

## Appendix 4E

### BLUGLASS LIMITED

ACN

116825793

Full Year Ended

30 June 2023

*Corresponding period was the twelve months ended 30 June 2022*

### Results for announcement to the market

#### RESULTS

		%		\$A
Revenues from ordinary activities	Up	123.0	to	9,514,913
(Loss) from ordinary activities after tax attributable to members	Up	25.6	to	(11,751,243)
(Loss) for the period attributable to members	Up	25.6	to	(11,751,243)

#### EPS

Earnings per Security (cents per share)	30 Jun 2023	30 Jun 2022
Basic loss per share (cents per share)	(0.86) cents	(0.89) cents
Diluted loss per share (cents per share)	(0.86) cents	(0.89) cents

#### Net Tangible Asset Backing

	30 Jun 2023	30 Jun 2022
Per Ordinary Security (cents per share)	0.64 cents	0.69 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)

NIL

#### 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 2023 Full Year Financial Report and the 2022 30 June Annual Financial Report. No matters have arisen which would result in a dispute or qualification.*



ANNUAL FINANCIAL  
REPORT 2023

  
BLUGLASS

# Lasers underpin all leading-edge industries and technology capabilities around the world today.

Lasers are an essential and ubiquitous technology, used in everything from raw materials processing, satellite communications, quantum computing, defence and aviation through to medical and biotech applications, and advanced manufacturing. With laser adoption accelerating to support these technologies, laser revenues are growing rapidly to represent a US\$25B annual market by 2025.



## Visible lasers are disrupting traditional markets

The fastest growing market segment in the laser industry is the visible, or Gallium Nitride (GaN) laser market, which spans the visible spectrum from the ultra-violet to green wavelengths. GaN lasers have many inherent advantages over traditional infrared laser applications, including superior brightness and higher energy absorption in metals, combined with more accurate, cleaner, faster materials processing – essential for today’s increasingly miniaturised high-tech applications. Their unique performance properties are also enabling new applications in quantum sensing and computing, robotics, biotechnology, and medical therapies.

- Visible light has higher absorption in key industrial metals 
- Cleaner, faster materials processing 
- Tighter beam focus and improved efficiency 
- Higher precision manufacturing, enabling increasingly advanced technology applications 
- Visible and UV light interacts favorably with quantum and organic (viruses, bacteria, cancer cells) materials 

Key Metals	Improvement of energy absorption in metals
Gold	66x
Silver	17x
Copper	13x
Aluminium	3x
Nickel	1.5x
Steel	1.5x

# ! GaN Laser Markets **A\$2.5B** Opportunity by 2025



## Industrial

- Materials processing
- Machine vision & sensing
  - 3D printing
- Semiconductors



## Defence

- Navigation & guidance systems
- Detection & sensing
- Advanced materials processing



## Quantum & Scientific

- Materials processing
- Machine vision & sensing
  - 3D printing
- Semiconductors



## Biotech

- Flow cytometry
- Medical diagnostics
- DNA sequences
- Photodynamic therapy
- Biosciences



## Display (AR/VR)

- Augmented reality
- Virtual reality & mixed reality
  - Pico projectors
  - Heads up display

Developing leading-edge semiconductor manufacturing technology and devices for more than a decade, BluGlass Limited (ASX:BLG) is a global provider to the GaN photonics industries, delivering cutting-edge, custom lasers to the industrial, quantum, defence, biotech, and scientific markets.

BluGlass' full suite, end-to-end laser diode design, fabrication and packaging capability can provide custom and off-the-shelf solutions to solve its customers' unique product challenges. The company offers a spectrum of wavelengths from 405nm-525nm in both single and multi-mode options and in flexible form factors.

## IN NEED OF NEW SUPPLIERS

Customers require enhanced performance, greater packaging flexibility, and custom manufacturing capability

GaN lasers are used by global original equipment manufacturers (OEMs), systems integrators, electronics manufacturers, defence contractors and research organisations.

Australian manufacturer, BluGlass Limited, is one of only a handful of GaN laser manufacturers globally. Its state-of-the-art facilities and vertically integrated supply chain in Australia and the US reduce sovereign production risks for security-conscious customers.



**Challenged by constrained supply** Only a handful of captive global GaN laser suppliers in an emerging market with combined GaN laser systems revenue in excess of \$1B and set to grow to \$2.5B in 2025.



**Competitors are largely focused on LEDs** Most competitors are not dedicated GaN laser suppliers; they are captive in larger organisations with large differentiated product portfolios focused on LED and micro-LED markets.



**Low mix/high volume business models** Limited form factor flexibility, customisation and manufacturing agility in current business models is creating significant unmet needs in quantum, scientific defence and biotech verticals.



**High barriers to market entry**

## WHAT WE DO:

# Offering the World's Easiest to use GaN Laser Light

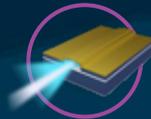
BluGlass' vertically integrated laser offering has been designed to meet the market and solve our customers biggest challenges

Flexible form factors will revolutionise how our customer use GaN laser light

### BluGlass' Form Factor Offerings:



Plug & Play & Custom Lasers



Single emitters



Offering underserved and custom wavelengths from 400nm-525nm



Laser diode bars



Single-mode and multi-mode products



Chips-on-submounts (CoS)



Enhanced designs and novel device architectures for higher-power, higher-brightness lasers



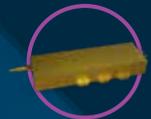
TO Cans (various sizings)



Vertically integrated from design and epitaxy to packaging and testing



C-Mounts, F-Mounts, Butterfly Pins



Multi-chip Arrays



## Global Operations



Sydney, NSW, Australia



Silicon Valley, California, USA  
Nashua, New Hampshire, USA

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# CHAIR LETTER

Dear Shareholders,

FY23 was a historic year for BluGlass, as we bring to bear our strategic vision and secure our position as the agile partner-of-choice in the rapidly expanding gallium nitride (GaN) laser market. Our progress during the year cannot be overstated. Less than a year ago we were commencing partial development runs at our Silicon Valley fab. Today, we have a suite of commercial products in market, multiple customer orders, and are generating initial product revenues. We have laid the foundation for a game-changing year ahead.

To validate our products, we are partnering with several industry leaders to qualify our lasers in customer applications. These customers include large original equipment manufacturers (OEMs), a US national lab, and next-generation technology pioneers, paving the way to volume orders and revenue growth.

In addition to executing our ambitious roadmap, in FY23 we vertically integrated the majority of our supply chain with our final outsourced manufacturer now in advanced stages of being transferred to our Silicon Valley fab. Vertical integration provides BluGlass with the scale, speed, and capability to address significant unmet customer demand.

We are making these strides at an opportune time – as the high-growth visible laser market starts to gain mass adoption in key applications. This growth is being driven by the quantum leap in absorption, suitability and precision visible laser light offers in advanced manufacturing.

Visible GaN lasers increasingly underpin advanced industries and technologies - used in everything from raw materials processing, satellite communications, quantum computing, defence and aviation, through to medical and biotech applications. With visible laser adoption accelerating to support these technologies, laser revenues are likewise growing rapidly to capture more than ten percent of the global US\$25B annual market, representing a US\$2.5 billion opportunity by 2025.

This market is serviced by very few players, and even fewer who are dedicated to meeting the diverse customer requirements of the laser sector. BluGlass has the right foundations in place to tackle our customers' largest challenges head-on, addressing the growing need for a dedicated, flexible, and agile GaN laser supplier. Custom manufacturing, flexible form factors, and advanced technologies enhanced by BluGlass' unique capabilities will further unlock market growth and facilitate the development of innovative new applications by our customers and partners.

