

Appendix 4E

BLUGLASS LIMITED

ACN Full Year Ended

116825793 30 June 2024

Corresponding period was the twelve months ended 30 June 2023

Results for announcement to the market

| RESULTS | | _, | | |
|---|------|--------|----|-------------------|
| Revenues from ordinary activities | Up | % 6 | to | \$A 10,086,972 |
| (Loss) from ordinary activities after tax attributable to members | Down | 14 | to | (10,138,866) |
| (Loss) for the period attributable to members | Down | 14 | to | (10,138,866) |

EPS

| Earnings per Security (cents per share) | 30 Jun 2024 | 30 Jun 2023 |
|--|--------------|--------------|
| Basic loss per share (cents per share) | (0.63) cents | (0.86) cents |
| Diluted loss per share (cents per share) | (0.63) cents | (0.86) cents |

| Net Tangible Asset Backing | 30 Jun 2024 | 30 Jun 2023 | | |
|---|-------------|-------------|--|--|
| Per Ordinary Security (cents per share) | 0.63 cents | 0.64 cents | | |

Dividend Payable

No dividends have been paid or declared during the period.

Dividend Re-investment Plan

There is no dividend re-investment plan in operation.

Control gained over entities having material effect

There is no control over any new entities NIL

Loss of control of entities having material effect

Name of entity (or group of entities)

Details of associates and joint venture entities

| Name of entity (or group of entities) | NIL |
|---------------------------------------|-----|

This report is based on the Full Year Financial Report which is audited. All the documents comprise the information required by Listing Rule 4.2A. This information should be read in conjunction with the 2024 Full Year Financial Report and the 2023 30 June Annual Financial Report. No matters have arisen which would result in a dispute or qualification.

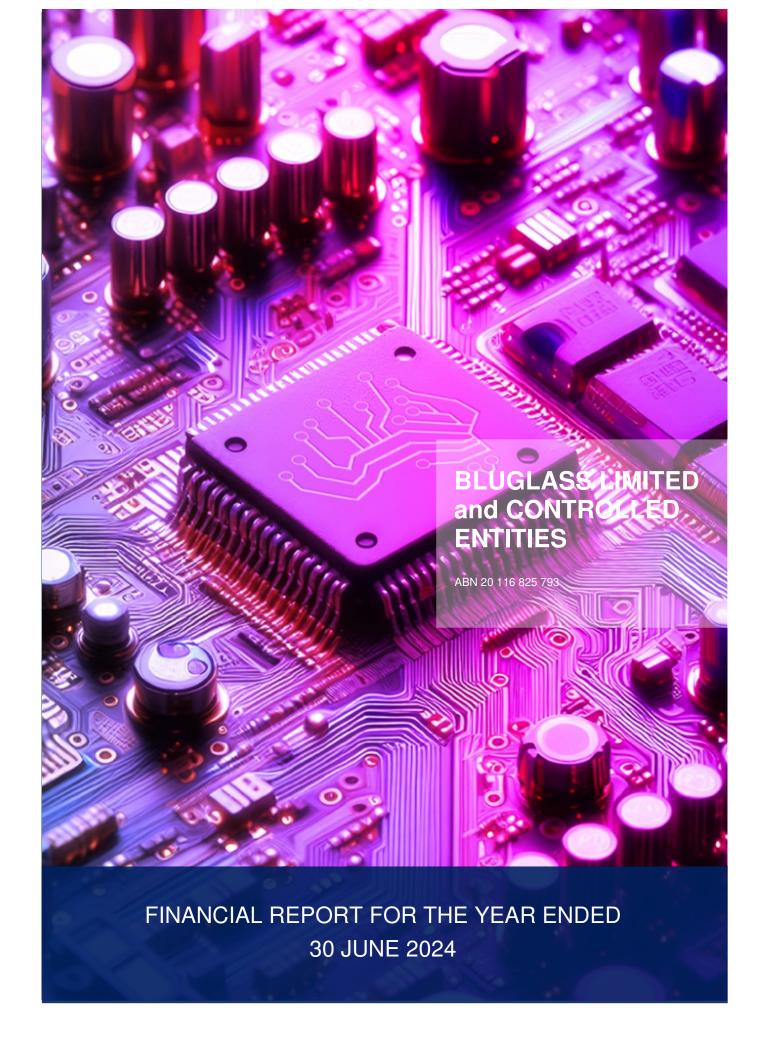


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DIRECTORS' REPORT

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 2024.

DIRECTORS

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

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

PRINCIPAL ACTIVITIES

The Group's principal activity during the financial year was to progress the development of its gallium nitride (GaN) laser portfolio and deliver key technical milestones under its contract with Microelectronics Commons' CLAWS Hub lead, North Carolina State University. The Group is working on achieving its technical and commercial milestones using both industry-standard MOCVD technology and its patented low-temperature Remote Plasma Chemical Vapour Deposition (RPCVD) technology to manufacture GaN laser diodes. Our initial product development focuses on the 405nm, 420nm, and 450nm wavelengths in standard TO-can packages, flexible form factors, and custom integrations. RPCVD can potentially create higher power and more efficient laser diodes in long-wavelength devices.

The Group has operations in both Australia and the USA, including a Silicon Valley wafer fabrication production facility (fab) and a New Hampshire packaging and test facility.

REVIEW OF OPERATIONS

BluGlass has had its most successful year to date, delivering record income and revenues of A\$10.1 million, securing a coveted position within the US Department of Defense's Microelectronics Commons, completing the GaNWorks acquisition integration into Silicon Valley production fab, and partnering with commercial and academic leaders to build industry credibility. These partnerships have enabled BluGlass to advance its technical roadmaps, improving quality, performance, and reliability of the Group's core 405nm-450nm lasers, and progressing development of novel and next-generation products.

Revenue growth reflects the early benefits of BluGlass' commercialisation strategy, focused on partnering with industry and defence primes on revenue-generating development projects. This is a well-established commercialisation path for laser companies, providing non-dilutive capital to support BluGlass' direct-to-market gallium nitride (GaN) laser business - which is slower to scale but provides a much a larger opportunity over the long-term. Partnerships with the US Department of Defense's Microelectronics Commons, Hub lead, North Carolina State University (NCSU), US-based photonics innovator Applied Energetics Inc, and the University of California Santa Barbara (UCSB), are also accelerating the development of novel capabilities and technologies, which are crucial for longer-term customer and revenue growth.

The Group's vertically integrated manufacturing supply chain and focus on supporting custom integrations and value-add form factors, ensures BluGlass is well positioned to address customer challenges, and quickly build its reputation as a partner-of-choice within the growing visible laser market.

The Year in Review:

Awarded A\$2.6 million CLAWS Hub contract

In FY24, BluGlass was awarded its largest contract to date, signing an A\$2.6 million laser development contract with North Carolina State University (NCSU) – the lead member of the Commercial Leap Ahead for Wide Bandgap Semiconductors (CLAWS) Hub.

The CLAWS Hub is one of eight Microelectronic Commons innovation hubs established by the US Department of Defense. Funded by the CHIPS and Science Act, the US\$2B Microelectronics Commons program is focused on expanding the USA's global leadership in microelectronics. Core development agreements are awarded on an annual basis, with BluGlass delivering all milestones under its year-one contract, meeting single-mode electro-optical performance metrics across core 405nm, 420nm, and 450nm wavelengths.

BluGlass' future collaborative role in the CLAWS Hub potentially includes advancing the core technology and extending DFB lasers from blue to violet, as well as the development of ultra-violet through to green single-mode lasers and Photonic Integrated Circuits (PICs). The Group's CLAWS participation has increased BluGlass' visibility and reputation with both hub members and the broader defence, quantum, and high-speed communication communities.

Transferred IP to European wafer developer

In July 2024, BluGlass received its largest single customer payment of A\$1.93 million, from its European wafer developer customer for the transfer of intellectual property (IP) rights. Developed by BluGlass under a paid foundry services contract since January 2022, the IP relates to GaN growth techniques on the customer's specialty wafers. The agreement excludes BluGlass' proprietary RPCVD, device, or laser IP. The Company is continuing to develop GaN applications on specialty wafers for this customer under an ongoing foundry services agreement. BluGlass' epitaxy expertise is a competitive advantage, complementing its laser business and providing additional revenue and customer opportunities.

Acquired and Integrated GaNWorks Foundry into the BLG wafer fab

During the year, BluGlass acquired its commercial contract manufacturer, GaNWorks Foundry, transferring these crucial manufacturing steps into the Group's Silicon Valley facility. The US\$800,000 acquisition included purchase of specialist GaN wafer equipment and installation, process transfer of GaN n-side wafer metalisation, wafer thinning, and laser bar cleaving capabilities, as well as the transition of expert GaN laser engineers.

BluGlass' Silicon Valley wafer fab now benefits from having core wafer processes under its operational control, reducing cycle times, improving production yields, increasing learning cycles, and delivering significant long-term cost savings. Further improvements to these processes have been demonstrated since bringing the capabilities in house and paths to future improvements have been identified and are being implemented to enhance production yield, increase product performance and reliability, and drive manufacturing throughput.

Signed MOU with Applied Energetics

In FY24, BluGlass commenced collaborating with Applied Energetics on the development of advanced laser systems for military and commercial applications under a Memorandum of Understanding (MoU). A leader in defence and dual-use photonics, Applied Energetics (OTCQB: AERG) specialises in ultrashort pulse (USP) optical systems used by the US Department of Defense, defense primes, intelligence community, and commercial sector. The collaboration is leveraging BluGlass' complementary GaN laser products, including its Distributed Feedback (DFB) lasers, within Applied Energetics' advanced dual-use laser systems.

The two companies are focused on the development of new laser wavelengths, and higher performance solutions that deliver more efficient and cost-effective solutions for next-generation military, aviation, and commercial markets. Combining the complementary laser technologies and capabilities enables both companies to address new market segments, particularly applications where size, weight and power are critical. The collaboration reinforces BluGlass' reputation within US government and intelligence sectors, and aligns with its product development roadmaps.

