

24 March 2022

## BluGlass to acquire US laser diode facility, secures A\$3.4 million funding, and launches Entitlement Offer

### Highlights

- BluGlass to acquire commercial Silicon Valley laser diode production facility lease and manufacturing equipment for US\$2.5 million
  - Fast-tracks longer-term plan to bring fabrication processes in-house, significantly increases manufacturing capability and brings forward higher-value product development timelines
  - Halves wafer production costs and scales operations, potential to bring forward positive cashflows to 2024/2025
- Successful Placement of A\$3.4 million to settle the acquisition and fund the initial start-up of operations of the production facility
- Non-renounceable Entitlement Offer of up to approximately A\$7.5 million to fund ongoing operations of the production facility and to enable shareholders to participate on the same terms as the Placement
- Directors taking up full entitlement in the Entitlement Offer

Australian semiconductor developer BluGlass Limited (**ASX: BLG**) is pleased to announce that it has reached agreement to acquire a commercial Silicon Valley laser diode production facility lease and manufacturing equipment (the Fab) for US\$2.5 million. The acquisition will fast-track BluGlass' growth strategy, significantly increasing its laser diode manufacturing capacity and bringing forward higher-value product development timelines.

To fund the acquisition and ongoing operation of the production facility, BluGlass has secured A\$3.4 million via a Placement to new and existing institutional and sophisticated investors. The Company is also undertaking a non-renounceable 1:4 Entitlement Offer to raise up to a further A\$7.5 million to enable shareholders to participate on the same terms as the Placement.

Commenting on the strategic acquisition, BluGlass' President Jim Haden said:

"We plan to take advantage of a unique opportunity, to acquire a full-suite commercial laser diode fab for a fraction of the circa US\$40 million it would cost us to build today. The acquisition aligns and accelerates our longer-term growth plans, bringing core fabrication processes in-house to eliminate supply chain variability and improve the quality and consistency of our laser diodes. Importantly, it provides us with greater control over development roadmaps, enabling us to launch higher-value products sooner.

"In addition to more than quadrupling development, manufacturing turns and wafer capacity, our own fab enables us to halve production costs and has the potential to bring forward positive cashflows to 2024/2025. It triples our revenue generation capacity, and allows us to execute on our strategic vision of becoming the industry's easiest-to-use laser light by offering the most flexible and agile product development and manufacturing. As one of just four end-to-end gallium nitride laser diode manufacturers globally, we have a significant opportunity to build share within a fast-growing market expected to reach US\$2.5 billion by 2025<sup>1</sup>.

<sup>1</sup> Source: Strategies Unlimited and Internal BluGlass modelling based on industry sources

“The acquisition will fast track our transition from a cutting-edge R&D company to a commercial provider of industry-leading GaN laser diodes. Over the past year, we have attracted industry experts to our management and Board, advanced our product development of multiple laser products and are delivering against a clear commercialisation and growth strategy. A Silicon Valley-based fab increases our access to highly skilled semiconductor and GaN talent even further.

“We’re encouraged by the strong ongoing support of our existing investors, and welcome new institutional funds to the register at a pivotal period for the Company. BluGlass is focused on the commercialisation of our first direct-to-market laser diodes. We remain confident about our future. We have the right team and strategy in place and are now in the process of securing the final piece of the puzzle, a manufacturing fab to further expand our product offering and scale our operations.”

### Acquisition details

- **Assets purchased:** Agreed terms to acquire laser diode fabrication equipment (the Fab) and the lease of 19,000 sq ft purpose-built laser diode manufacturing facility in Silicon Valley (Fremont, CA, USA) (the Fab).
- **Purchase price:** US\$2.5 million comprising US\$2.0 million cash and US\$500,000 of new BLG shares.
- **Additional capital requirements:** A\$3.5 million to adapt facility for gallium nitride laser diode production; US\$2.5 million additional capex for advanced manufacturing capabilities; and US\$2.5 million on operational expenditure and talent hire.

### A\$3.4 million Placement secured

BluGlass has secured commitments from existing and new sophisticated and institutional investors to place A\$3.4 million worth of new shares (**Placement Shares**) via a placement (**Placement**). Cornerstone support was received by Australian and American institutional investors. The Placement was managed by Viriathus Capital.

The Placement comprises an offer of 114,216,600 new fully paid ordinary shares in the Company (**Placement Shares**) at an issue price of A\$0.03 per share (**Offer Price**). The Offer Price represents an 6.2% discount to the last closing share price on Monday 21 March and a 11.7% discount to the 15-day volume weighted average market price of the Company’s shares listed on ASX.

New shares issued under the Placement will rank equally with BluGlass’ existing ordinary shares on issue.