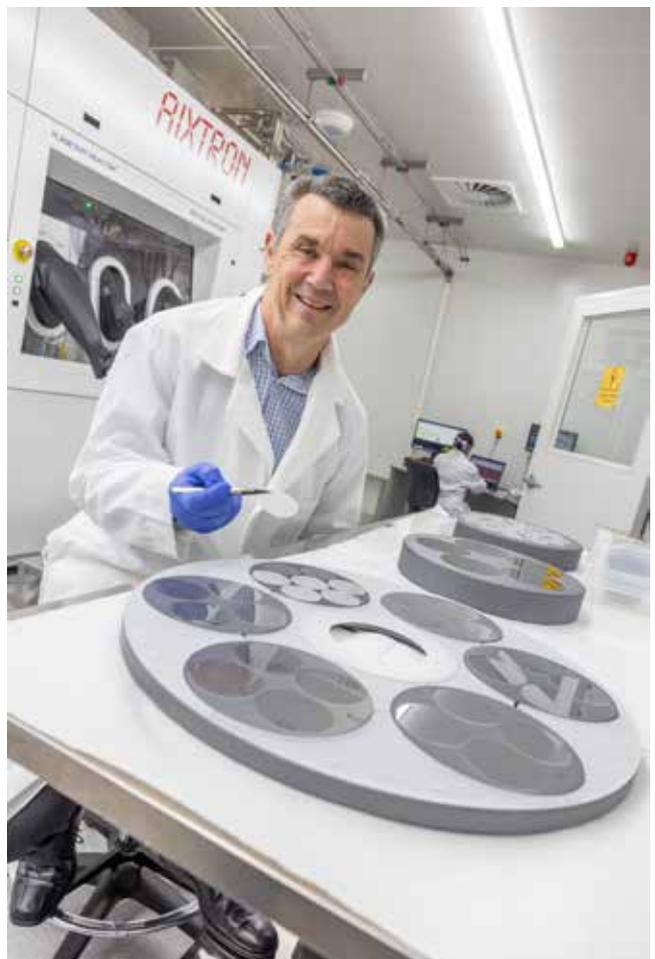
BluGlass enters FY24 fundamentally transformed. We look forward to building on this significant momentum in the year ahead as we deliver a continuous pipeline of competitive products and novel capabilities to re-rate the business, build significant company value, and set the business up for continued success.

To our talented team, loyal shareholders, and cutting-edge customers, thank-you for your continued support of our shared vision. We have an exciting year ahead as we continue to grow our laser portfolio, customer base, and revenues.

Sincerely,



**James Walker**  
Non-executive Chair



# PRESIDENT'S LETTER

Dear Shareholders,

BluGlass remains focused on executing its technical and commercial roadmaps to become an innovative and disruptive leader in the burgeoning visible laser market. In FY23, we executed our plans, successfully launching a suite of commercial gallium nitride (GaN) laser products, securing customer orders, and generating initial revenues. This momentum shifted the profile of our business, and today we are engaged with several industry-leading customers who are qualifying our lasers in real-world applications.

Instrumental to our progress has been the acquisition and vertical integration of our Silicon Valley laser fab, which significantly accelerated our development and production timelines, led to improved laser quality and performance, and provided a game-changing foundation for growth. We are benefiting from having full operational control over critical wafer fab process steps, in addition to a skilled downstream manufacturing team - all of which have enabled BluGlass to go-to-market with a respectful laser portfolio. Our captive fab prepares us to scale our manufacturing and revenue capacity and paves the way to halving wafer production costs. Longer-term, the progress made during the year ensures that we are well-positioned to solve our customers' largest challenges while fast-tracking advanced product roadmaps to launch novel applications and next-generation lasers, further enhancing our industry competitiveness and ability to lead and influence the market.

BluGlass strengthened its industry partnerships to support our innovation, joining the world's pre-eminent GaN consortium with the University of Santa Barbara. The invitation-only consortium is a collaboration between industry leaders and the UCSB's pre-eminent gallium nitride researchers, including blue-LED inventor and Nobel Laureate, Professor Shuji Nakamura and industry luminary Professor Steven DenBaars. Our partnership with UCSB has already delivered improvements to our highly promising GaN distributed feedback (DFB) development, which will facilitate advanced quantum applications. We also diversified our laser development portfolio, partnering with leading GaN Vertical-Cavity Surface Emitting Laser (VCSELs) innovator Ganvix to develop RPCVD-enhanced green VCSELs.

As with any ambitious technical roadmap, the year was not without its challenges. Shoring up our complicated supply chain and bringing our disparate manufacturing processes in-house, while



converting a fab to a new material class, is highly complex, with countless moving parts. As a result, we navigated some production and repeatability challenges in our Fremont facility and supply chain during the year, which temporarily impacted the availability of our lasers. We continue to mature every aspect of our business, instilling quality control measures and redundancies throughout the product cycle. A program of excellence through continuous improvement and innovation has been implemented across our entire manufacturing process to further improve repeatability, product availability, speed of delivery, and manufacturing yields. This significant effort has led to the resolution of these technical challenges, and we now have the right foundations to scale production, bring new products to market, and move towards a more sustainable and profitable business.

BluGlass has a large market opportunity, operating in a fast-growing sector that is facilitating global mega-trends including digitisation, electrification, automation, and decarbonization, as well as deep sea and space exploration. The global proliferation of lasers across virtually all technology capabilities and advancements, combined with the quantum leap in performance advantages of GaN lasers over traditional laser technology, spells opportunity for BluGlass. As performance improvements in blue and green direct diode lasers continue to advance across the industry, GaN will increasingly gain market share in the enormous \$25B laser systems market, driven by adoption in advanced manufacturing, quantum sensing, and computing, AR/VR, defence and space applications, and biotech markets such as sensing in wearables, viral and bacterial disinfection.

Looking ahead, FY24 promises to be truly transformative for the business and is shaping up to be the most important year in BluGlass' journey. Customers have validated our unique market approach, our GaN lasers continue to rapidly advance towards best-in-class performance, and we are working with industry leaders to qualify our products in both their existing applications while working towards being 'designed-in' in a range of promising next-generation technologies.

I'm proud to have been appointed CEO of BluGlass at an exciting phase in the Company's history. I look forward to continuing to lead the incredibly talented and dedicated BluGlass team as we cement our industry reputation as a disruptive innovator able to tackle the big and small challenges and deliver on our vision of providing the world's easiest-to-use GaN laser light.

**Jim Haden**  
President

# DIRECTORS' REPORT

Your directors present their report on BluGlass Limited and its controlled entities ("the Group") for the financial year ended 30 June 2023.

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

In 2023, the Group expanded its operations in the US, vertically integrating its downstream manufacturing supply chain in its production facility in Silicon Valley. The fab complements the Company's operations in New Hampshire and Nashua.

## REVIEW OF OPERATIONS

FY23 marked a momentous year for BluGlass with the Company successfully launching its commercial gallium nitride (GaN) laser products, securing first customer orders, and generating initial revenues. Customers span BluGlass' target markets, including industry-leading original equipment manufacturers (OEMs), a national laboratory, quantum photonics pioneer, and medical device manufacturers, and novel application development companies. BluGlass enters FY24 focused on qualifying our lasers in these customers' applications - ahead of expected volume orders and growing laser revenues.

BluGlass' Silicon Valley fab has been instrumental to the business' significant technical progress in FY23, and forms the foundation for the Company's future success. Vertical integration has rapidly accelerated development and production timelines, improving laser quality, performance, and repeatability. In FY23, the fab enabled BluGlass to go-to-market with a sizeable laser portfolio and a suite of next-generation products progressing through the pipeline. Longer-term, the fab ensures BluGlass is well-positioned to scale its manufacturing and revenue capacity, while reducing wafer production costs.

The Company's success in FY23 reflects market demand for alternative GaN laser suppliers at a time when the sector is rapidly growing - forecast to reach US\$2.5 billion by 2025. To ensure its offering continues to address this demand, BluGlass strengthened its industry partnerships during the year, joining the world's pre-eminent GaN consortium with the University of Santa Barbara. This partnership has already yielded improvements to the Company's promising GaN distributed feedback (DFB) development, which will facilitate advanced quantum applications. During the year, BluGlass also diversified its laser development to include GaN Vertical-Cavity Surface Emitting Laser (VCSELs) as part of a strategic development agreement with Ganvix.

