,152
Total liabilities	**9,314,682**	**8,299,853**
Net Assets	**35,381,753**	**29,373,556**
Equity		
Issued capital	134,573,341	120,076,236
Accumulated losses	(98,503,145)	(90,785,641)
Share based payments reserve	294,009	1,065,413
Other reserve	(982,452)	(982,452)
Total Equity	**35,381,753**	**29,373,556**
Financial Performance		
Loss for the year	(7,717,504)	(7,271,492)
Other comprehensive income	-	-
Total comprehensive income	**(7,717,504)**	**(7,271,492)**

Capital commitments
The parent entity had no capital commitments for property, plant and equipment as at 30 June 2026 and 30 June 2025.

Contingencies
Refer to Note 28 for Contingent Liabilities.

NOTE 31: COMPANY DETAILS AND PRINCIPAL PLACE OF BUSINESS

The registered office and principal place of business of the Company is:
BLUGLASS LIMITED
74 ASQUITH STREET
SILVERWATER NSW 2128
Ph: +61 2 9334 2300

CONSOLIDATED ENTITY DISCLOSURE STATEMENT

Basis of preparation
The Consolidated Entity Disclosure Statement (CEDS) has been prepared in accordance with the Corporations Act 2001. It includes certain information for each entity that was part of the consolidated entity at the end of the financial year.

Determination of tax residency
Section 295 (3A) of the Corporation Acts 2001 defines tax residency as having the meaning in the Income Tax Assessment Act 1997. The determination of tax residency involves judgment as there are currently several different interpretations that could be adopted, and which could give rise to a different conclusion on residency.

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

a. *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.

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

	Entity type	Place formed / Country of incorporation	Ownership interest %	Tax residency
Parent Entity:				
BluGlass Limited	**Body corporate**	Australia	-	Australia
Subsidiaries of BluGlass Limited:				
Semiconductor Industry Australia Pty Ltd	**Body corporate**	Australia	100%	Australia
Gallium Enterprises Pty Ltd	**Body corporate**	Australia	100%	Australia
EpiBlu Technologies Pty Ltd	**Body corporate**	Australia	100%	Australia
BluGlass Incorporated	**Body corporate**	United States	100%	United States

DIRECTORS' DECLARATION

1. In the opinion of the directors of BluGlass Limited:

    a. the consolidated financial statements and notes of BluGlass Limited are in accordance with the Corporations Act 2001, including
        I. I. giving a true and fair view of its financial position as at 30 June 2026 and of its performance for the financial year ended on that date; and
        II. II. complying with Australian Accounting Standards and the Corporations Regulations 2001; and

    b. there are reasonable grounds to believe that BluGlass Limited will be able to pay its debts as and when they become due and payable.

    c. the information disclosed in the attached consolidated entity disclosure statement is true and correct.

2. The directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the chief executive officer and chief financial officer for the financial year ended 30 June 2026.

3. Note 1 confirms that the consolidated financial statements also comply with International Financial Reporting Standards.

Signed in accordance with a resolution of the directors:

Omer Granit
Executive Chair
31 August 2026

BLUGLASS LIMITED

INDEPENDENT AUDITOR'S REPORT

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

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6-10 O'Connell Street
SYDNEY NSW 2000

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4 Ventnor Avenue
WEST PERTH WA 6005

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To the members of BluGlass Limited

Opinion

We have audited the financial report of BluGlass Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2026, 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 consolidated financial statements, including a summary of material accounting policy information, the consolidated entity disclosure statement and the directors' declaration.

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

a) giving a true and fair view of the Group's financial position as at 30 June 2026 and of its performance for the year ended on that date; and

b) Complying with Australian Accounting Standards and *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 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 financial report in Australia.

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.

BLUGLASS LIMITED
INDEPENDENT AUDITOR'S REPORT (continued)

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial report, which indicates that the Group incurred a loss of $10,390,851 and had net cash outflows from operations of $8,297,546 during the year ended 30 June 2026. These events or conditions along with other matters as set forth in Note 1 indicate that a material uncertainty exists that may cast significant 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 opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Research and Development Tax Incentive	How our Audit Addressed the Key Audit Matter

We considered Research and Development Tax Incentive to be a key audit matter.
 	