Progressing novel DFB laser development

BluGlass, together with the University of California Santa Barbara (UCSB), continues to make significant in-roads in its development of novel blue 450nm GaN Distributed Feedback (DFB) lasers. Over the past year, BluGlass and UCSB improved the side-mode suppression ratio of its visible DFB lasers by 100%, exhibited power output over 100mW from a single diode, and operated at single-frequency over a wide range of current densities. The Group also reduced operating voltages by 27% – a key factor in device reliability, thermal management, and wavelength stability.

Ultra-precision, single-frequency DFB visible lasers are not commercially available in the near ultra-violet (UV) and visible spectrums. Visible DFB lasers offer multiple advantages for emerging technologies with its precise and stable operation critical to enabling quantum sensing, navigation, and communication needs as well as next-generation defence and aviation applications. They also address key challenges for quantum computing, facilitating the scaling-up in production volume and scale-down in size.

BluGlass' pioneering DFB development is attracting significant customer and partner interest. In January 2024, BluGlass received the first order of its prototype blue GaN DFB lasers from an advanced laser systems pioneer for evaluation in next-generation defence, aviation and scientific applications.

Capital

BluGlass generated its highest ever annual revenues in FY24 generating topline income and revenue of A\$10.1 million. Customer revenue was up 307% over the prior corresponding period to \$A4.7 million, comprising the NCSU CLAWS contract, a one-off payment for IP transfer to the European wafer developer, and initial laser product revenues. BluGlass' total topline revenue growth of 6% with growing customer revenues demonstrates reduced reliance on the R&D tax rebate, which is down 35% to A\$5.4 million for development activities carried out in Australia in FY24.

During the year, BluGlass raised a further \$10.17 million to fund manufacturing of its visible lasers, invest in additional fab equipment, and working capital. A well-supported Placement to sophisticated investors raised \$4.3 million at \$0.037 per share, and a Share Purchase Plan on the same terms contributed \$5.87 million. Each new share is inclusive of one free attaching option, exercisable at \$0.046 and expiring on 28 February 2025. The new options, if exercised, will result in the issue of one share and one attaching piggyback option.

Customer engagement

BluGlass increased its engagement with customers and partners during the year, growing laser sales and order back-log across its full portfolio as well as securing first repeat customer orders. The Group is working with diverse customers from industry-leading original equipment manufacturers (OEMs), a national lab, leading international universities and research institutions, to disruptive start-ups, and continues to focus on converting these opportunities into new orders and custom projects. BluGlass is also engaging with potential partners on tender applications for large revenue-generating contracts. Projects further validate the Group's differentiated approach, highlighting the genuine market need for custom solutions to address specific customer challenges.

Projects, such as the Microelectronics Commons, enable BluGlass to accelerate revenue growth and develop higher-value lasers and new capabilities. This strategy funds the Group's growth over the short and mid-term as its direct-to-market laser scales over time. During the year, BluGlass ordered and received its first commercial burn-in and reliability testing racks to provide crucial reliability and qualification data. Customer qualification of semiconductor lasers is lengthy, requiring thousands of hours of lifetime testing under hostile (accelerated) operating conditions.

As BluGlass' lasers are being tested in customer applications that are concurrently in development, these steps require more time than initially anticipated. We continue to develop our products with strategic customers and are refining and improving our portfolio with feedback and collaboration. Our go-to-market strategy is focused on addressing specific customer challenges and providing enhanced manufacturing agility and flexible form factors. Our market differentiation continues to be validated by our growing customers and partners, with the majority of our orders and proposals involving the development of custom integrations, and/or novel capabilities and applications.

BluGlass continues to invest in the infrastructure and relationships required to win high-value product development projects as we engage with customers to qualify our lasers and their new applications.

Market education

BluGlass continued its semiconductor education series in FY24, partnering with ShareCafe to host two expert panel discussions. *LASER: Modern warfare's strategic weapon: why light could be the defence industry's most ubiquitous tool* featured Professor John Muth from North Carolina State University, Chris Donaghey and Patrick Roumayah from Applied Energetics, AIM Defence co-founder Dr Jae Daniel, and BluGlass' Jim Haden. The panel shared insights into the use of laser technologies to improve military and intelligence capabilities within the defence and national security sectors.

The GaN Revolution: Powering the technologies of tomorrow discussed the role of GaN semiconductors in next-generation applications across quantum, defence, aviation and AI. Panellists included Professor Steven DenBaars from the University of California Santa Barbara, Dr Michael Schuette from MACOM Technology Solutions, IQE's Dr Hughes Marchand, independent semiconductor professional Dr Steven Duvall, and BluGlass' Dr Josh Brown.

The Company has also launched **Semiconductor Australia 2024**, Australia's premier semiconductor, quantum, and photonics event. The showcase event brings together Australia's brightest deep-tech entrepreneurs, industry and innovation policy makers, and the international investor community to discuss the opportunities and roadmap to secure Australia's semiconductor future.

The full-day conference includes keynote presentations from industry luminaries, including Australia's Chief Scientist Dr Cathy Foley, expert roundtable sessions, and presentations from more than a dozen public and private Australian semiconductor, quantum, and photonics companies. Presenting companies include BluGlass Limited, Weebit Nano, Silex Systems, Archer Materials, 4DS Memory, Morse Micro, Silicon Quantum Computing, Diraq, Quantum Brilliance, and more.

BluGlass is hosting this inaugural event in partnership with the Semiconductor Sector Service Bureau (S3B), and ShareCafe, with the support of Deloitte and the Tech Council of Australia in Sydney on 24 October 2024.

BluGlass shareholders are given priority access to the event and can register to attend virtually or in person at www.semiconductoraustralia.com.

Intellectual Property

During the year, BluGlass secured the rights to license key DFB fabrication intellectual property from development partner, the UCSB Solid State Lighting and Energy Electronics Consortium (SSLEEC). The two provisional patents protect laser design, microfabrication techniques, and specialised optical structures for high-performance GaN DFB lasers for use in wavelengths spanning ultraviolet to green.

BluGlass continues to protect its intellectual property in important semiconductor manufacturing jurisdictions, including its tunnel junction, LED, and laser device, and RPCVD hardware patents.

BluGlass' current intellectual property portfolio encompasses:

- 42 internationally granted patents in key semiconductor manufacturing jurisdictions, including Japan, Taiwan, China, USA, and Europe.
- 12 applications in Patent Cooperation Treaty stage;
- · Eight patent families; and
- 17 trademarks

The Year Ahead:

BluGlass will continue executing its approach of seeking to win product development projects with add-on production potential to scale its laser and project revenues. It will leverage collaborations with industry and academic partners to develop innovative new GaN laser products, solve customer challenges, and support increased adoption of GaN across high-growth industries.

In parallel, the Group will continue to optimise its Silicon Valley manufacturing fab to improve laser performance and yield, support new and repeat customer orders, and qualify its visible lasers within customer applications. As the Group executes on its technical and commercial roadmaps, each milestone enhances BluGlass' ability to grow market influence and drives the business towards sustainability and profitability.

BluGlass is uniquely positioned for growth within the burgeoning GaN laser market, offering greater manufacturing and packaging flexibility and proprietary architectures that improve laser performance and facilitate next-generation applications.

Given its significant competitive advantages over traditional IR laser technologies, the GaN photonics market is rapidly growing and continues to gain market share.

Material Business Risk:

While BluGlass Limited, like any business, is subject to general risks, the key risks specific to our operations include:

- 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.

FINANCIAL SUMMARY

The consolidated loss for the period decreased by 14% to \$10,138,866 (2023: \$11,751,243).

The net assets of the consolidated entity increased by 7% to \$14,886,073 (2023: \$13,887,160).

Revenue, finance income and other income increased by 6% to \$10,086,972. Material variations in revenue received are as follows:

- Revenue for the provision of foundry services to third parties of \$2,501,498 (up 128%) was received for the year compared to \$1,099,008 in the 2023 financial year.
- Revenue from Laser Diode Project of \$2,053,102 was received for the year compared to \$Nil in the 2023 financial year.
- Revenue recorded from the Research and Development Grant of \$5,372,680 (down 35%) compared to \$8,258,573 in the 2023 financial year.
- Gross expenditure decreased by \$1,178,192 (down 6%) to \$20,092,946 compared to \$21,271,138 in the 2023 financial year.

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 2024 or 2023.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

There were no other reportable financial matters subsequent to the end of the Financial Year.

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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 validate the RPCVD technology as the Group works towards its industry acceptance goals to commercialise the technology.

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 RPCVD 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 Managing Director 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. JAMES WALKER Non-Executive Chair

B Comm, FCA, GAICD

Special Responsibilities: Chair, Audit and Risk Committee member

Current Directorships Native Mineral Resources (ASX: NMR) August 2020 – present

Former Directorships in last 3 years: Kaddy Ltd (ASX: KDY) Sep 2019 – May 2023

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).

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 Walker has been the Chair of BluGlass for three years and director of the Company for six years.

MR. STEPHE WILKS Non-Executive Director

BSC, LLM

Special Responsibilities: Audit and Risk Committee member

Current Directorships Vonex Limited (ASX:VN8) October 2020 – present

Former Directorships in last 3 years: Over the Wire (ASX:OTW) Jul 2021 – May 2022

1st Group Ltd (ASX:1ST) Jun 2021 - Nov 2022

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 was the Chair of Australia's largest private IT services company, Interactive, where he remains a non-executive director. His extensive finance, strategic management, M&A and public affairs expertise add significant value to the BluGlass board.

Stephe Wilks has been a director of BluGlass for six years.

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MR. VIVEK RAO Non-Executive Director

BS-Electronics, MS-EE

Special Responsibilities: Audit and Risk Committee Chair

Former Directorships last three years: Revasum Limited (ASX: RVS) January 2018 – September 2021

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 has been a director of BluGlass for seven years.