## The Year in Review:

### Launched First Laser Portfolio

In FY23, BluGlass launched its first suite of gallium nitride lasers across violet (405nm and 420nm) and blue (450nm) wavelengths in both single- and multi-mode devices. BluGlass' lasers are available in a range of flexible form factors, including TO Cans of different sizes and Chip-on-Submounts, reducing the need for customers to undertake expensive post-purchase customisation. The launch of BluGlass' first lasers at Photonics West in January 2023 followed significant performance and reliability improvements, with the Company demonstrating feasible reliability of more than 500 hours' continuous operation with stable optical power and voltage.

During the year, BluGlass continued to significantly improve light emission, power conversion efficiencies, and voltage of its launched lasers with updated performance data released at Laser World of Photonics in June 2023. The Company's 450nm lasers experienced the largest improvement, with power conversion efficiencies for single-mode and multi-mode devices up more than 55% and 42% respectively in less than six months between Photonics West and Laser World of Photonics in Munich. Enhancements broaden target applications to encompass 3D printing, additive manufacturing, quantum computing, robotics, and biotechnology.

Prototype higher-powered 405nm 3W multi-mode lasers as well as an ultra-violet (397nm) alpha were also released in FY23. Ultra-violet lasers offer increased power and precision and are used in a range of advanced applications, such as disinfection technologies, quantum sensing, and medical devices. Higher-power single-mode 405nm and 420nm devices are in development, along with single-mode and multi-mode 450nm and longer-wavelengths devices spanning 470nm, 488nm, and 525nm.

### Customer Acquisition

During the year, BluGlass secured multiple customer orders from across its target verticals of industrial, quantum, scientific, biotech, and defence. Customers include industry-leading industrial and quantum OEMs, an international energy research institute, a medical device manufacturer, and a quantum photonics pioneer.

Orders encompass BluGlass' entire GaN laser product suite with the Company's lasers now being tested, integrated, and qualified within customer applications and their product development. Feedback on laser performance from collaborative customers has been positive, particularly BluGlass' newest development iterations. Customer feedback is guiding the Company's efforts to improve aspects of its fabrication and packaging to better meet their specific product needs. These customers will eventually use BluGlass' lasers in novel quantum sensing, machine vision, 3D printing, and surgical applications. Initial order volumes are small; however, qualification within customer applications pave the way to securing larger, recurring orders.

Progressing agreements from initial discussions through to qualification and full-scale manufacturing often takes multiple months, and sometimes even years for novel, advanced, and high-power applications. However, early engagement is necessary to become 'designed-in' in customers' products. BluGlass is in advanced discussion with multiple customers and is working diligently to convert these to long-term agreements while engaging with additional prospective customers and partners. The Company expects to secure new orders in Q1 FY24, which will be shipped in line with industry standard 8-12-week timeframes.

## BLUGLASS LASER PORTFOLIO

	Available for Purchase	Higher-Value Products In Development	Next-gen (premium value/margin) Products in Development
Violet	397nm	SM - 200mW ♦	
	405nm	MM - 1W      MM - 3W ♦ SM - 250mW	SM - 300-400mW
	420nm	MM - 1W      MM - 3W ♦ SM - 250mW	SM - 300-400mW
Blue	450nm	MM - 1W SM - 100mW	MM - 1.6W    MM - 2.2W    MM - 3.5W SM - 250mW
	470nm		MM - 2W SM - 100-200mW
	488nm		SM - 100-200mW
Green	525nm	MM - 0.5 - 2W SM - 80-100mW	MM - 1.5-2W

MM: Multi Mode    SM: Single Mode    ♦: Prototype

### Vertical Integration Progress

BluGlass' acquisition of a purpose-built production facility in Silicon Valley has been transformational for the business. In less than a year, the Company has progressed from first laser development runs in September 2022 through to meeting commercial performance and feasible reliability benchmarks, launching first GaN lasers at Photonics West in January 2023, and showcasing enhanced products at Laser World in June 2023.

In FY23, BluGlass commenced vertically integrating its manufacturing supply chain to improve laser quality, consistency, and performance while also significantly speeding development and reducing production costs. During the year, the Company transferred core downstream manufacturing processes from four contract manufacturers to its Silicon Valley fab and is currently in the final stages of integrating its remaining wafer fab contract manufacturer, responsible for thinning, cleaving, and n-metallisation processes.

In-sourcing new manufacturing GaN wafer fab processes while simultaneously driving product improvements is a highly complex undertaking. Not surprisingly, BluGlass encountered production and repeatability challenges in parts of the internal fabrication process as well as in our external supply chain, temporarily impacting availability of BluGlass' GaN lasers towards the end of the financial year. These challenges, which impacted laser consistency, were related to photolithography processes, metallisation, packaging processes for non-TO Can packages, and supply chain delays combined with production mishaps from our TO-Can supplier. Many of these challenges have now been resolved, and the Company is implementing quality control measures and a program of excellence across its entire manufacturing process to further improve repeatability, product availability, speed of delivery, and manufacturing yields

### Industry Partnerships

BluGlass selects industry partnerships that augment and complement its market approach and product portfolio. In FY23, the Company was invited to join the University of California, Santa Barbara's (UCSB) Solid-State Lighting & Energy Electronics Centre (SSLEEC) Consortium, in recognition of BluGlass' leading innovation in RPCVD epitaxy growth, novel architectures, and longer-wavelength devices. The SSLEEC is an invitation-only collaboration between industry leaders and the UCSB's pre-eminent gallium nitride researchers, including blue-LED inventor and Nobel Laureate, Professor Shuji Nakamura and industry luminary Professor Steven DenBaars.

BluGlass also entered a strategic development agreement with Ganvix on the development of GaN Vertical-Cavity Surface Emitting Laser (VCSELs). Under the agreement, BluGlass is providing Ganvix with quantum-well epitaxy services using a combination of MOCVD and its remote plasma chemical vapour deposition (RPCVD) technology for the development of GaN VCSELs for green wavelengths (515nm – 525nm). Green GaN VCSELs are not currently available. BluGlass' RPVCD technology offers key performance advantages for green wavelengths, enabling higher power and efficiency green performance. These partnerships support the development of solutions for high-growth, future markets where BluGlass' RPCVD technology provides unique benefits.

# DIRECTORS' REPORT

## DFB Development Program

During the year, BluGlass collaborated with the University of Santa Barbara California (UCSB) to develop visible gallium nitride Distributed Feedback (DFB) Lasers using its proprietary RPCVD technology. DFB lasers are a highly promising laser technology commonly utilised in non-visible wavelengths to enable single frequency devices that provide narrow spectral width and high-spectral purity. Visible DFB lasers are not commercially available at present, however, there is growing demand for this technology to facilitate advanced quantum applications. In FY23, BluGlass demonstrated substantial performance improvements to its DFB laser developments, increasing side-mode suppression ratio by more than 50% to deliver advanced single performance frequency at 450nm and longer-wavelength blue devices up to 478nm.

## Enhanced team

Mr Jim Haden was appointed as Chief Executive Officer (CEO) in March 2023, following a successful year leading the business as President. Under his leadership, BluGlass has transformed from an R&D company with out-sourced wafer fabrication to a commercial provider of GaN lasers with a captive wafer fabrication facility.

BluGlass added significant laser diode technical expertise to its team in FY23, hiring several seasoned industry professionals to scale its wafer fabrication, testing, and packaging capabilities, and expedite product delivery to customers. This expert team has enabled the successful in-sourcing of four contract manufacturers to BluGlass' Silicon Valley fab and is critical to ongoing laser performance improvements and product releases.

## Fast-growing GaN Laser Market

The GaN laser market continues to grow faster than the broader category, driven by its inherent advantages over infrared lasers with higher energy absorption in key industrial metals, tighter beam focus, and improved efficiency. Another key growth driver is the increasing adoption of high-tech devices and applications – almost all of which utilise lasers in their manufacturing processes. By 2025, the high-value, high-margin GaN laser segment is expected to grow to represent US\$2.5 billion of the total \$25 billion laser market.

BluGlass' laser portfolio is designed to cater to in-demand and underserved wavelengths for use in industrial, scientific and biotech applications. Its first lasers have been developed using industry standard MOCVD manufacturing processes. However, longer-term novel laser architectures will enable brighter, higher efficiency, and higher power laser light. These novel architectures include multichip modules, and RPCVD enhanced lasers. The Company's strategy remains focused on providing the industry's easiest-to-use laser light with custom manufacturing and flexible form factors that reduce customer integration costs.