The Group has recorded income related to the research and development tax incentive of $6,116,957 and this is material to the financial report.
 	
This area is considered a key audit matter due to the subjectivity in assessing the eligibility of expenditure and judgment required by the Group in measuring the eligible expenditure in recognising the corresponding research and development tax incentive income and receivable.
	Our procedures included:
	• Obtaining an understanding of their process for calculating the Research and Development Tax Incentive;
	• Reviewing the outcome of the previous year's research and development tax incentive claim;
	• Engaging an internal Research and Development Tax Incentive expert to:
	    • Evaluate the methodology used by management and their expert for consistency with Research and Development Tax legislation; and
	    • Review the nature of the expenses to determine whether they meet the eligibility criteria of the Research and Development tax incentive scheme; and
	• Reviewing the adequacy of related disclosures in the financial statements.

INDEPENDENT AUDITOR'S REPORT

BLUGLASS LIMITED

INDEPENDENT AUDITOR'S REPORT (continued)

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2026 but does not include the financial report and out 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, 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:

a) the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and

b) 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.

BLUGLASS LIMITED
INDEPENDENT AUDITOR'S REPORT (continued)

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 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 at: https://www.auasb.gov.au/auditors_responsibilities/ar1.pdf. This description forms part of our auditor's report.

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the Directors' Report for the year ended 30 June 2026.

In our opinion, the Remuneration Report of Bluglass Limited, for the year ended 30 June 2026, complies with section 300A of the Corporations Act 2001.

Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

In.Corp Audit & Assurance Pty Ltd

Daniel Dalla
Director

Sydney, 31 August 2026

ADDITIONAL INFORMATION

ADDITIONAL INFORMATION

1. SHAREHOLDING

a. Distribution of Shareholders as at 21 August 2026

BLG - Ordinary Fully Paid Shares			
Holding Ranges	**Holders**	**Total Units**	**% Issued Share Capital**
above 0 up to and including 1,000	1,764	663,830	0.35%
above 1,000 up to and including 5,000	1,463	3,862,795	2.03%
above 5,000 up to and including 10,000	522	3,950,036	2.08%
above 10,000 up to and including 100,000	1,113	39,445,378	20.76%
above 100,000	308	142,100,878	74.78%
Totals	**5,170**	**190,022,917**	**100.00%**
Total Unmarketable Parcel ($500 basis price of $0.27)	2,261	1,365,497	0.72%

b. Substantial Shareholders

There are no substantial shareholders of the Company.

2. TOP HOLDERS

BLG - Ordinary Fully Paid Shares as at 21 August 2026		
Holder Name	**Holding**	**% IC**
BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT>	9,643,517	5.07%
J76 BLG LLC	8,333,334	4.39%
UBS NOMINEES PTY LTD	4,646,997	2.45%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	4,286,091	2.26%
CASNEY PTY LTD <THE ARTURA A/C>	3,849,798	2.03%
CITICORP NOMINEES PTY LIMITED	2,786,961	1.47%
APPWAM PTY LTD	2,567,309	1.35%
MR ALAN WILLIAM GERRIE	2,539,171	1.34%
KETA INVESTMENTS PTY LTD	2,421,000	1.27%
PINNACLE SUPERANNUATION PTY LIMITED <PJF S/F A/C>	2,010,777	1.06%
JIMBO INVESTMENTS PTY LTD <THE SILVERTON FAMILY 1 A/C>	1,950,000	1.03%
LALEHAM BROADBAND LIMITED	1,943,868	1.02%
SALON TODAY PTY LIMITED <JOHNSON SUPER FUND A/C>	1,738,487	0.91%
GDNC HOLDINGS PTY LTD <THE G & D AMEY SUPERFUND A/C>	1,698,499	0.89%
NAHGALLAC PTY LIMITED <CALLAGHAN FMLY RET FUND A/C>	1,532,274	0.81%
J W GIJET PTY LTD <ADLER FAMILY S/F A/C>	1,492,114	0.79%
ISASEL PTY LTD <THE SPM SUPERFUND A/C>	1,458,333	0.77%
P J GREG & CO PTY LTD	1,451,183	0.76%
COROBAH PTY LTD <THE COOTE A/C>	1,373,000	0.72%
PUNTERO PTY LTD	1,200,002	0.63%
Totals	**58,922,715**	**31.01%**
Total Issued Capital	**190,022,917**	**100.00%**