JEAN-MICHEL PELAPRAT

Non-Executive Director BSPhy

Experience and Expertise:

Jean-Michel brings deep photonics industry expertise, with over 30 years' experience establishing, commercialising and scaling laser and semiconductor businesses. As co-founder and former Director of NUBURU – a US-based company recognised as a pioneer in blue GaN lasers for industrial, 3D printing and display – Jean-Michel helped steer the business from start-up to a recognised industry leader. Jean-Michel retired as Director of NUBURU in March 2022 and remains as head of the Advisory Board, as the company merges with Tailwind Acquisition Corp to take the business public.

Jean-Michel held numerous leadership positions in high-growth photonics businesses, including President and CEO of Vytran, a fiber optics capital equipment company supplying optical communications, fiber lasers, medical devices, sensing and aerospace applications. He led the business to growth and profitability during the 2009-2010 recession and served on the Board of Vytran's sister company, NKT Photonics.

Other senior roles include Chair and CEO of Novalux, Inc. a start-up developing red-green-blue (RGB) semiconductor laser sources for the projection display industry, and Director of Nuvonux, a pioneer in infrared high-powered semiconductor lasers for industrial and defence.

Prior to Novalux, Jean-Michel spent 13 years at Coherent, Inc. There, his positions included Vice President and General Manager for both Diode-Pumped Solid-State (DPSS) and Laser business and Semiconductor Laser groups—with a focus on aggressive organic growth combined with several M&As. He pioneered the DPSS and the Optically Pumped Semiconductor Laser (OPSL) mass-market adoption. He was also the Vice President of Strategic Marketing for the company.

Jean-Michel holds a degree in Physics from the University of Montpellier, France (USTL) and has undertaken Sales Management and Finance education at the Wharton School of Business and studied Strategic Marketing for the High-Tech Industry at Stanford University. He previously served as the Chair of the Corporate Associates committee and as Director of the Optical Society of America.

Jean-Michel has been a director of BluGlass for three years.

CEO

Mr Jim Haden, MsEE, BEE

Jim Haden is an expert laser diode executive with more than three decades' industry expertise. He has a demonstrated track record transforming advanced technology businesses from R&D and early-stage product development to profitable, high growth commercial entities. He has held senior executive and advisory roles at several of BluGlass' prospective customers and competitors, including Senior Technical and Operations Adviser at Kyocera SLD, Chief Operating Officer

at nLight, Director of Operations and Product Line Management at Coherent, and Director of Operations at JDS Uniphase (now Lumentum).

Jim's unique synergy of deep technical, commercialisation and leadership skills along with his extensive customer and supply chain network will be invaluable in helping BluGlass solve our reliability challenges as we transition the Company to profitability and deliver a pipeline of next-generation laser products to market.

In his most recent role at Soora Laser Diode (now Kyocera-SLD), Jim was responsible for guiding operations and development teams to stabilise, improve, and ramp high-power blue GaN lasers. This product development delivered a leading automotive customer (BMW) and rapid revenue growth, assisting in their acquisition by Kyocera in January 2021. Prior to this, Jim was the Chief Operating Officer at nLIGHT, helping transform the business from early-stage revenue generation to its current market leadership position. During his time with nLIGHT, he more than doubled revenue, delivered a four-fold increase in R&D return on investment, streamlined production management, and improved manufacturing yields and cost margins; ultimately assisting the business to attract expansion capital of US\$25M.

Other senior roles include Director of Operations and Product Line Management at Coherent Incorporation, Director of Operations South Bay Operations at JDS Uniphase, and Director of Operations at Spectra Diode Lasers (acquired by JDS Uniphase for US\$41B).

As President, Jim oversees all aspects of the business and has been leading the company for three years.

COMPANY SECRETARY

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

Ms Elizabeth Spooner

Ms Elizabeth Spooner is a lawyer and qualified governance professional and Associate of the Governance Institute of Australia (GIA), who holds a Juris Doctor degree from the Australian National University, a Bachelor of Business Administration, and a Graduate Diploma of Applied Corporate Governance from the Governance Institute. She is an experienced governance and compliance professional who works closely with several boards of both listed and unlisted public companies across a range of industries, including pharmaceuticals, biotechnology and life sciences, healthcare, materials, and capital goods. Elizabeth is also a Member of the Australian Institute of Company Directors and a Member of the Australian HR Institute. Ms Spooner resigned as Company Secretary on 10 January 2024.

Ms Robyn Slaughter

Ms Robyn Slaughter was appointed Company Secretary on 10 January 2024. Robyn is a Company Secretary who works closely with a number of boards of both listed and unlisted public companies across a range of industries including financial services, biotechnology and healthcare, technology, cyber security and manufacturing. Robyn is a qualified Governance Professional (CGI) and Associate of the Governance Institute of Australia (GIA), and holds a Master's degree in Corporate Governance and a Bachelor's degree in Accounting and Finance. Robyn resigned as Company Secretary on 1 July 2024.

Ms Patricia Vanni

Ms Patrica Vanni was appointed Company Secretary on 1 July 2024. Ms Vanni is a qualified lawyer with more than 20 years' professional experience spanning corporate governance, mergers & 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 2024. 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-EXECUT | VE DIRECTORS | EXECUTIVES | | | |
|----------------------|--------------|----------------|--|--|--|
| James Walker | Chair | Jim Haden | Chief Executive Officer | | |
| Vivek Rao | Director | lan Mann | Chief Operations & Technology Officer | | |
| Stephe Wilks | Director | Brad Siskavich | Vice President | | |
| Jean-Michel Pelaprat | Director | Samuel Samhan | Chief Financial Officer | | |

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 | | | | |
|------------------|--------------|--|--|--|--|
| | \$ | | | | |
| Chair | 165,000 | | | | |
| 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 11% superannuation levy contribution.

| | | Short 7 | Short Term | | Long Term Incentives | Total Re | emuneration |
|----------------------------|------|-------------------------------------|------------|---------------------|---|----------|------------------------------------|
| | Year | Board and Committee fees cash | Bonus | Super- annuation | *Share Based Payments (performance rights) | Total | % of remuneration that is non-cash |
| | | \$ | \$ | \$ | \$ | \$ | % |
| Non-executive Directors | | | | | | | |
| James Walker | 2024 | 165,000 | - | 18,150 | 108,386 | 291,536 | 37.18 |
| | 2023 | 154,629 | 50,000 | 21,486 | (29,791) | 196,324 | (15.2) |
| Vivek Rao | 2024 | 75,000 | | 7,875 | 66,474 | 149,349 | 44.51 |
| | 2023 | 75,000 | - | 7,875 | (29,791) | 53,084 | (56.1) |
| Stephe Wilks | 2024 | 72,500 | | 7,915 | 66,474 | 146,889 | 45.25 |
| | 2023 | 72,500 | - | 7,613 | (29,791) | 50,322 | (59.2) |
| Jean-Michel Pelaprat | 2024 | 70,000 | | - | 65,716 | 135,716 | 48.42 |
| | 2023 | 70,000 | - | - | (3,969) | 66,031 | (6.0) |
| Total | 2024 | 382,500 | - | 33,940 | 307,050 | 723,490 | |
| Total | 2023 | 372,129 | 50,000 | 36,974 | (93,342) | 365,761 | |

^{*} Share based payments includes the periodic annual expense costs for the rights issued to directors.

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 2024. This is based on a combination of short-term and long-term incentives. The STI is based on 25% of annual base salary and LTI is 5,000,000 performance rights for Mr Jim Haden, and 1,000,000 performance rights for each Messrs Ian Mann, Samuel Samhan 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:

- 33% 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.

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 review 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 11% (11.5% from 1 July 2024), 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 Long Term Incentives | | Total Remuneration | | |
|--|------|-------------|-----------------------------|---------------------------|--|--------------------|---------------------------------|--|
| | Year | Cash Salary | KPI Related Incentive | Super- annuation | Share Based Payments (performance rights) | Total | % of remuneration (share based) | |
| | | \$ | \$ | \$ | \$ | \$ | % | |
| | | | | | | | | |
| Jim Haden | 2024 | 419,389 | 186,056 | 41,819 | 133,039 | 780,303 | 17.05 | |
| | 2023 | 409,911 | - | 47,754 | 652,925 | 1,110,590 | 58.8 | |
| Ian Mann | 2024 | 280,856 | 21,766 | 34,163 | 15,867 | 352,652 | 4.50 | |
| | 2023 | 292,978 | - | 30,763 | (207,427) | 116,314 | (178.3) | |
| Brad Siskavich | 2024 | 320,452 | 24,434 | 49,872 | 15,824 | 410,582 | 3.85 | |
| | 2023 | 305,570 | - | 23,376 | (186,241) | 142,705 | (130.5) | |
| Samuel Samhan | 2024 | 226,153 | 27,440 | 24,877 | 10,001 | 288,471 | 3.47 | |
| | 2023 | - | - | - | - | - | - | |
| Robert Ambrogio (Resigned 29 September 2023) | 2024 | 39,928 | - | 3,468 | - | 43,396 | - | |
| | 2023 | 109,642 | - | 11,512 | - | 121,154 | - | |
| Total | 2024 | 1,286,778 | 259,696 | 154,199 | 174,731 | 1,875,404 | | |
| Total | 2023 | 1,118,101 | - | 113,405 | 259,257 | 1,490,763 | | |

The value of share-based payments in the above table reflects the share-based payment expense recognised in the profit

and loss and other comprehensive income 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's Company Secretary is contracted from BluGlass to Automic Company Secretarial Pty Ltd (Automic). The contract with Automic includes provisions that the contract may be terminated by either party with one months' notice, subject to any minimum terms. As a contracted position the Company Secretary does not form part of the BluGlass' executive team.

EMPLOYMENT CONTRACTS OF EXECUTIVES

The employment terms and conditions of the president and other executives are formalised in contracts of employment. All executives are permanent employees of BluGlass Limited.