## Capital

In March 2023, BluGlass raised \$10.7 million via a well-supported Placement and Entitlement Offer. Funds raised were used for additional fab equipment to scale and speed product delivery and expand the Company's product offering to increase market competitiveness. A further \$1.9 million was received from the exercise of listed options during the year.

As the skills of its US team are not available in Australia, BluGlass' US development expenses have been approved by the ATO for an R&D tax rebate. The Company expects to receive an R&D tax rebate of approximately \$7.3 million in September 2023.

## Intellectual Property

While BluGlass continues to protect its intellectual property, the Company has opted to streamline patent filings of select mature patents. Rationalised patents are either no-longer core to BluGlass' current device and RPCVD hardware or are filed in non-key semiconductor manufacturing jurisdictions. The Company continues to protect core patents including its tunnel junction, LED, and laser device, and RPCVD hardware patents, in important semiconductor manufacturing jurisdictions. This approach will improve the Company's intellectual property management costs going forward and is part of its long-term device strategy.

BluGlass' current intellectual property portfolio encompasses:

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

## The Year Ahead:

BluGlass enters FY24 focused on delivering against its product and commercialisation roadmaps, improving yield and performance, qualifying products in customer applications, onboarding additional customers, and securing larger purchase orders of its GaN lasers. At the same time, the business will complete integration of its external wafer fab contract manufacturers into its Silicon Valley fab and establish regional distribution agreements in key laser jurisdictions including Europe and the US.

Ongoing manufacturing refinements will continue to enhance laser performance and yield over the coming year, enabling BluGlass to bring better-quality lasers to market much faster. In FY24, BluGlass will introduce higher-power and more efficient lasers across core wavelengths (405nm – 450nm), extend its product offering in ultra-violet and green wavelengths, and begin launching next-generation products leveraging the Company's unique RPCVD technology.

In FY24, BluGlass will continue to address its customers' key challenges head-on, building its position as the partner-of-choice for GaN lasers. Specialising in visible lasers with packaging and manufacturing flexibility, BluGlass' market position is unique. The GaN laser market is highly constrained with customer engagement continuing to reaffirm the need for an agile manufacturing partner and dedicated provider in this market to address demand and deliver brighter, better performing, and longer wavelength devices. Visible laser diodes are increasingly important to enable future technologies, and BluGlass is well-placed to capitalise on this demand.

# DIRECTORS' REPORT

## FINANCIAL SUMMARY

The consolidated loss for the period increased by 26% to \$11,751,243 (2022: \$9,355,554).

The net assets of the consolidated entity increased by 5% to \$13,887,160 (2022: \$13,220,332).

Revenue, finance income and other income increased by 123% to \$9,519,895. Material variations in revenue received are as follows:

- Revenue for the provision of foundry services to third parties of \$1,099,008 (up 82%) was received for the year compared to \$604,749 in the 2022 financial year.
- Revenue recorded from the Research and Development Grant of \$8,285,573 (up 148%) compared to \$3,347,051 in the 2022 financial year.

Gross expenditure increased by \$7,649,047 (up 56%) to \$21,271,138. The most significant reason for the increase in total gross expenditure was a full year of running the fabrication facility in the US and research costs associated with the fabrication supply chain. The material variations in expenses are as follows:

- Power & Office Utility costs increased by \$933,396 to \$1,265,528 (2022: \$332,132) due to a full year of the additional facility in the US as well as the increase in the supply rate of electricity during the financial year.
- Depreciation expense increased by \$1,583,904 up 68% to \$3,919,351 (2022: \$2,335,447) during the year mainly due to a full year of depreciation of the facility in the in the US.
- Employee benefits costs increased by \$2,291,062 (up 57%) to \$6,322,659 (2022: \$4,031,597) due to the increased headcount at BluGlass' facility in the US.

## 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 2023 or 2022.

## MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

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

## 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

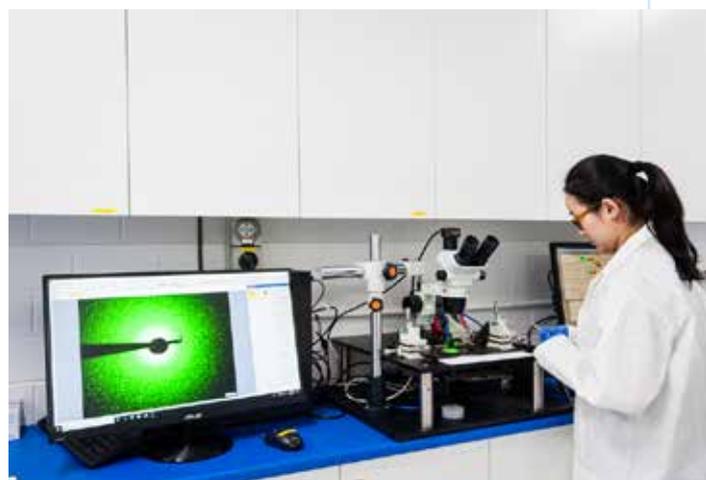
The BluGlass RPCVD technology uses some materials classified under the Dangerous Goods Act. All materials and consumables are handled in compliance with relevant regulatory environmental, health and safety codes.

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.



BluGlass Open Day



# INFORMATION ON DIRECTORS

**MR. JAMES WALKER**  
Non-executive Chair  
*BComm, FCA, GAICD*



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

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

**Former Directorships (in the last 3 years):**  
Kaddy Ltd (ASX: KDY) Sep 2019 – May 2023  
thedocyard Limited (ASX: TDY) August 2019 – August 2020

**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.

**Time on Board:**  
James Walker has been the Chair of BluGlass for three years and director of the Company for five years

**MR. STEPHE WILKS**  
Non-executive Director  
*BSc, LLM*



**Special Responsibilities:**  
Audit and Risk Committee member

**Current Directorships:**  
Vonex Limited (ASX:VN8)

**Former Directorships (in the last 3 years):**  
1st Group Ltd (ASX:1ST) May 2021 -November 2022  
Over the Wire (ASX:OTW) July 2021 -May 2022  
Speedcast International Limited (ASX: SDA) August 2019 -March 2021

**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's extensive finance, strategic management, M&A and public affairs expertise add significant value to the BluGlass board.

**Time on Board:**  
Stephe Wilks has been a director of BluGlass for five years



# INFORMATION ON DIRECTORS

**MR. VIVEK RAO**  
Non-executive Director  
*MsEE, BScElec*



**Special Responsibilities:**

Audit and Risk Committee member

**Former Directorships** (in the last 3 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.

He has also served as a NED and Chair of fellow ASX listed semiconductor company, Revasum (ASX:RVS) from 2018 to 2021.

**Time on Board:**

Vivek has been a director of BluGlass for six 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.

Before founding NUBURU, 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 for several years and a Director of the Optical Society of America.

**Time on Board:**

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



# INFORMATION ON OFFICERS

**MR. JIM HADEN**  
CEO  
*MsEE, BEE*



**Experience and Expertise:**

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).

**Time with BluGlass:**

As President and now as CEO, Jim oversees all aspects of the business and has been leading the company for two years.

**MS. ELIZABETH SPOONER**  
COMPANY SECRETARY  
*JD, GDLP, GDACG, BBA, BA*



**Experience and Expertise:**

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 Director.

**Time with BluGlass:**

Elizabeth Spooner was appointed as Company Secretary as a contracted position on April 11, 2023.



# REMUNERATION REPORT

## 2022-2023 (AUDITED)

### INTRODUCTION

The Directors of BluGlass Limited present the Remuneration Report for the Company and its controlled entities for the year ended 30 June 2023. This Remuneration Report forms part of the Directors Report and is subject to audit by the external auditor in accordance with the Corporations Act 2001.

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

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

NON-EXECUTIVE DIRECTORS		EXECUTIVES	
James Walker	Chair	Jim Haden	Chief Executive Officer
Vivek Rao	Director	Ian Mann	Chief Operations & Technology Officer
Stephe Wilks	Director	Brad Siskavich	Vice President
Jean-Michel Pelaprat	Director	Robert Ambrogio	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.

