

Update on Laser Diode status, executive changes and Rights Issue

- BluGlass continues to progress development of its first direct-to-market commercial laser diode products
 - early samples meeting commercial specifications, both pulsing and continuous wave
 - o reliability testing shows flaws in the optical facet of the laser, requiring additional production efforts
- Giles Bourne, Managing Director and CEO to stand down effectively immediately
 - o James Walker takes on Executive Chair role, pending CEO search
- BluGlass to undertake accelerated non-renounceable rights issue to raise up to \$8.0 million
 - o Non-Executive Directors to sacrifice salary for equity, to assist cash and shareholder alignment

Australian semiconductor developer BluGlass Limited (ASX: BLG) provides the following update to the market.

Progress developing laser diode products

The Company has received the latest results of testing for its laser diode development. The prototype laser diodes are showing lasing results consistent with commercial specifications for output power and wavelength, demonstrating the soundness of the BluGlass wafer epitaxial process.

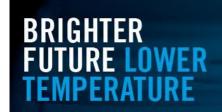
However, reliability testing has demonstrated weaknesses with the post epitaxy production steps, with gradual loss of light output due to degradation of the optical facet of the BluGlass laser chip when operated to high power in continuous wave conditions.

While disappointing, the results confirm that BluGlass' core laser diode design is working to specification, and the challenges the Company is facing are in production steps involving third party providers. As an historically R&D business, these steps are new to BluGlass, but also well understood in the industry generally, and hence BluGlass is confident that they can be solved expeditiously.

BluGlass intends to place all of its short-term focus on resolving the reliability issue, and over the coming year on all aspects of the production supply chain to scale commercial grade products needed by the market – to be demonstrated by customer orders of our product. Given the nature of the challenge, the Company intends to seek additional experienced assistance in the post epitaxial phase of development, from those with established production capabilities from the industry.

To ensure the success of this phase of work, the Company proposes to undertake a non-renounceable rights Issue to current shareholders to raise up to \$8 million. The Company is finalising the terms of the offer and it is expected that the terms and accompanying Offer Booklet will be released to the market prior to the commencement of trading on Wednesday 9 June 2021.

Proceeds from this offer will ensure sufficient financial runway to secure the necessary resources, and to allow the required development time to apply those resources, and secure initial customer orders.





Executive Changes

Giles Bourne has advised the Company of his intention to step down as Managing Director and CEO, effective immediately. After 13 years at BluGlass, both Giles and the Board believe that it is time for the Company to recruit a new CEO for its next stage of development.

The Board wishes to acknowledge Giles' long and dedicated service to the Company. James Walker, BluGlass Chair added: "During his time at the helm, Giles has built a globally focussed semiconductor research business, which is poised to move into its next stage of its growth."

James Walker will take on the role of Executive Chair as the Company undertakes a search for a new CEO.

Laser Diode Industry Appointments

Reflecting the Company's intended approach to ensuring it can deliver on the production aspects of our laser diode development, BluGlass is pleased with the contributions already made by recently appointed laser diode experts, Jean-Michel Pelaprat as Non-Executive Director and Dr Arkadi Goulakov as a Senior Scientist (previously announced to the market on 3 May and 30 April 2021 respectively).

As Senior Scientist, Dr Goulakov has already applied his deep fabrication and product integration expertise to the Development and Operations team in the US and identified key areas of improvement.

BluGlass intends to build on these appointments, to ensure it has the right skills in place to complement the technical successes of the core BluGlass team and application of its IP to create fully production ready laser diodes.

Rights Issue

The Company is finalising the terms of its proposed offer and expects to release the terms and accompanying Offer Booklet to the market prior to the commencement of trading on Wednesday 9 June 2021.

In conjunction with the offer, to both preserve cash and increase alignment with shareholders, BluGlass' Non-Executive Directors have agreed to take 50% of their professional fees over the coming three months in equity, at the same price as the rights offering (subject to shareholder approval).

The Company encourages Shareholders to read the offer documentation when they receive it, and to participate in the offer. Each of the Directors intends to take up their full entitlement under the rights offer.

This announcement has been approved for release by the Board.



About BluGlass

BluGlass Limited (ASX: BLG) is a global leader commercialising a breakthrough technology using Remote Plasma Chemical Vapour Deposition (RPCVD) for the manufacture of high-value semiconductor devices such as laser diodes, next generation LEDs and microLEDs. BluGlass has invented a new process using RPCVD to grow advanced materials such as gallium nitride (GaN) and indium gallium nitride (InGaN). These materials are crucial to the production of high-efficiency devices used in next-generation devices from lighting, displays, virtual reality systems and industrial cutting and welding.

RPCVD's unique low temperature, low hydrogen growth platform offers many potential benefits to electronics manufacturers over existing growth techniques; including higher efficiency, lower cost, greater substrate flexibility and has the potential to enable novel applications.

In 2019, BluGlass launched its direct-to-market Laser Diode business unit to exploit its unique tunnel junction technology capability in the high-value and high-margin laser diode market. BluGlass expects to launch its first laser diode commercial product in 2021.

For More Information Contact: Stefanie Winwood +61 2 9334 2300 swinwood@bluglass.com.au