Terms of employment require that the relevant group entity provide an executive contracted person with a minimum of one months' notice prior to termination of contract. The CEO's contract is subject to 3 months' notice. Termination payments are determined by the Board, and a termination payment is deemed appropriate. A contracted person deemed employed on a permanent basis may terminate their employment by providing at least one months' notice. Termination payments are not payable on resignation or under the circumstances of unsatisfactory performance.

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 2024, the IP portfolio included 42 granted patents in various countries covering eight separate patent families. In addition, 12 patent applications have been filed in numerous countries at multiple stages.

| | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|------------------------------------|-------|--------|-------|-------|-------|--------|--------|
| Revenue and other income \$'000 | 2,811 | 2,747 | 3,822 | 4,362 | 4,266 | 9,520 | 10,087 |
| Net Loss \$'000 | 3,840 | 14,421 | 5,994 | 6,298 | 9,356 | 11,751 | 10,139 |
| Share price at year-end cents | 30 | 16 | 3 | 3 | 3 | 4 | 3 |
| Patents lodged | 1 | 6 | 8 | 10 | 14 | 8 | 3 |
| Patents Granted | 2 | 18 | 11 | 11 | 9 | 7 | 5 |

BluGlass' potential value exists in it being able to finalise its research and development programmes and to then commercialise its IP portfolio into the growing markets for LED, GaN on silicon and high efficiency solar cell manufacturing equipment.

MOVEMENT IN SHAREHOLDINGS OF KMP AS AT 30 JUNE 2024

| | Total | Direct | BLG ESS | | *Movement | | Total | Direct | *BLG ESS |
|-------------------------|------------|-------------|-----------|-----------|-----------|-------|------------|------------|-----------|
| | Ор | ening Balan | се | On | Off | Other | CI | ce | |
| Non-executive Directors | | | | | | | | | |
| James Walker | 3,032,102 | 3,032,102 | - | 270,000 | - | - | 3,302,102 | 3,302,102 | - |
| Vivek Rao | 1,340,938 | 1,340,938 | - | 216,217 | - | - | 1,557,155 | 1,557,155 | - |
| Stephe Wilks | 1,283,241 | 1,193,241 | 90,000 | 216,217 | - | | 1,499,458 | 1,409,458 | 90,000 |
| Jean Michel Pelaprat | 312,500 | 312,500 | - | 54,055 | - | - | 366,555 | 366,555 | - |
| Executives | | | | | | | | | |
| Jim Haden | 10,937,500 | 10,937,500 | - | 1,984,075 | - | | 12,921,575 | 11,998,475 | 923,100 |
| lan Mann | 5,372,740 | 4,322,740 | 1,050,000 | 978,356 | - | - | 6,351,096 | 4,942,991 | 1,408,105 |
| Brad Siskavich | 1,699,695 | 1,699,695 | - | 850,179 | - | ٠ | 2,549,874 | 2,187,944 | 361,930 |
| Samuel Samhan | - | - | - | - | - | - | - | - | - |

^{*} 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.

OPTIONS AND PERFORMANCE RIGHTS HELD BY KMP AS AT 30 JUNE 2024

| 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 | | | | | | | | | | |
| James Walker | 1,000,000 | 200,000 | 600,000 | 800,000 | - | 4,191,489 | (700,000) | 4,491,489 | 18 | 82 |
| Vivek Rao | 1,000,000 | 200,000 | 100,000 | 300,000 | - | 3,191,489 | (700,000) | 3,491,489 | 9 | 91 |
| Stephe Wilks | 1,000,000 | 200,000 | 100,000 | 300,000 | - | 3,191,489 | (700,000) | 3,491,489 | 9 | 91 |
| Jean-Michel Pelaprat | 900,000 | 100,000 | 100,000 | 200,000 | - | 3,191,489 | (700,000) | 3,391,489 | 6 | 94 |
| Executives | | | | | | | | | | |
| Jim Haden | 5,000,000 | - | 923,100 | 923,100 | (923,100) | 5,000,000 | (2,285,000) | 6,791,900 | 14 | 86 |
| lan Mann | 4,693,000 | - | 358,105 | 358,105 | (358,105) | 1,000,000 | (3,639,750) | 1,695,145 | 21 | 79 |
| Brad Siskavich | 4,157,000 | - | 361,930 | 361,930 | (361,930) | 1,000,000 | (3,092,500) | 1,702,570 | 21 | 79 |
| Samuel Samhan | - | - | - | - | - | 1,000,000 | - | 1,000,000 | - | 100 |

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.

BLUGLASS LIMITED & CONTROLLED ENTITIES \mid ABN 20 116 825 793 \mid FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2024

APPROVAL OF 2023 REMUNERATION REPORT

A resolution seeking approval of the 2023 Remuneration Report was tabled at the October 2023 Annual General Meeting. The resolution was passed at that meeting with the vote in favour recorded of 96.78%.

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 | | COMMITTEE MEETINGS - Audit & Risk Committee | |
|----------------------|------------------------------|-----------------|--|-----------------|
| | Number eligible to attend | Number attended | Number eligible to attend | Number attended |
| James Walker | 8 | 8 | 2 | 2 |
| Vivek Rao | 8 | 8 | 2 | 2 |
| Stephe Wilks | 8 | 8 | 2 | 2 |
| Jean Michel Pelaprat | 8 | 8 | - | - |

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 \$81,619 (2023: \$81,700) 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.

BLUGLASS LIMITED & CONTROLLED ENTITIES | ABN 20 116 825 793 | FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2024

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 |
|------------------|------------------|----------------|---------------------|
| 9 December 2020 | 31 December 2024 | - | 900,000 |
| 22 November 2021 | 31 December 2023 | - | 200,000 |
| 15 July 2022 | 1 March 2026 | - | 4,770,539 |
| 12 August 2022 | 1 March 2026 | - | 534,350 |
| 25 February 2023 | 1 March 2026 | - | 1,791,900 |
| 28 February 2023 | 24 March 2026 | 0.12 | 4,000,000 |
| 15 December 2023 | 15 December 2028 | - | 13,765,956 |
| 15 December 2023 | 15 December 2028 | - | 17,400,000 |
| 21 December 2023 | 21 December 2028 | - | 5,000,000 |
| | | | 48,362,745 |

CORPORATE GOVERANCE POLICY AND STATEMENT

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

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 2024 has been received and can be found on page 18 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.

James Walker

Non-Executive Chair 27 August 2024





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

To the Directors of BluGlass Limited

As lead auditor of BluGlass Limited for the year ended 30 June 2024, I declare that, to the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the 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.

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

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

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

GPO BOX 542 SYDNEY NSW 2001

T +61 2 8999 1199

E team@incorpadvisory.auW incorpadvisory.au

In.Corp Audit & Assurance Pty Ltd

Daniel Dalla Director

Sydney, 27 August 2024

PROFIT OR LOSS AND COMPREHENSIVE INCOME

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2024

| | Note | Consolidated Entity | |
|---|------|---------------------|--------------|
| | | 2024 | 2023 |
| | | \$ | \$ |
| Revenue | 2 | 4,618,437 | 1,146,235 |
| Other income | 2 | 5,405,859 | 8,368,678 |
| Finance income | 2 | 62,676 | 4,982 |
| Employee benefits expense | 17 | (7,411,476) | (6,322,659) |
| Professional fees | | (262,075) | (263,922) |
| Board and secretarial fees | | (509,744) | (551,136) |
| Corporate compliance & legal expense | | (203,710) | (174,082) |
| Consultant fees | | (71,959) | (336,897) |
| Finance cost | | (351,024) | (242,316) |
| Office Utilities | | (1,277,307) | (1,265,528) |
| Rent expense | | (246,655) | (130,699) |
| Subscriptions | | (532,795) | (637,700) |
| Travel and accommodation expense | | (275,586) | (293,933) |
| Consumables | | (2,071,834) | (5,070,131) |
| Depreciation and amortisation expense | | (3,029,475) | (3,919,351) |
| Share based payment expense | | (769,506) | (248,363) |
| Other expenses | | (3,079,800) | (1,814,421) |
| Loss before income tax | 3 | (10,005,974) | (11,751,243) |
| Income tax expense | 4 | (132,892) | - |
| Loss for the year | | (10,138,866) | (11,751,243) |
| Other comprehensive income, net of tax | | | |
| Items that may be reclassified to profit or loss | | | |
| Exchange differences on translation of foreign operations | | (47,446) | 172,815 |
| Total comprehensive income | | (10,186,312) | (11,578,428) |
| | | | |
| Earnings per share | | | |
| Basic loss per share (cents per share) | 6 | (0.63) | (0.86) |
| Diluted loss per share (cents per share) | 6 | (0.63) | (0.86) |

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

FINANCIAL POSITION

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2024

| | Note | Consolidated I | Entity |
|-------------------------------|------|----------------|--------------|
| | | 2024 | 2023 |
| | | \$ | \$ |
| Current Assets | | | |
| Cash and cash equivalents | 7 | 5,573,205 | 4,258,334 |
| Trade and other receivables | 8 | 8,221,301 | 7,600,240 |
| Inventories | 9 | 886,346 | 589,934 |
| Other current assets | 10 | 36,814 | 78,358 |
| TOTAL CURRENT ASSETS | | 14,717,666 | 12,526,866 |
| Non-Current Assets | | | |
| Security deposits | | 415,158 | 514,839 |
| Plant and equipment | 11 | 8,007,282 | 8,653,309 |
| Intangible assets | 12 | | - |
| TOTAL NON-CURRENT ASSETS | | 8,422,440 | 9,168,148 |
| TOTAL ASSETS | | 23,140,106 | 21,695,014 |
| Current Liabilities | | | |
| Trade and other payables | 14 | 1,391,874 | 1,184,789 |
| Lease liabilities | 21 | 862,419 | 788,654 |
| Short-term provisions | 15 | 621,040 | 571,333 |
| Borrowings | 16 | 1,149,236 | - |
| TOTAL CURRENT LIABILITIES | | 4,024,569 | 2,544,776 |
| Non-Current Liabilities | | | |
| Long-term provisions | 15 | 1,564,994 | 1,563,657 |
| Lease liabilities | 21 | 2,664,470 | 3,699,421 |
| TOTAL NON-CURRENT LIABILITIES | | 4,229,464 | 5,263,078 |
| TOTAL LIABILITIES | | 8,254,033 | 7,807,854 |
| NET ASSETS | | 14,886,073 | 13,887,160 |
| Equity | | | |
| Issued capital | 18 | 112,583,155 | 101,886,520 |
| Reserves | 19 | 359,003 | (82,141) |
| Accumulated losses | 20 | (98,056,085) | (87,917,219) |
| TOTAL EQUITY | | 14,886,073 | 13,887,160 |