# REMUNERATION REPORT

2022-2023 (AUDITED)

## NON-EXECUTIVE DIRECTORS' REMUNERATION CONTINUED

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 10.5% superannuation levy contribution.

	Year	Short Term		Post Employment	Long Term Incentives	Total Remuneration	
		Board and Committee fees cash	Bonus	Super-annuation	*Share Based Payments (performance rights)	Total	% of remuneration that is non-cash
		\$	\$	\$	\$	\$	%
<b>Non-executive Directors</b>							
James Walker**	2023	154,629	50,000	21,486	(29,791)	196,324	(15.2)
	2022	180,638	50,000	18,064	65,607	314,309	20.9
Vivek Rao	2023	75,000	-	7,875	(29,791)	53,084	(56.1)
	2022	65,000	-	6,175	65,607	136,782	48.0
Stephe Wilks	2023	72,500	-	7,613	(29,791)	50,322	(59.2)
	2022	62,500	-	6,250	65,607	134,357	48.8
Jean-Michel Pelaprat	2023	70,000	-	-	(3,969)	66,031	(6.0)
	2022	60,000	-	-	10,483	70,483	14.9
<b>Total</b>	<b>2023</b>	<b>372,129</b>	<b>50,000</b>	<b>36,974</b>	<b>(93,342)</b>	<b>365,761</b>	
<b>Total</b>	<b>2022</b>	<b>368,138</b>	<b>50,000</b>	<b>30,489</b>	<b>207,304</b>	<b>655,931</b>	

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

\*\* James Walker was included in Executives table in 30 June 2022 Annual Report

## 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 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 2023. This 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 2,000,000 performance rights for each Messers Ian Mann and Brad Siskavich. The LTI performance rights which are earned will vest over 3 years. The overall amount of STI and LTI is weighted on 75% on achievement of company goals and 25% on achievement personal contribution goals.

The non-market vesting conditions for these rights are:

- 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.

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,

# REMUNERATION REPORT

## 2022-2023 (AUDITED)

### EXECUTIVE REMUNERATION CONTINUED

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 10.5% (11% from 1 July 2023), 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

	Year	Short Term		Post Employment	Long Term Incentives	Total Remuneration	
		Cash Salary	KPI Related Incentive	Super-annuation	Share Based Payments (performance rights)	Total	% of remuneration (share based)
		\$	\$	\$	\$	\$	%
<b>Executive</b>							
Jim Haden	2023	409,911	-	47,754	652,925	1,110,590	58.8
	2022	284,900	-	35,687	145,439	466,026	31.2
Ian Mann	2023	292,978	-	30,763	(207,427)	116,314	(178.3)
	2022	283,409	-	28,341	312,625	624,375	50.1
Brad Siskavich	2023	305,570	-	23,376	(186,241)	142,705	(130.5)
	2022	228,378	-	25,198	160,054	413,630	38.7
Robert Ambrogio	2023	109,642	-	11,512	-	121,154	-
	2022	-	-	-	-	-	-
<b>Total</b>	2023	1,118,101	-	113,405	259,257	1,490,763	
<b>Total</b>	2022	796,687	-	89,226	618,118	1,504,031	

The value of share-based payments in the above table reflects the share-based payment expense recognised in the statement of 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 Company Secretary, Elizabeth Spooner is contracted to BluGlass from Automic Company Secretarial Pty Ltd. Ms Spooner was appointed Company Secretary on 11 April 2023. The contract includes provisions that the contract may be terminated by either party with one months' notice. Payments for services to Automic were \$9,976 in 2023 (2022: \$Nil). As a contracted position the Company Secretary does not form part of the BluGlass executive team.

The previous Company Secretary, Emmanuel Correia was contracted to BluGlass from Cardrona Energy Pty Ltd up until his resignation on 11 April 2023. Payments for services to Cardrona were \$68,813 in 2023 (2022: \$79,200). As a contracted position the Company Secretary did 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 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.

# REMUNERATION REPORT

2022-2023 (AUDITED)

## 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.

The IP portfolio at the end of 30 June 2023 now includes 56 granted patents in various countries, covering eight separate patent families. In addition, there are 10 patent applications in various stages filed in numerous countries.

## PERFORMANCE BASED REMUNERATION CONTINUED

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

BluGlass' potential value exists in it being able to commercialise its GaN laser diode portfolio and leverage its extensive IP portfolio into the growing markets for industrial, defence, biotech, quantum and scientific markets.

## MOVEMENT IN SHAREHOLDINGS OF KMP AS AT 30 JUNE 2023

	Total	Direct	BLG ESS	*Movement			Total	Direct	*BLG ESS
	Opening Balance			On	Off	Other	Closing Balance		
<b>Non-executive Directors</b>									
James Walker	2,608,258	2,608,258	-	423,844	-	-	3,032,102	3,032,102	-
Vivek Rao	1,340,938	1,340,938	-	-	-	-	1,340,938	1,340,938	-
Stephe Wilks	1,116,443	1,026,443	90,000	166,798	-	-	1,283,241	1,193,241	90,000
Jean Michel Pelaprat	312,500	312,500	-	-	-	-	312,500	312,500	-
<b>Executives</b>									
Jim Haden	833,333	833,333	-	104,167	10,000,000	-	10,937,500	10,937,500	-
Ian Mann	4,768,485	3,718,485	1,050,000	604,255	-	-	5,372,740	4,322,740	1,050,000
Brad Siskavich	1,699,695	1,699,695	-	-	-	-	1,699,695	1,699,695	-
Robert Ambrogio	-	-	-	-	-	-	-	-	-

\* On/off movement represents share acquisition movement on market and off-market. Off market transaction typically represent the receipt of shares from vested options/rights.

# REMUNERATION REPORT

2022-2023 (AUDITED)

## OPTIONS AND PERFORMANCE RIGHTS HELD BY KMP AS AT 30 JUNE 2023

	Movement									Unvested
	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	
									%	%
<b>Non-executive Directors</b>										
James Walker	1,000,000	100,000	100,000	200,000	-	-	-	1,000,000	20	80
Vivek Rao	1,000,000	100,000	100,000	200,000	-	-	-	1,000,000	20	80
Stephe Wilks	1,000,000	100,000	100,000	200,000	-	-	-	1,000,000	20	80
Jean-Michel Pelaprat	900,000	-	100,000	100,000	-	-	-	900,000	11	89
<b>Executives</b>										
Jim Haden	15,000,000	-	10,000,000	10,000,000	(10,000,000)	15,000,000	(15,000,000)	5,000,000	-	100
Ian Mann	2,693,000	-	-	-	-	2,000,000	-	4,693,000	-	100
Brad Siskavich	3,157,000	-	-	-	-	2,000,000	(1,000,000)	4,157,000	-	100
Robert Ambrogio	-	-	-	-	-	-	-	-	-	-

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

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

### SHARES ISSUED ON EXERCISE OF COMPENSATION OPTIONS

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

### APPROVAL OF 2022 REMUNERATION REPORT

A resolution seeking approval of the 2022 Remuneration Report was tabled at the October 2022 Annual General Meeting. The resolution was passed at that meeting with the vote in favour recorded of 90%.

### 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

## 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 \$81,700 (2022: \$42,500) 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
- The Group has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify any current or former officer or auditor of the Group against a liability incurred as such by an officer or auditor

## OPTIONS

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

Grant Date	Date of Expiry	Exercise Price	Number Under Option
9/12/2020	31/12/2024	-	7,850,000
22/11/2021	31/12/2023	-	900,000
15/07/2022	01/03/2026	-	14,300,000
12/08/2022	01/03/2026	-	1,500,000
25/02/2023	01/03/2026	-	5,000,000
28/02/2023	24/03/2026	\$0.12	4,000,000
			<b>33,550,000</b>

## CORPORATE GOVERNANCE POLICY AND STATEMENT

The Groups Corporate Governance statement can be viewed on the Company's website at [www.bluglass.com](http://www.bluglass.com)

## PROCEEDINGS ON BEHALF OF COMPANY

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

## NON-AUDIT SERVICES

The Board has considered the non-audit services provided during the year by the auditor and, in accordance with written advice provided by resolution of the Audit and Risk Committee, is satisfied that the provision of those non-audit services during the year is compatible with, and did not compromise, the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- All non-audit services were subject to the corporate governance procedures adopted by the Group and have been reviewed by the Audit and Risk Committee to ensure they do not impact the impartiality and objectivity of the auditor
- The non-audit services do not undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Group, acting as an advocate for the Group or jointly sharing risks and rewards

Details of the amounts paid to the auditors of the Group, Grant Thornton, and its related practices for audit and non-audit services provided during the year are set out in Note 5 to the financial statements.

## AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration as required by s307C of the Corporation Act 2001 for the year ended 30 June 2023 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

Executive Chair  
30 August 2023

# AUDITORS INDEPENDENCE DECLARATION



**Grant Thornton Audit Pty Ltd**  
Level 17  
383 Kent Street  
Sydney NSW 2000  
Locked Bag Q800  
Queen Victoria Building NSW  
1230  
T +61 2 8297 2400

## Auditor's Independence Declaration

### To the Directors of BluGlass Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the audit of BluGlass Limited for the year ended 30 June 2023, I declare that, to the best of my knowledge and belief, there have been:

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

Grant Thornton Audit Pty Ltd  
Chartered Accountants

M Aziz  
Partner – Audit & Assurance

Sydney, 30 August 2023

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FINANCIAL STATEMENTS

# PROFIT OR LOSS AND COMPREHENSIVE INCOME

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2023

	Note	Consolidated Entity	
		2023	2022
		\$	\$
Revenue	2	1,146,235	604,749
Other income	2	8,368,678	3,661,282
Finance income	2	4,982	506
Employee benefits expense	16	(6,322,659)	(4,031,597)
Professional fees		(263,922)	(126,954)
Board and secretarial fees		(551,136)	(496,743)
Corporate compliance & legal expense		(174,082)	(126,324)
Consultant fees		(336,897)	(216,974)
Finance cost		(242,316)	(136,241)
Office Utilities		(1,265,528)	(332,132)
Rent expense		(130,699)	(97,916)
Travel and accommodation expense		(293,933)	(132,698)
Consumables		(2,497,269)	(3,635,182)
Depreciation and amortisation expense		(3,919,351)	(2,335,447)
Share based payment expense	23	(248,363)	(825,392)
Other expenses		(1,814,421)	(1,053,974)
<b>Loss before income tax</b>	<b>3</b>	<b>(11,751,243)</b>	<b>(9,355,554)</b>
Income tax expense	4	-	-
<b>Loss for the year</b>		<b>(11,751,243)</b>	<b>(9,355,554)</b>
<b>Other comprehensive income, net of tax</b>			
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations		172,815	345,265
<b>Total comprehensive income</b>		<b>(11,578,428)</b>	<b>(9,010,289)</b>
<b>Loss attributable to:</b>			
Members of the parent entity		(11,751,243)	(9,355,554)
Non-controlling interest		-	-
		<b>(11,751,243)</b>	<b>(9,355,554)</b>
<b>Total comprehensive income attributable to:</b>			
Members of the parent entity		(11,578,428)	(9,010,289)
Non-controlling interest		-	-
		<b>(11,578,428)</b>	<b>(9,010,289)</b>
<b>Earnings Per Share</b>			
Basic loss per share (cents per share)	6	(0.86)	(0.89)
Diluted loss per share (cents per share)	6	(0.86)	(0.89)

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

# FINANCIAL POSITION

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2023

	Note	Consolidated Entity	
		2023	2022
		\$	\$
<b>Current Assets</b>			
Cash and cash equivalents	7	4,258,334	5,351,589
Trade and other receivables	8	7,600,240	3,394,110
Inventories	9	589,934	83,246
Other current assets	10	78,358	38,848
<b>TOTAL CURRENT ASSETS</b>		<b>12,526,866</b>	<b>8,867,793</b>
<b>Non-Current Assets</b>			
Security deposit		514,839	319,093
Property, plant and equipment	11	8,653,309	11,270,348
Intangible assets	12	-	-
<b>TOTAL NON-CURRENT ASSETS</b>		<b>9,168,148</b>	<b>11,589,441</b>
<b>TOTAL ASSETS</b>		<b>21,695,014</b>	<b>20,457,234</b>
<b>Current Liabilities</b>			
Trade and other payables	14	1,184,789	489,044
Lease liabilities	20	788,654	738,454
Short-term provisions	15	571,333	694,153
<b>TOTAL CURRENT LIABILITIES</b>		<b>2,544,776</b>	<b>1,921,651</b>
<b>Non-Current Liabilities</b>			
Long-term provisions	15	1,563,657	1,426,863
Lease liabilities	20	3,699,421	3,888,388
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>5,263,078</b>	<b>5,315,251</b>
<b>TOTAL LIABILITIES</b>		<b>7,807,854</b>	<b>7,236,902</b>
<b>NET ASSETS</b>		<b>13,887,160</b>	<b>13,220,332</b>
<b>Equity</b>			
Issued capital	17	101,886,520	89,262,827
Reserves	18	(82,141)	123,481
Accumulated losses	19	(87,917,219)	(76,165,976)
<b>TOTAL EQUITY</b>		<b>13,887,160</b>	<b>13,220,332</b>

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 2023

	Note	Issued Capital	Share-Based Payments Reserve	Other Reserves	Accumulated Losses	Total
<b>Consolidated Entity</b>						
		\$	\$	\$	\$	\$
Balance at 1 July 2021		75,227,463	925,890	(972,802)	(67,671,222)	7,509,329
Profit for the year		-	-	-	(9,355,554)	(9,355,554)
Other comprehensive income		-	-	345,265	-	345,265
<b>Total comprehensive income for the year</b>		-	-	<b>345,265</b>	<b>(9,355,554)</b>	<b>(9,010,289)</b>
<b>Transactions with owners in their capacity as owners</b>						
Shares issued during the year	17	14,523,413	-	-	-	14,523,413
Share transaction costs during the year	17	(627,513)	-	-	-	(627,513)
Shares issued in lieu of cash		62,549	(62,549)	-	-	-
Share based payments	22	-	825,392	-	-	825,392
Rights exercised	22	76,915	(76,915)	-	-	-
Rights lapsed	22	-	(860,800)	-	860,800	-
Forfeited options	22	-	-	-	-	-
<b>Balance at 30 June 2022</b>		<b>89,262,827</b>	<b>751,018</b>	<b>(627,537)</b>	<b>(76,165,976)</b>	<b>13,220,332</b>
<b>Balance at 1 July 2022</b>		<b>89,262,827</b>	<b>751,018</b>	<b>(627,537)</b>	<b>(76,165,976)</b>	<b>13,220,332</b>
Profit for the year		-	-	-	(11,751,243)	(11,751,243)
Other comprehensive income		-	-	172,815	-	172,815
<b>Total comprehensive income for the year</b>		-	-	<b>172,815</b>	<b>(11,751,243)</b>	<b>(11,578,428)</b>
<b>Transactions with owners in their capacity as owners</b>						
Shares issued during the year	17	12,626,790	-	-	-	12,626,790
Share transaction costs during the year	17	(733,097)	103,200	-	-	(629,897)
Share based payments	22	-	248,363	-	-	248,363
Rights exercised	22	730,000	(730,000)	-	-	-
<b>Balance at 30 June 2023</b>		<b>101,886,520</b>	<b>372,581</b>	<b>(454,722)</b>	<b>(87,917,219)</b>	<b>13,887,160</b>

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

# CASHFLOWS

## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2023

	Note	Consolidated Entity	
		2023	2022
		\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers		1,140,277	604,749
Research and development tax rebate		4,049,632	3,319,861
Interest received		4,982	506
Interest paid on lease liabilities	20	(214,811)	(104,208)
Government grants		49,423	314,231
Payments to suppliers and employees		(16,881,625)	(10,358,632)
<b>Net cash used in operating activities</b>	<b>22</b>	<b>(11,852,122)</b>	<b>(6,223,493)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for security deposits		(82,589)	-
Purchase of property, plant and equipment	11	(599,234)	(4,277,056)
<b>Net cash used in investing activities</b>		<b>(681,823)</b>	<b>(4,277,056)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of shares, net of transaction costs	17	11,993,967	13,895,865
Lease liability	20	(525,219)	(273,854)
Interest paid		(28,058)	(32,033)
Borrowing repayments		-	(1,954,140)
<b>Net cash provided by financing activities</b>		<b>11,440,690</b>	<b>11,635,838</b>
Net increase/(decrease) in cash held		(1,093,255)	1,135,289
Cash at beginning of financial year		5,351,589	4,176,300
<b>Cash at end of financial year</b>	<b>7</b>	<b>4,258,334</b>	<b>5,351,589</b>