### Entitlement Offer details

To enable existing shareholders to participate on the same terms as the Placement, BluGlass is undertaking a non-renounceable Entitlement Offer to raise up to a further \$7.5 million before costs (**Entitlement Offer**). Eligible BluGlass shareholders may apply for 1 new share for every 4 fully paid ordinary shares in the Company held at Tuesday 29 March (**Record Date**) at an issue price of A\$0.03.

All shareholders at the Record Date with a registered address in Australia and New Zealand will be eligible to participate in the Entitlement Offer (**eligible shareholders**). Eligible shareholders may take up their entitlement to acquire new BluGlass shares in full, in part, or not at all.

The Entitlement Offer is non-renounceable, meaning eligible shareholders who do not wish to subscribe for some or all of their entitlement may not sell or transfer their rights to some or all of their entitlement.

### Entitlements

Entitlements in respect of new shares will be rounded up to the nearest whole number and holdings on different registers or sub-registers will not be aggregated to calculate entitlements. The Entitlement Offer is non-renounceable and entitlements cannot be traded on ASX.

Eligible Shareholders may also apply for New Shares in excess of their entitlement (Additional New Shares) under a shortfall facility. Any Additional New Shares will be limited to the extent that there are New Shares not taken up under the Entitlement Offer and to the extent permitted by law. The Company reserves the right to issue the Additional New Shares in its absolute discretion. In the event that applications for Additional New Shares exceed the number of Additional New Shares available for issue under the shortfall facility, Additional New Shares will be allocated to applicants on a pro-rata basis.

### **Additional New Shares**

Pursuant to the Entitlement Offer, BluGlass will issue up to 251,301,281 new shares. The new shares issued under the Entitlement Offer will be fully paid ordinary shares and will rank equally in all respects with the existing Shares on issue.

### **Bonus Options Issue**

Upon completion of the Rights Issue, the Company also intends to undertake a pro-rata Bonus Options Issue.

All Eligible Shareholders will receive 1 free Listed Bonus Option for every 8 Shares they hold on the Bonus Options Record Date, with a strike price of \$0.03. The timetable for the Bonus Options Issue will be announced post completion of the Entitlement Offer.

### **Timetable**

The key dates for the Placement and Entitlement Offer are as follows:

<b>Event</b>	<b>Date</b>
Announcement of the Entitlement Offer	Thursday, 24 March 2022
Lodgement of Appendix 3B, Offer Booklet and Cleansing Notice	Thursday, 24 March 2022
"Ex" date	Monday, 28 March 2022
Record date for Entitlement Offer (7.00pm (AEST))	Tuesday, 29 March 2022
Entitlement Offer opens	Friday, 1 April 2022
Offer Booklet and entitlement and acceptance form despatched	Friday 1 April 2022
Closing date for acceptances under the Entitlement Offer (5.00pm (AEST)) <sup>2</sup>	Tuesday 12 April 2022
Announcement of results of Entitlement Offer	Thursday, 21 April 2022
Settlement of the Entitlement Offer	Wednesday, 27 April 2022
Allotment of New Shares issued under the Entitlement Offer	Friday, 29 April 2022
Normal trading on ASX for New Shares issued under the Entitlement Offer commences	Monday, 2 May 2022
Despatch of holding statements for New Shares issued under the Entitlement Offer	Monday, 2 May 2022

The timetable is subject to change and BluGlass reserves the right to withdraw or vary the timetable for the offer without notice. In particular, BluGlass reserves the right to extend the closing date for the Entitlement Offer, to accept late applications whether generally or in particular cases or to withdraw the Entitlement Offer without prior notice.

The BluGlass Board fully supports the Placement and Entitlement Offer, with all Directors eligible to participate in the Entitlement Offer intending to take up all of their entitlement in the Entitlement Offer.

*This announcement has been approved for release by the BluGlass Board.*

---

<sup>2</sup> Eligible Shareholders who wish to take up all or a part of their Entitlement must complete and return their personalised entitlement and acceptance form with the requisite Application Monies or pay their Application Monies via BPAY by following the instructions set out on the personalised entitlement and acceptance form, so that they are received by the Share Registry by no later than 5.00pm (Sydney time) on Tuesday, 12 April 2022.

---

**For more information, please contact:**

Stefanie Winwood | +61 2 9334 2300 | [swinwood@bluglass.com.au](mailto:swinwood@bluglass.com.au)

### **About BluGlass**

Developing leading-edge semiconductor manufacturing technology and devices for more than a decade, **BluGlass Limited (ASX:BLG)** is a provider to the global GaN photonics industries, delivering cutting-edge, custom **laser diode** and LED development across the industrial, defence, display, and scientific markets.

Listed on the ASX, we are an Australian public company established to power the smarter, cleaner, more efficient photonics of tomorrow with our proprietary low temperature, low hydrogen, **remote plasma chemical vapour deposition** (RPCVD) manufacturing technology.

Backed by an extensive network of supply-chain partners, BluGlass is developing a suite of laser diode products, from small batch custom lasers through to high-volume and off the shelf products.