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 2024

| | Note | Issued Capital | Share- Based Payments Reserve | Other Reserves | Accumulated Losses | Total |
|---|-------|-------------------|--|-------------------|-----------------------|--------------|
| Consolidated Entity | | \$ | \$ | \$ | \$ | \$ |
| Balance at 1 July 2022 | | 89,262,827 | 751,018 | (627,537) | (76,165,976) | 13,220,332 |
| Loss for the year | | - | - | - | (11,751,243) | (11,751,243) |
| Other comprehensive income | | - | - | 172,815 | - | 172,815 |
| Total comprehensive income for the year | | - | - | 172,815 | (11,751,243) | (11,578,428) |
| Transactions with owners in their capacity as o | wners | | | | | |
| Shares issued during the year | 18 | 12,626,790 | - | - | - | 12,626,790 |
| Share transaction costs during the year | 18 | (733,097) | 103,200 | - | - | (629,897) |
| Share based payments | | - | 248,363 | - | - | 248,363 |
| Rights exercised | | 730,000 | (730,000) | - | - | - |
| Balance at 30 June 2023 | | 101,886,520 | 372,581 | (454,722) | (87,917,219) | 13,887,160 |
| Balance at 1 July 2023 | | 101,886,520 | 372,581 | (454,722) | (87,917,219) | 13,887,160 |
| Loss for the year | | - | - | - | (10,138,866) | (10,138,866) |
| Other comprehensive income | | - | - | (47,446) | - | (47,446) |
| Total comprehensive income for the year | | - | - | (47,446) | (10,138,866) | (10,186,312) |
| Transactions with owners in their capacity as o | wners | | | | | |
| Shares issued during the year | 18 | 11,200,634 | - | - | - | 11,200,634 |
| Share transaction costs during the year | 18 | (779,040) | - | - | - | (779,040) |
| Shares issued in lieu of cash | | 134,669 | (134,669) | - | - | - |
| Share based payments | | - | 769,506 | - | - | 769,506 |
| Rights exercised | | 140,372 | (140,372) | - | - | - |
| Forfeited options | | - | (5,875) | - | - | (5,875) |
| Balance at 30 June 2024 | | 112,583,155 | 861,171 | (502,168) | (98,056,085) | 14,886,073 |

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

CASHFLOWS

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2024

| | Note | Consolidated | Entity |
|---|------|--------------|--------------|
| | | 2024 | 2023 |
| | | \$ | \$ |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Receipts from customers | | 2,183,441 | 1,140,277 |
| Research and development tax rebate | | 7,306,966 | 4,049,632 |
| Interest received | | 62,676 | 4,982 |
| Interest paid on lease liabilities | 21 | (331,902) | (214,811) |
| Taxes paid | | (134,437) | - |
| Government grants | | - | 49,423 |
| Payments to suppliers and employees | | (16,037,022) | (16,881,625) |
| Net cash used in operating activities | 23 | (6,950,278) | (11,852,122) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Payments for security deposits | | - | (82,589) |
| Purchase of property, plant and equipment | 11 | (1,466,320) | (599,234) |
| Net cash used in investing activities | | (1,466,320) | (681,823) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Proceeds from issue of shares, net of transaction costs | 18 | 9,389,106 | 11,993,967 |
| Lease liability | 21 | (725,076) | (525,219) |
| Interest paid | | (81,797) | (28,058) |
| Proceeds from borrowing | 16 | 3,705,136 | |
| Borrowing repayments | 16 | (2,555,900) | - |
| Net cash provided by financing activities | | 9,731,469 | 11,440,690 |
| Net increase/(decrease) in cash held | | 1,314,871 | (1,093,255) |
| Cash at beginning of financial year | | 4,258,334 | 5,351,589 |
| Cash at end of financial year | 7 | 5,573,205 | 4,258,334 |

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 27 August 2024 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.

Going Concern

Notwithstanding the loss of \$10,138,866 for the financial year and the negative cashflows of \$6,950,278 from operations, the financial statements have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and the discharge of liabilities in the normal course of business.

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

- The Group has cash and cash equivalents of \$5,573,205 as at 30 June 2024 (2023: \$4,258,334). As at that date, the Group had current assets of \$14,717,666 (2023: \$12,526,866) and net assets of \$14,886,073 (2023: \$13,887,160). The Group has performed a detailed cash flow forecast, and determined that it will have adequate cash resources with the anticipated research and development tax rebate and future capital raise;
- Notwithstanding the above, if required, the Group has the ability to continue to raise additional funds on a timely basis pursuant to the Corporations Act 2001. The Group has raised in excess of \$10.1 million in the 2024 financial year. The Directors have no reason to believe that it will not be able to continue to source equity or alternative funding if required;
- If required, the Group has the ability to finance the 2025 research and development tax rebate to have access to the funding earlier, this will improve the liquidity of the Group; and
- The Group has the ability to scale back a significant portion of its development activities if required.

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

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. Intangibles

Patents and trademarks

Patents and trademarks are recognised at cost of acquisition. Patents and trademarks and intellectual property have a finite life and are carried at cost less any accumulated amortisation and any impairment losses. Patents and trademarks are amortised over their useful life ranging from 5 to 10 years. All new patent and trademark costs are expensed during the year they are incurred.

Research and development

Expenditure during the research phase of a project is recognised as an expense when incurred. Development costs are capitalised only when technically feasibility studies identify that the project will deliver future economic benefits and these benefits can be measured reliably.

c. Intangibles continued

Intellectual property

Intellectual property (IP) which represents in process research is recognised at cost of acquisition. IP has a finite life once the asset is ready for use. Once the asset is ready for use the asset will be carried at cost less any accumulated amortisation and any impairment losses.

d. 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 the 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.

e. 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.

f. 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

f. Revenue and Other Income continued

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.

g. 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.

h. Critical accounting estimates and judgments

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

Key estimates — Impairment

The Group assesses impairment at the end of each reporting period by evaluating conditions and events specific to the Group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

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 — Deferred Taxes

The extent to which deferred tax assets can be recognised is based on an assessment of the probability of the Group's future taxable income against which the deferred tax assets can be utilised. In addition, significant judgement is required in assessing the impact of any legal or economic limits or uncertainties in relevant tax jurisdictions in relation to the value of accessible carried forward losses into future years.

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. Critical accounting estimates and judgments continued

Key estimates- Acquisition valuation

The Group has apportioned the asset acquisition. All acquisition base costs were apportioned to the purchase price of the acquired assets. The percentage of each asset class acquired was apportioned to the acquisition cost to the Group.

Key estimates- Useful lives of depreciable assets

Useful lives and residual values of depreciable assets Management reviews its estimate of the useful lives and residual values of depreciable assets at each reporting date, based on the expected utility of the assets.

i. 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 2023. None of these have a material impact on the Group's financial statements.

j. 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.

NOTE 2: REVENUE AND OTHER INCOME

| | Consolidate | ed Entity |
|-------------------------------------|-------------|-----------|
| | 2024 | 2023 |
| | \$ | \$ |
| Revenue | | |
| Foundry Services Revenue | 2,501,498 | 1,099,008 |
| Laser Diode Product Revenue | 63,837 | 47,227 |
| Laser Diode Project Revenue | 2,053,102 | - |
| Total Revenue | 4,618,437 | 1,146,235 |
| | | |
| Other Income | | |
| Research and development tax rebate | 5,372,680 | 8,285,573 |
| Gain on disposal of fixed assets | - | 83,105 |
| Other | 33,179 | - |
| Total other income | 5,405,859 | 8,368,678 |
| | | |
| Finance Income | | |
| Interest received | 62,676 | 4,982 |
| Total finance income | 62,676 | 4,982 |

NOTE 3: LOSS FOR THE YEAR

| | Consolidated Entity | |
|---|---------------------|---------|
| | 2024 | 2023 |
| | \$ | \$ |
| Expenses | | |
| Finance cost on right of use asset leases | 331,902 | 214,811 |
| Share based payments | 769,506 | 248,363 |

NOTE 4: INCOME TAX EXPENSE

| | Consolidated Entity | |
|---|---------------------|--------------|
| | 2024 | 2023 |
| | \$ | \$ |
| (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 | (10,005,974) | (11,751,243) |
| Prima facie tax payable on loss before income tax at 25% (2023: 25%) | | |
| consolidated entity | (2,501,494) | (2,937,811) |
| | | |
| Add: | | |
| Tax effect of: | | |
| share based payments during year | 192,377 | 62,091 |
| non-allowable items (R&D) | 1,744,577 | 2,690,430 |
| other non-allowable items | 11,289 | 49,134 |
| Income tax benefit not brought to account | 420,359 | 136,156 |
| | (132,892) | - |
| | | |
| | | |
| Accumulated tax losses not brought to account: | | |
| Australia | 26,566,186 | 28,104,073 |
| Potential tax benefit at 25% | 6,641,547 | 7,026,018 |
| United States | 3,006,262 | 252,718 |
| Potential tax benefit at 21% | 631,315 | 53,071 |
| | | |

NOTE 5: AUDITOR'S REMUNERATION

| | Consolidated Entity | |
|---|---------------------|--------|
| | 2024 | 2023 |
| | \$ | \$ |
| Remuneration of the auditor for: | | |
| Grant Thornton Audit Pty Ltd - auditing or reviewing the financial report | 26,748 | 90,200 |
| In.Corp Audit & Assurance Pty Ltd - auditing the financial report | 40,000 | - |
| | 66,748 | 90,200 |

NOTE 6: LOSS PER SHARE

| | Consolidated Entity | |
|---|---------------------|---------------|
| | 2024 | 2023 |
| | \$ | \$ |
| (a) Loss attributable to members of the parent entity | 10,138,866 | 11,751,243 |
| (b) Basic and diluted loss per share (cents per share) | 0.63 | 0.86 |
| | No. | No. |
| (c) Weighted average number of ordinary shares outstanding during the year used in calculating basic and diluted EPS. | 1,621,508,554 | 1,366,640,000 |

NOTE 7: CASH AND CASH EQUIVALENTS

| | Consolidated Entity | | |
|--------------------------|---------------------|-----------|--|
| | 2024 | 2023 | |
| | \$ | \$ | |
| Cash at bank and in hand | 5,384,796 | 415,097 | |
| Short-term bank deposits | 188,064 | 3,842,892 | |
| Petty cash | 345 | 345 | |
| | 5,573,205 | 4,258,334 | |

NOTE 8: TRADE AND OTHER RECEIVABLES

| | Consolidated Entity | | |
|-------------------------------------|---------------------|-----------|--|
| | 2024 | 2023 | |
| | \$ | \$ | |
| Research and development tax rebate | 5,372,680 | 7,319,005 | |
| Trade receivables | 786,332 | 154,471 | |
| Other receivables | 2,062,289 | 126,764 | |
| | 8,221,301 | 7,600,240 | |

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 (2023: \$nil).