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

# NOTES TO THE FINANCIAL STATEMENTS

## NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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 30 August 2023 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

The Group generated a loss of \$11,751,243 and negative cashflows of \$11,852,122 for the financial year. Notwithstanding the loss and cashflows, 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 \$4,258,334 as at 30 June 2023 (2022: \$5,351,589). As at that date, the Group had current assets of \$12,526,866 (2022: \$8,867,793) and net assets of \$13,887,160 (2022: \$13,220,332). The Group has performed a detailed cash flow forecast, and determined that it will have adequate cash resources with the anticipated research and development tax rebate and future capital raise;
- If required, the Group has the ability to continue to raise additional funds on a timely basis pursuant to the Corporations Act 2001. The Group has raised in excess of \$12.6 million in the 2023 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 2024 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.

## ACCOUNTING POLICIES

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.

### a. Principles of Consolidation

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by BluGlass Limited at the end of the reporting period. BluGlass controls an entity when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Where controlled entities have entered or left the Group during the year, the financial performance of those entities are included only for the period of the year they were controlled. A list of controlled entities is contained in Note 13 to the financial statements. All controlled entities have a June financial year-end.

In preparing the consolidated financial statements all inter-group balances and transactions between entities in the consolidated group have been eliminated on consolidation. Accounting policies of subsidiaries are consistent with those adopted by the parent entity.

Non-controlling interests, presented as part of equity, represents the portion of a subsidiary's profit or loss and net assets that is not held by the Group. The Group attributes total comprehensive income or loss of subsidiaries and the non-controlling interests' bond on their respective ownership interests.

# NOTES TO THE FINANCIAL STATEMENTS

## NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

### b. Income Tax

The income tax expense (revenue) for the year comprises current income tax expense (revenue) and deferred tax expense (revenue).

Current income tax expense charged to the profit and loss is the tax payable on taxable income calculated using applicable tax rates enacted, or substantially enacted, as at reporting period. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the consolidated entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

### 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.

### c. Inventories

Inventories are measured at the lower of cost and net realisable value.

### d. Plant and Equipment

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

Plant and equipment are measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

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 consolidated 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	(3-5 years)

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each Statement of Financial Position date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the profit or loss statement.

# NOTES TO THE FINANCIAL STATEMENTS

## NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

### e. Financial Instruments

#### Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss, which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below. Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

#### Classification and subsequent measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable). For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

- amortised cost
- fair value through profit or loss (FVPL)
- equity instruments at fair value through other comprehensive income (FVOCI)
- debt instruments at fair value through other comprehensive income (FVOCI)

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses. Classifications are determined by both

- The entities business model for managing the financial asset
- The contractual cash flow characteristics of the financial assets. All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables, which is presented within other expenses

#### Subsequent measurement financial assets

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments under AASB 9.

#### Impairment of Financial assets

AASB 9's impairment requirements use more forward-looking information to recognize expected credit losses – the 'expected credit losses (ECL) model'. Instruments within the scope of AASB 9 included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under AASB 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

The Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument. In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').
- 'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date. '12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category. Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

#### Classification and measurement of financial liabilities

The Group's financial liabilities include borrowings and trade and other payables. Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss. Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for financial liabilities designated at FVPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss. All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

# NOTES TO THE FINANCIAL STATEMENTS

## NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

### f. Impairment of assets

At the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information including dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

### g. 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.

Expenditure on development activities, being the application of research findings or other knowledge to a plan or design for the production of new or substantially improved products or services before the start of commercial production or use, is capitalised if it is probable that the product or service is technically and commercially feasible, will generate probable economic benefits, adequate resources are available to complete development and cost can be measured reliably. Other development expenditure is recognised in the consolidated statement of profit or loss and other comprehensive income as an expense as incurred.

#### 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.

### h. 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.

### i. Employee Benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Those cash flows are discounted using market yields on high quality corporate bonds with terms to maturity that match the expected timing of cash flows.

# NOTES TO THE FINANCIAL STATEMENTS

## NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

### i. Employee Benefits (continued)

#### 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. A Binomial pricing model incorporates all market vesting conditions. 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.

### j. Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

### k. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

### l. 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 either on delivery of wafers to the customer or over time, when (or as) the Group satisfies performance obligations by transferring the promised goods or services to its customers and upon acceptance of the customer. 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.

### m. Leases

#### The Group as a lessee

The Group considers whether a contract is or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'.

The Group assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract
- the Group has the right to direct the use of the identified asset throughout the period of use. The Group assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use

#### Measurement and recognition of leases as a lessee

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist.

# NOTES TO THE FINANCIAL STATEMENTS

## NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

### m. Leases continued

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

On the statement of financial position, right-of-use assets have been included in property, plant and equipment.

### n. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

### o. 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.

### p. Borrowing Costs

Borrowing costs are expensed in the period in which they are incurred and reported in finance costs.

### q. Comparative Figures

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

### r. 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. See Note 12: Intangible assets for further disclosure of impairment.

#### *Key estimates — Share Options and Performance Rights*

The Company issued 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 the same as they are currently valued. The key inputs to the pricing model are disclosed on Note 22. 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

# NOTES TO THE FINANCIAL STATEMENTS

## NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

### r. Critical accounting estimates and judgments continued

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.

#### *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

#### *Key estimates- Leases*

The Group enters into leases with third-party landlords and as a consequence the rate implicit in the relevant lease is not readily determinable. Therefore, the Group uses its incremental borrowing rate as the discount rate for determining its lease liabilities at the lease commencement date. The incremental borrowing rate is the rate of interest that the Group would have to pay to borrow over similar terms which requires estimations when no observable rates are available. The Group consults with its main bankers to determine what interest rate they would expect to charge the Group to borrow money to purchase a similar asset to that which is being leased. These rates are, where necessary, then adjusted to reflect the credit worthiness of the entity entering into the lease and the specific condition of the underlying leased asset. The estimated incremental borrowing rate is higher than the parent company for leases entered into by its subsidiary undertakings.

### s. 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 2022. None of these have a material impact on the Group's financial statements

### t. 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

	Consolidated Entity	
	2023	2022
	\$	\$
<b>Revenue</b>		
Laser diode revenue	47,227	-
Other revenue - foundry revenue recognised at point in time	1,099,008	604,749
<b>Total Revenue</b>	<b>1,146,235</b>	<b>604,749</b>
<b>Other Income</b>		
Research and development tax rebate	8,285,573	3,347,051
Gain on disposal of fixed assets	83,105	-
Government grant – Job-saver*	-	314,231
<b>Total other income</b>	<b>8,368,678</b>	<b>3,661,282</b>
<b>Finance Income</b>		
Interest received from bank	4,982	506
<b>Total finance income</b>	<b>4,982</b>	<b>506</b>

\* 2022 government grants include Job-keeper and Manufacturing grant

# NOTES TO THE FINANCIAL STATEMENTS

## NOTE 3: LOSS FOR THE YEAR

	Consolidated Entity	
	2023	2022
	\$	\$
<b>Expenses</b>		
Finance cost on right of use asset leases	214,811	104,208
Share based payments	248,363	825,392

## NOTE 4: INCOME TAX EXPENSE

	Consolidated Entity	
	2023	2022
	\$	\$
(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	(11,751,243)	(9,355,554)
Prima facie tax payable on loss before income tax at 25% (2022: 25%) consolidated entity	(2,937,811)	(2,338,888)
Add:		
Tax effect of:		
share based payments during year	62,091	203,281
other non-allowable items	49,134	88,135
	<b>111,225</b>	<b>291,416</b>
Add:		
Income tax benefit not brought to account	(2,826,586)	(2,047,472)
Accumulated tax losses not brought to account:		
Australia	37,349,635	24,762,807
Potential tax benefit at 25%	9,337,409	6,190,702
United States	-	614,840
Potential tax benefit at 21%	-	129,116