ADDITIONAL INFORMATION

3. UNQUOTED SECURITIES

Unquoted Securities as at 21 August 2026

Security Name	Total Holders	Total Holdings
Fully Paid Ordinary Shares	5,170	190,022,917
Options @ $1.20 EXP 28/02/2027	2	16,157
Options @ $0.38 EXP 31/05/2028	349	55,003,840
Performance Rights	26	1,976,085
TOTAL	**5,547**	**247,018,999**

Performance Rights			
Holding Ranges	**Holders**	**Total Units**	**% Issued Share Capital**
above 0 up to and including 1,000	-	-	-
above 1,000 up to and including 5,000	-	-	-
above 5,000 up to and including 10,000	4	26,880	1.36%
above 10,000 up to and including 100,000	15	695,387	35.19%
above 100,000	6	1,253,818	63.45%
Totals	**25**	**1,976,085**	**100.00%**

Options @ $0.38 EXP 31/05/2028			
Holding Ranges	**Holders**	**Total Units**	**% Issued Share Capital**
above 0 up to and including 1,000	9	6,359	0.01%
above 1,000 up to and including 5,000	32	79,153	0.14%
above 5,000 up to and including 10,000	28	165,974	0.30%
above 10,000 up to and including 100,000	160	6,457,813	11.74%
above 100,000	99	48,294,541	87.80%
Totals	**328**	**55,003,840**	**100.00%**

Options @ $1.20 EXP 28/02/2027			
Holding Ranges	**Holders**	**Total Units**	**% Issued Share Capital**
above 0 up to and including 1,000	-	-	-
above 1,000 up to and including 5,000	-	-	-
above 5,000 up to and including 10,000	2	16,157	100.00%
above 10,000 up to and including 100,000	-	-	-
above 100,000	-	-	-
Totals	**2**	**16,157**	**100.00%**

4. RESTRICTED SECURITIES

There are no restricted securities on issue.

5. VOTING RIGHTS

The voting rights attached to each class of equity security are as follows:

i. *Ordinary Shares*
Each ordinary fully paid share is entitled to one vote when a poll is called, otherwise, each member present at a meeting or by proxy has one on a show of hands.

ii. *Unlisted Options*
There are no voting rights attached to Unlisted Options.

iii. *Performance Rights*
There are no voting rights attached to Performance Rights.

6. ON MARKET BUY-BACK

There is no on-market buy-back scheme in operation for the Company's quoted securities.

7. CORPORATE GOVERNANCE STATEMENT

The Company's Corporate Governance Statement as at 30 June 2026, as approved by the Board, is attached to this Annual Report and can be viewed at https://bluglass.com/corporate-governance/.

8. APPOINTED COMPANY SECRETARY

Andrew Palfreyman of Confidant Partners.

9. THE ADDRESS & TELEPHONE NUMBER OF THE PRINCIPAL OF BUSINESS & REGISTERED OFFICE IN AUSTRALIA IS:

74 Asquith Street, Silverwater NSW 2128
Phone number: P: +612 9334 2300

10. REGISTERS OF SECURITIES ARE HELD AT THE FOLLOWING ADDRESS:

Automic Registry Services Deutsche Bank Tower, Level 5/126 Phillip St, Sydney NSW 2000

11. STOCK EXCHANGE LISTING:

Quotation has been granted for all the Fully Paid Ordinary Shares of the company on all Member Exchanges of the Australian Securities Exchange.

12. REVIEW OF OPERATIONS

A review of operations is contained in the Directors' Report.

COMPANY DIRECTORY

The company Secretary is:
Mr Andrew Palfreyman

The address of the principal registered office in Australia is:
74 Asquith Street, Silverwater NSW 2128

Registers of securities are held at the following address:
Automic Registry Services
Deutsche Bank Tower, Level 5/126 Phillip St, Sydney NSW 2000

Stock Exchange Listing:
Quotation has been granted for all the ordinary shares of the company on all Member Exchanges of the Australian Securities Exchange.

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BLUGLASS LIMITED AND CONTROLLED ENTITIES | ABN 20 116 825 793