NOTE 9: INVENTORIES

| | 2024 | 2023 | |
|---------------------|---------|---------|--|
| | \$ | \$ | |
| CURRENT | | | |
| Consumables at cost | 886,346 | 589,934 | |
| | 886,346 | 589,934 | |

NOTE 10: OTHER CURRENT ASSETS

| | Consolidated Entity | | |
|-------------|---------------------|--------|--|
| | 2024 | 2022 | |
| | \$ | \$ | |
| CURRENT | | | |
| Prepayments | 36,814 | 78,358 | |
| | 36,814 | 78,358 | |

NOTE 11: PLANT AND EQUIPMENT

| | Consolidated Entity | | |
|---------------------------------|---------------------|--------------|--|
| | 2024 | 2023 | |
| | \$ | \$ | |
| Plant and equipment | | | |
| | | | |
| Plant and equipment | | | |
| At cost | 16,803,933 | 14,382,186 | |
| Accumulated depreciation | (12,652,177) | (10,791,681) | |
| Total plant and equipment | 4,151,756 | 3,590,505 | |
| | | | |
| Leasehold improvements | | | |
| At cost | 6,558,861 | 6,504,134 | |
| Accumulated depreciation | (6,468,884) | (6,405,694) | |
| Total leasehold improvements | 89,977 | 98,440 | |
| Lease make good provision | | | |
| At cost | 1,536,932 | 1,536,659 | |
| Accumulated depreciation | (1,006,018) | (804,209) | |
| Total lease make good provision | 530,914 | 732,450 | |
| Computer equipment | | | |
| At cost | 519,173 | 501,003 | |
| Accumulated depreciation | (454,211) | (413,545) | |
| Total computer equipment | 64,962 | 87,458 | |
| Furniture and fittings | | | |
| At cost | 236,857 | 225,853 | |
| Accumulated depreciation | (194,690) | (169,611) | |
| Total furniture and fittings | 42,167 | 56,242 | |
| Right of use asset | | | |
| At cost | 5,459,418 | 5,616,026 | |
| Accumulated depreciation | (2,331,912) | (1,527,812) | |
| Total right of use asset | 3,127,506 | 4,088,214 | |
| Total plant and equipment | 8,007,282 | 8,653,309 | |

NOTE 11: PLANT AND EQUIPMENT (CONT.)

(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 2023 | 4,088,214 | 3,590,505 | 732,450 | 98,440 | 87,458 | 56,242 | 8,653,309 |
| Additions | - | 2,417,450 | - | 54,626 | 18,101 | 9,936 | 2,500,113 |
| Transfer in/(out) | - | - | - | - | - | - | - |
| Remeasurement of lease liability | (156,608) | - | - | - | - | - | (156,608) |
| Depreciation expense | (804,697) | (1,894,034) | (201,809) | (63,190) | (40,666) | (25,079) | (3,029,475) |
| Exchange rate movement | 597 | 37,835 | 273 | 101 | 69 | 1,068 | 39,943 |
| Balance at 30 June 2024 | 3,127,506 | 4,151,756 | 530,914 | 89,977 | 64,962 | 42,167 | 8,007,282 |

^{*}The value of assets under construction of \$46,627 (2023: Nil) is included within plant and equipment that is not yet depreciated.

NOTE 12: INTANGIBLE ASSETS

| | Consolidated Entity | | |
|--------------------------------------|---------------------|--------------|--|
| | 2024 | 2023 | |
| | \$ | \$ | |
| 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 | Percen | tage Owned (%)* |
|---|------------------|--------|-----------------|
| | of Incorporation | 2024 | 2023 |
| | | | |
| Parent Entity: | | | |
| BluGlass Limited | Australia | - | - |
| | | | |
| Subsidiaries of BluGlass Limited: | | | |
| Semiconductor Industry Australia Pty Ltd | Australia | 100 | - |
| Gallium Enterprises Pty Ltd | Australia | 100 | 100 |
| BluSolar Pty Ltd (Deregistered 25 May 2022) | Australia | - | - |
| BluGlass Deposition Technologies Pty Ltd (Deregistered 25 May 2022) | Australia | - | - |
| BluGlass Research Pty Ltd (Deregistered 25 May 2022) | Australia | - | ÷ |
| 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 | | |
|--------------------------------------|---------------------|-----------|--|
| | 2024 2023 | | |
| | \$ | \$ | |
| Current | | | |
| Trade payables | 576,955 | 471,248 | |
| Sundry payables and accrued expenses | 814,919 | 713,541 | |
| | 1,391,874 | 1,184,789 | |

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

NOTE 15: PROVISIONS

| | Consolidated Entity | | |
|------------------------------|---------------------|-----------|--|
| | 2024 | 2023 | |
| | \$ | \$ | |
| Current | | | |
| Employee benefits | 621,040 | 571,333 | |
| Total Current provisions | 621,040 | 571,333 | |
| Non-Current | | | |
| Lease make good | 1,536,932 | 1,536,659 | |
| Employee benefits | 28,062 | 26,998 | |
| Total Non-current provisions | 1,564,994 | 1,563,657 | |
| | 2,186,034 | 2,134,990 | |

| | Lease Make Good | Employee Benefits | Total |
|--------------------------------|-----------------|-------------------|-----------|
| | \$ | \$ | \$ |
| Consolidated Group | | | |
| Opening balance at 1 July 2023 | 1,536,659 | 598,331 | 2,134,990 |
| Additional provisions | - | 404,184 | 404,184 |
| Exchange rate movements | 273 | - | 273 |
| Amounts used | - | (353,413) | (353,413) |
| Total Non-current provisions | 1,536,932 | 649,102 | 2,186,034 |

NOTE 16: BORROWINGS

| | Consolidated Entity | | |
|-------------|---------------------|------|--|
| | 2024 | 2023 | |
| | \$ | \$ | |
| Current | | | |
| Borrowings* | 1,149,236 | - | |
| | 1,149,236 | | |

BluGlass executed a loan agreement with Innovation Structured Finance Co., LLC ("RADIUM Capital") on 13 February 2024. The loan, with a maturity date of 31 December 2024 and an annual interest rate of 15%, was secured by the FY24 R&D tax rebate claim.

NOTE 17: EMPLOYEE BENEFITS EXPENSE

| | Consolidated Entity | | | |
|--------------------------------|---------------------|-----------|--|--|
| | 2024 | 2023 | | |
| | \$ | \$ | | |
| Wages and salaries | 7,190,413 | 6,115,639 | | |
| Superannuation | 221,063 | 207,020 | | |
| Total employee benefit expense | 7,411,476 | 6,322,659 | | |
| Share based payments | 769,506 | 248,363 | | |

NOTE 18: ISSUED CAPITAL

| | Consolidated Entity | | |
|--|---------------------|-------------|--|
| | 2024 | 2023 | |
| | \$ | \$ | |
| 1,827,108,411 (2023: 1,528,045,654) fully paid ordinary shares | 112,583,155 | 101,886,520 | |
| Total issued capital | 112,583,155 | 101,886,520 | |
| | | | |
| | No. | \$ | |
| (a) Ordinary Shares 2024 | | | |
| At the beginning of reporting period | 1,528,045,654 | 101,886,520 | |
| Shares issued during the year | | | |
| 7 December 2023 | 17,436,556 | 1,032,488 | |
| 15 December 2023 | 2,992,650 | 134,669 | |
| 15 December 2023 | 810,199 | 38,079 | |
| 19 February 2024 | 116,216,213 | 4,300,000 | |
| 2 April 2024 | 3,008,593 | 102,292 | |
| 3 April 2024 | 157,842,057 | 5,840,157 | |
| 5 April 2024 | 270,000 | 9,990 | |
| 5 April 2024 | 216,217 | 8,000 | |
| 5 April 2024 | 54,055 | 2,000 | |
| 5 April 2024 | 216,217 | 8,000 | |
| Share Issue transaction costs | - | (779,040) | |
| At reporting date | 1,827,108,411 | 112,583,155 | |
| | No. | \$ | |
| (a) Ordinary Shares 2023 | NO. | φ | |
| At the beginning of reporting period | 1,275,646,626 | 89,262,827 | |
| Shares issued during the year | 1,273,040,020 | 03,202,027 | |
| 7 July 2022 | 97,522 | 2,926 | |
| 1 August 2022 | 8,665 | 260 | |
| 7 September 2022 | 10,316 | 309 | |
| 16 September 2022 | 1,642,712 | 49,281 | |
| 27 September 2022 | 793,533 | 23,806 | |
| 10 October 2022 | 508,320 | 15,250 | |
| 18 October 2022 | 1,608,516 | 48,255 | |
| 26 October 2022 | 1,587,485 | 47,625 | |
| 3 November 2022 | 2,478,625 | 74,359 | |
| 11 November 2022 | 3,003,595 | 90,108 | |
| 18 November 2022 | 9,719,093 | 291,573 | |
| 25 November 2022 | 6,614,441 | 198,433 | |
| 6 December 2022 | 27,452,521 | 823,576 | |
| 15 December 2022 | 8,379,726 | 251,392 | |
| 1 March 2023 | 10,000,000 | 730,000 | |
| 21 March 2023 | 169,992,033 | 10,199,522 | |
| 6 April 2023 | 7,820,524 | 469,231 | |
| 26 April 2023 | 681,401 | 40,885 | |
| Share Issue transaction costs | - | (733,098) | |
| At reporting date | 1,528,045,654 | 101,886,520 | |

NOTE 18: ISSUED CAPITAL (CONT.)

(a) Shares

SHARES ISSUED IN 2024 FINANCIAL YEAR

- On 7 December 2023, BluGlass issued 17,436,556 fully paid shares as part of the consideration for the acquisition of GaNWorks Foundry Inc., at \$0.059 per share in lieu of cash payment of \$1,032,488.
- 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.
- On 15 December 2023, as part of the LTI program for key personnel, 810,199 fully paid shares were issued in conversion of vested Performance Rights exercised by employees under the Incentive Option & Performance Rights. The shares were issued at \$0.047 per share.
- On 19 February 2024, BluGlass completed Placement offer to a group of International and Australian Institutional and sophisticated investors via a share placement offer of \$0.037 per share. The placement raised \$4,300,000 before costs for 116,216,213 new fully paid ordinary shares. The issue price represented a 19.6% discount to the last closing share price on 8 February 2024 and a 24.3% discount to the 15-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 \$0.046 and expiring on 28 February 2025. Every free attaching option exercised will include one fully paid share and one additional option (Piggyback Option), exercisable at \$0.06 and expiring on 28 February 2027.
- On 2 April 2024, as part of the LTI program for key personnel, 3,008,593 fully paid shares were issued in conversion of vested Performance Rights exercised by employees under the Incentive Option & Performance Rights. The shares were issued at \$0.034 per share.
- Share parcels issued between 3 April 2024 to 5 April 2024 were in relation to a Share Purchase Plan, enabling
 eligible shareholders to subscribe for new shares in the Company, raising \$\$5,868,146 before costs for
 158,598,546 new fully paid ordinary shares at \$0.037 per share. The same terms of the Placement offer applied.

SHARES ISSUED IN 2023 FINANCIAL YEAR

- Share parcels issued between 7 July 2022 to 15 December 2022, were in relation to an entitlement rights issue, enabling eligible shareholders to subscribe for new shares in the Company on a 1 for 8 basis at \$0.03 per share, raising \$1,917,153 before costs.
- On 1 March 2023, BluGlass issued 10,000,000 new fully paid shares to Jim Haden in recognition of the technology achievements and business transformation under his leadership which culminated in the launch of the Company's first commercial suite of products at Photonics West and initial company orders.
- On 21 March 2023, BluGlass completed Placement offer to a group of International and Australian Institutional and sophisticated investors via a share placement offer of \$0.06 per share. The placement raised \$10,199,522 before costs.
- On 6 April 2023, BluGlass completed a non-renounceable entitlement rights issue, raising \$469,231 before costs. The rights issue enabled eligible shareholders to subscribe for new shares in the Company on a 1 for 4 basis at \$0.03 per share.
- On 26 April 2023, BluGlass completed Placement offer to a group of International and Australian Institutional and sophisticated investors via a share placement offer of \$0.06 per share. The placement raised \$40,885 before costs.

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.

NOTE 18: ISSUED CAPITAL (CONT.)

(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 2023 | 372,581 | 527,728 | (982,450) | (82,141) |
| Movement | 488,590 | (47,446) | - | 441,144 |
| Balance at 30 June 2024 | 861,171 | 480,282 | (982,450) | 359,003 |

NOTE 20: ACCUMULATED LOSSES

| | Consolidated Entity | | | |
|-----------------------------|---------------------|--------------|--|--|
| | 2024 2023 | | | |
| | \$ | | | |
| Beginning of financial year | (87,917,219) | (76,165,976) | | |
| Net loss | (10,138,866) | (11,751,243) | | |
| End of financial year | (98,056,085) | (87,917,219) | | |

NOTE 21: LEASE LIABILITIES

| | Consolidat | ted Entity |
|---|------------|------------|
| | 2024 | 2023 |
| | \$ | \$ |
| Current | 862,419 | 788,654 |
| Non-Current | 2,664,470 | 3,699,421 |
| | 3,526,889 | 4,488,075 |
| | | |
| Future lease payments in relation to lease liabilities as at year end are as follows: | | |
| Within one year | 1,041,320 | 1,003,632 |
| Later than one year but not later than five years | 2,946,576 | 3,944,835 |
| Later than five years | - | 239,940 |
| | 3,987,896 | 5,188,407 |
| | | |
| Amounts recognised in the statement of profit or loss | | |
| Interest expense (Included in finance cost) | 331,902 | 214,811 |
| | | |
| Total cash outflow for leases | 1,056,978 | 740,030 |

The Silverwater lease was renewed for an additional term of five years from February 2023. 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 3.0% 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 \$138,000. Collateral for the bank guarantee is a set-off against cash invested with the CBA for \$138,000.

BluGlass entered into a four-year lease from November 2021 for a facility in New Hampshire USA for packaging and testing. The property lease is a non-cancellable lease with a four-year term. Contingent rental provisions within the lease agreement require the minimum lease payments shall be increased by 2.5% per annum. The lease does not allow for subletting of any lease areas.

BluGlass agreed to three-year lease in May 2022 for the new facility in California USA with the lease commencing 1 May 2022. The property lease is a non-cancellable lease with a three-year term with an extension option for an additional three years to July 2028 with rent payable monthly in advance. Contingent rental provisions within the lease agreement require the minimum lease payments shall be increased by 3.5% per annum. The lease does not allow for subletting of any lease areas. This lease is supported by Collateral Pledge of \$US125,000 held at the Primary Bank and a security deposit of \$US75,000 held by the landlord. There is also a Collateral Pledge held in favour of the City of Fremont, which will be returned on exit of the property in a state satisfactory to the authorities.

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).

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

| | Australia | USA | Intersegmental Elimination | Total |
|-------------------------------|-------------|-------------|-------------------------------|--------------|
| | \$ | \$ | \$ | \$ |
| 30 June 2024 | | | | |
| Sales to Customers | 2,525,498 | 2,116,940 | - | 4,642,438 |
| Intersegment Revenue | 632,858 | 8,472,728 | (9,105,586) | - |
| Other Revenue | 5,372,680 | 9,178 | - | 5,381,858 |
| Interest Revenue | 62,676 | - | - | 62,676 |
| Total Segment Revenue | 8,593,712 | 10,598,846 | (9,105,586) | 10,086,972 |
| Depreciation and amortisation | 403,334 | 2,626,141 | - | 3,029,475 |
| Employee benefit expense | 2,182,511 | 5,228,965 | - | 7,411,476 |
| Other expenses | 12,338,412 | 6,552,061 | (9,105,586) | 9,784,887 |
| Segment Results | (6,330,545) | (3,808,321) | - | (10,138,866) |
| Segment Non-Current Assets | 9,285,509 | 7,102,324 | (7,965,393) | 8,422,440 |
| Segment Assets | 22,580,029 | 8,525,470 | (7,965,393) | 23,140,106 |
| Segment Liabilities | 4,620,620 | 12,127,617 | (8,494,204) | 8,254,033 |

NOTE 22: OPERATING SEGMENTS CONTINUED

| | Australia | USA | Intersegmental Elimination | Total |
|-------------------------------|--------------|------------|-------------------------------|--------------|
| | \$ | \$ | \$ | \$ |
| 30 June 2023 | | | | |
| Sales to Customers | 1,099,008 | 47,227 | - | 1,146,235 |
| Intersegment Revenue | - | 9,946,178 | (9,946,178) | - |
| Other Revenue | 8,205,759 | 162,919 | - | 8,368,678 |
| Interest Revenue | 4,982 | - | - | 4,982 |
| Total Segment Revenue | 9,309,749 | 10,156,324 | (9,946,178) | 9,519,895 |
| Depreciation and amortisation | 2,130,905 | 1,788,446 | - | 3,919,351 |
| Employee benefit expense | 2,546,843 | 3,775,816 | - | 6,322,659 |
| Other expenses | 17,218,829 | 3,756,477 | (9,946,178) | 11,029,128 |
| Segment Results | (12,586,828) | 835,585 | - | (11,751,243) |
| Segment Non-Current Assets | 4,986,857 | 7,020,347 | (2,843,056) | 9,164,148 |
| Segment Assets | 16,764,022 | 7,774,048 | (2,843,056) | 21,695,014 |
| Segment Liabilities | 3,744,948 | 7,671,511 | (3,608,605) | 7,807,854 |

NOTE 23: CASH FLOW INFORMATION

| | Consolid | ated Entity |
|--|--------------|--------------|
| | 2024 | 2023 |
| | \$ | \$ |
| (a) Reconciliation of Cash Flow from Operations with Loss after Income Tax | | |
| | | |
| Loss after income tax | (10,138,866) | (11,751,243) |
| Non-cash flows in loss | | |
| Depreciation and amortisation expense | 3,029,475 | 3,919,351 |
| Share based payment expense | 769,506 | 248,363 |
| Other non-cash items | 7,407 | (30,038) |
| | | |
| Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries | | |
| (Increase)/decrease in trade and other receivables | (621,061) | (4,206,130) |
| (Increase)/decrease in other assets | 41,544 | (235,256) |
| (Increase)/decrease in inventories | (296,412) | (506,888) |
| Increase/(decrease) in trade and other payables and accruals | 207,085 | 695,745 |
| Increase/(decrease) in provisions | 51,044 | 13,974 |
| Net cash used in operating activities | (6,950,278) | (11,852,122) |

NOTE 24: SHARE-BASED PAYMENTS

The following share-based payments existed at 30 June 2024:

| | | Consolidated Entity | | | | |
|--|--|---|--|---|--|--|
| | 2024 | 1 | 2023 | | | |
| | 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 | 33,550,000 | - | 24,750,000 | - | | |
| Granted | 37,665,956 | - | 34,800,000 | \$0.01 | | |
| Forfeited/lapsed | (19,034,418) | - | (16,000,000) | - | | |
| Exercised | (3,818,791) | - | (10,000,000) | - | | |
| Expired | - | - | - | - | | |
| Outstanding at year-end | 48,362,747 | - | 33,550,000 | \$0.01 | | |
| Exercisable at year-end | 900,000 | - | 4,700,000 | \$0.10 | | |

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.

Rights on issue in 2024

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.

March 2021 Rights Issue

These rights were valued on the date the rights were granted on 20 March 2021, expiring 1 May 2023. 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 \$0.075. The non-market vesting conditions for these rights are:

 50% of the Performance Rights will vest upon successfully delivering 3 products that generate a combined revenue of greater than \$1,000,000 by April 2022; and

NOTE 24: SHARE-BASED PAYMENTS CONTINUED

50% of the Performance Rights will vest upon remaining at BluGlass until 30 April 2023 and achieving the first
milestone condition.

September 2021 Rights Issue

These rights were valued on the date the rights were issued on 20 September 2021, expiring 30 June 2023. 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 \$0.032. The non-market vesting conditions for these rights are:

Series 1: 5 million rights - Between 75-100% of series 1 rights vest subject to laser diode products being ready for beta testing and reliability by 30 June 2022.

Series 2: 2.5 million rights – Between 20-100% if series 2 rights to vest subject to laser diode product contracted sales reaching \$250,000 by 30 September 2022.

Series 3: 2.5 million rights- Between 75-100% of series 3 rights to vest subject to agreed laser diode product being launched with the industry agreed specification being achieved by 31 December 2022.

Series 4: 5 million rights – Between 75-100% of series 4 rights to vest subject to laser diode product contracted sales reaching US \$1,000,000 by 31 December 2022.

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.

NOTE 24: SHARE-BASED PAYMENTS (CONT.)

February 2023 Rights Issue

BluGlass issued 5,000,000 performance rights to Jim Haden which immediately vested in recognition of the technology achievements and business transformation under his leadership which culminated in the launch of the Company's first commercial suite of products at Photonics West and initial company orders. These rights were valued using the Black-Scholes model at grant date. These performance rights were valued at \$0.073. These rights were exercised on 1 March 2023.

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 2023 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.

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.

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

NOTE 25: RELATED PARTY TRANSACTIONS

| | Consolidated Entity | | |
|--|---------------------|-----------|--|
| | 2024 | 2023 | |
| | \$ | \$ | |
| The totals of remuneration paid to key management personnel of the group during the year are as follows: | | | |
| Short term employment benefits | 1,928,974 | 1,540,230 | |
| Post-employment benefits | 188,139 | 150,379 | |
| Share-based payments | 481,781 | 165,915 | |
| | 2,598,894 | 1,856,524 | |

Key Management Personnel with the Group during the years, and the Group has no other related parties.

NOTE 26: 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:

| | Note | Consolida | ated Entity |
|-----------------------------|------|------------|-------------|
| | | 2024 | 2023 |
| | | \$ | \$ |
| Financial Assets | | | |
| Cash and cash equivalents | 7 | 5,573,205 | 4,258,334 |
| Trade and other receivables | 8 | 8,221,301 | 7,600,240 |
| | | 13,794,506 | 11,858,574 |
| Financial Liabilities | | | |
| Trade and other payables | 14 | 1,391,874 | 1,184,789 |
| Borrowings | 16 | 1,149,236 | - |
| Lease liabilities | 21 | 3,526,889 | 4,488,075 |
| | | 6,067,999 | 5,672,864 |

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.

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 for long-term financial liabilities 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.

NOTE 26: FINANCIAL RISK MANAGEMENT (CONT.)

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. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to sell long-term financial assets.

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 2024 the Group's non-derivative financial liabilities have contractual maturities (including interest payments where applicable) as summarised below:

| | Cur | Current | | Non-C | n-Current | |
|--------------------------|-----------------|-------------------------------|--|--------------|-----------------|--|
| | Within 6 months | Within 6 months 6 - 12 months | | 1 to 5 years | Later than 5 ye | |
| | \$ | \$ | | \$ | \$ | |
| 30 June 2024 | | | | | | |
| Trade and other payables | 1,391,874 | - | | - | | |
| Borrowings | 1,149,236 | - | | - | | |
| Lease liabilities | 431,210 | 431,210 | | 2,664,470 | | |
| Total | 2,972,320 | 431,210 | | 2,664,470 | | |

| | Current | | |
|--------------------------|-----------------|---------------|--|
| | Within 6 months | 6 - 12 months | |
| | \$ | \$ | |
| 30 June 2023 | | | |
| Trade and other payables | 1,184,789 | - | |
| Lease liabilities | 394,327 | 394,327 | |
| Total | 1,579,116 | 394,327 | |

| Non-Current | | | |
|--------------|--------------------|--|--|
| 1 to 5 years | Later than 5 years | | |
| \$ | \$ | | |
| | | | |
| - | - | | |
| 3,526,494 | 172,927 | | |
| 3,526,494 | 172,927 | | |

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

(d) Market Risk

(i) Foreign Exchange Risk

The Group does not have any material foreign exchange risk exposure to any single asset or liability or group of assets or liabilities under financial instruments entered into by the consolidated entity.

(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 | | | |
|---|---------------------|------|-----------|------|
| | 2024 | 2024 | 2023 | 2023 |
| | \$ | % | \$ | % |
| Consolidated Entity Financial Assets: | | | | |
| Cash | 5,384,796 | 0.01 | 415,442 | 0.01 |
| Investments in term deposits and bank bills | 188,064 | 0.33 | 3,842,892 | 0.33 |
| Total Financial Assets | 5,572,860 | | 4,258,334 | |

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

NOTE 26: FINANCIAL RISK MANAGEMENT (CONT.)

(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 2024 have maturities of less than 45 days and carrying value represents net fair value.

(v) Sensitivity analysis

The consolidated and parent entity does not have projected exposure to foreign currency risk or price risk and no material projected exposure to interest rate risk.

NOTE 27: CONTINGENT LIABILITIES

There are no contingent liabilities at or since balance date. The CBA also holds a Guarantee against the Company credit cards of \$50,000.

NOTE 28: EVENTS AFTER REPORTING DATE

No significant events have occurred after Statement of Financial Position date.

NOTE 29: BLUGLASS LIMITED PARENT COMPANY INFORMATION

| | 2024 | 2023 |
|------------------------------|--------------|--------------|
| | \$ | \$ |
| Parent entity | | |
| Assets | | |
| Current assets | 13,268,120 | 12,327,194 |
| Non-current assets | 9,285,509 | 4,257,323 |
| Total assets | 22,553,629 | 16,584,517 |
| Liabilities | | |
| Current liabilities | 2,620,024 | 1,490,448 |
| Non-current liabilities | 1,998,196 | 2,215,309 |
| Total liabilities | 4,618,220 | 3,705,757 |
| Net Assets | 17,935,409 | 12,878,760 |
| Equity | | |
| Issued capital | 112,583,155 | 101,886,520 |
| Accumulated losses | (94,533,738) | (88,397,889) |
| Share based payments reserve | 868,444 | 372,581 |
| Other reserve | (982,452) | (982,452) |
| Total Equity | 17,935,409 | 12,878,760 |
| | | |
| Financial Performance | | |
| Loss for the year | (6,354,544) | (12,586,828) |
| Other comprehensive income | - | - |
| Total comprehensive income | (6,354,544) | (12,586,828) |

Refer to Note 21 for Capital and leasing commitments and Note 27 for Contingent Liabilities.

NOTE 30: 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:
 - the consolidated financial statements and notes of BluGlass Limited are in accordance with the Corporations Act 2001, including
 - giving a true and fair view of its financial position as at 30 June 2024 and of its performance for the financial year ended on that date; and
 - complying with Australian Accounting Standards (including the Australian Accounting Interpretations) 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 2024.
- 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:

James Walker Non-Executive Chair

27 August 2024





To the Directors of BluGlass Limited

Opinion

We have audited the financial report of BluGlass Limited ("the Company") and its controlled entities ("the Group"), which comprises the statement of financial position as at 30 June 2024, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the 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 2024 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.

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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 \$10,138,866 and net cash outflows from operations of \$6,950,278 during the year ended 30 June 2024. 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

We considered Research and Development Tax Incentive to be a key audit matter.

This area is considered a key audit matter due to the significant subjectivity in assessing the eligibility of expenditure and judgment required by the Group in measuring the eligible expenditure and recognising the corresponding research and development tax incentive income and receivable...

How our Audit Addressed the Key Audit Matter

Our procedures included:

- Inquiring with management to gain an understanding of their process for calculating the Research and Development Tax Incentive;
- Reviewing correspondence from the tax authority related to 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 R&D tax incentive scheme; and
- Reviewing the adequacy of related disclosures in the financial statements.



Other Matter

The financial report of BluGlass Limited for the year ended 30 June 2023, was audited by another auditor who expressed an unqualified opinion on that report on 30 August 2023.

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 2024 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 Group 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.



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.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2024. The directors of the Group 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.

Opinion

In our opinion, the Remuneration Report of BluGlass Limited for the year ended 30 June 2024 complies with section 300A of the *Corporations Act 2001*.

In.Corp Audit & Assurance Pty Ltd

Daniel Dalla Director

Sydney, 27 August 2024