## NOTE 5: AUDITOR'S REMUNERATION

	Consolidated Entity	
	2023	2022
	\$	\$
Remuneration of the auditor for:		
auditing or reviewing the financial reporting	90,200	70,033
	<b>90,200</b>	<b>70,033</b>

# NOTES TO THE FINANCIAL STATEMENTS

## NOTE 6: LOSS PER SHARE

	Consolidated Entity	
	2023	2022
	\$	\$
(a) Loss attributable to members of the parent entity	11,751,243	9,355,554
(b) Basic and diluted loss per share (cents per share)	0.86	0.89
	No.	No.
(c) Weighted average number of ordinary shares outstanding during the year used in calculating basic and diluted EPS.	1,366,640,000	1,056,845,895

## NOTE 7: CASH AND CASH EQUIVALENTS

	Consolidated Entity	
	2023	2022
	\$	\$
Cash at bank and in hand	415,097	624,446
Short-term bank deposits	3,842,892	4,726,798
Petty cash	345	345
	4,258,334	5,351,589

The effective interest rate on short-term bank deposits was 0.5% (2022 0.5%).

## NOTE 8: TRADE AND OTHER RECEIVABLES

	Consolidated Entity	
	2023	2022
	\$	\$
Research and development tax rebate	7,319,005	3,262,236
Trade receivables	154,471	37,681
Other receivables	126,764	94,193
	7,600,240	3,394,110

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 (2022: \$nil).

## NOTE 9: INVENTORIES

	Consolidated Entity	
	2023	2022
	\$	\$
CURRENT		
Consumables at cost	589,934	83,246
	589,934	83,246

## NOTE 10: OTHER CURRENT ASSETS

	Consolidated Entity	
	2023	2022
	\$	\$
CURRENT		
Prepayments	78,358	38,848
	78,358	38,848

# NOTES TO THE FINANCIAL STATEMENTS

## NOTE 11: PROPERTY PLANT AND EQUIPMENT

	Consolidated Entity	
	2023	2022
	\$	\$
<b>Property plant and equipment</b>		
Plant and equipment		
At cost	14,382,186	13,172,713
Accumulated depreciation	(10,791,681)	(8,533,788)
<b>Total plant and equipment</b>	<b>3,590,505</b>	<b>4,638,925</b>
Leased plant and equipment		
At cost	1,006,170	1,006,170
Accumulated depreciation	(1,006,170)	(1,006,170)
	-	-
Leasehold improvements		
At cost	6,504,134	7,012,450
Accumulated depreciation	(6,405,694)	(5,691,809)
<b>Total leasehold improvements</b>	<b>98,440</b>	<b>1,320,641</b>
Lease make good provision		
At cost	1,536,659	1,380,038
Accumulated depreciation	(804,209)	(605,473)
<b>Total lease make good provision</b>	<b>732,450</b>	<b>774,565</b>
Computer equipment		
At cost	501,003	436,560
Accumulated depreciation	(413,545)	(385,687)
<b>Total computer equipment</b>	<b>87,458</b>	<b>50,873</b>
Furniture and fittings		
At cost	225,853	214,265
Accumulated depreciation	(169,611)	(151,242)
<b>Total furniture and fittings</b>	<b>56,242</b>	<b>63,023</b>
Right of use asset		
At cost	5,616,026	5,222,194
Accumulated depreciation	(1,527,812)	(799,874)
<b>Total right of use asset</b>	<b>4,088,214</b>	<b>4,422,320</b>
<b>Total property, plant and equipment</b>	<b>8,653,309</b>	<b>11,270,348</b>

### (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

# NOTES TO THE FINANCIAL STATEMENTS

## NOTE 11: PROPERTY PLANT AND EQUIPMENT CONTINUED

	Right of use Asset	Plant and Equipment	Lease Make Good	*Leasehold Improvements	Computer Equipment	Furniture & Fittings	Total
	\$	\$	\$	\$	\$	\$	\$
Consolidated Entity:							
Balance at 30 June 2022	4,422,320	4,638,926	774,565	1,320,641	50,873	63,023	11,270,348
Additions	254,384	122,098	149,887	413,300	55,032	8,804	1,003,505
Transfer in/(out)	-	918,510	-	(926,223)	7,713	-	-
Depreciation expense	(716,166)	(2,247,758)	(196,828)	(712,848)	(27,623)	(18,128)	(3,919,351)
Exchange rate movement	127,676	158,729	4,826	3,570	1,463	2,543	298,807
<b>Balance at 30 June 2023</b>	<b>4,088,214</b>	<b>3,590,505</b>	<b>732,450</b>	<b>98,440</b>	<b>87,458</b>	<b>56,242</b>	<b>8,653,309</b>

\*The value of assets under construction of \$Nil (2022: \$512,595) is included within Leasehold improvement that is not yet depreciated.

## NOTE 12: INTANGIBLE ASSETS

	Consolidated Entity	
	2023	2022
	\$	\$
In process research and development:		
Cost	12,130,080	12,130,080
Accumulated impairment	(12,130,080)	(12,130,080)
<b>Net carrying value</b>	<b>-</b>	<b>-</b>

## NOTE 13: CONTROLLED ENTITIES

	Country of Incorporation	Percentage Owned (%)*	
		2023	2022
<b>Parent Entity:</b>			
BluGlass Limited	Australia	-	-
<b>Subsidiaries of BluGlass Limited:</b>			
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	
	2023	2022
	\$	\$
<b>Current</b>		
Trade payables	471,248	219,112
Sundry payables and accrued expenses	713,541	269,932
	<b>1,184,789</b>	<b>489,044</b>

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

# NOTES TO THE FINANCIAL STATEMENTS

## NOTE 15: PROVISIONS

	Consolidated Entity	
	2023	2022
	\$	\$
<b>Current</b>		
Employee benefits	571,333	694,153
<b>Total Current provisions</b>	<b>571,333</b>	<b>694,153</b>
<b>Non-Current</b>		
Lease make good	1,536,659	1,380,038
Employee benefits	26,998	46,825
<b>Total Non-current provisions</b>	<b>1,563,657</b>	<b>1,426,863</b>
	<b>2,134,990</b>	<b>2,121,016</b>

	Lease Make Good	Employee Benefits	Total
	\$	\$	\$
<b>Consolidated Group</b>			
Opening balance at 1 July 2022	1,380,038	740,978	2,121,016
Additional provisions	149,887	141,105	290,992
Exchange rate movements	6,734	-	6,734
Amounts used	-	(283,752)	(283,752)
<b>Total Non-current provisions</b>	<b>1,536,659</b>	<b>598,331</b>	<b>2,134,990</b>

## NOTE 16: EMPLOYEE BENEFITS EXPENSE

	Consolidated Entity	
	2023	2022
	\$	\$
Wages and salaries	6,115,639	3,827,401
Superannuation	207,020	204,196
<b>Total employee benefit expense</b>	<b>6,322,659</b>	<b>4,031,597</b>
Share based payments	248,363	825,392

# NOTES TO THE FINANCIAL STATEMENTS

## NOTE 17: ISSUED CAPITAL

	Consolidated Entity	
	2023	2022
	\$	\$
1,528,045,654 (2022: 1,275,646,626) fully paid ordinary shares	101,886,520	89,262,827
<b>Total employee benefit expense</b>	<b>101,886,520</b>	<b>89,262,827</b>
	No.	\$
<b>(a) Ordinary Shares 2023</b>		
At the beginning of reporting period	1,275,646,626	89,262,827
Shares issued during the year		
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)
<b>At reporting date</b>	<b>1,528,045,654</b>	<b>101,886,520</b>
	No.	\$
<b>(a) Ordinary Shares 2022</b>		
At the beginning of reporting period	789,244,600	75,227,463
Shares issued during the year		
13 July 2021	197,333,326	5,910,201
16 July 2021	16,666,667	500,000
1 December 2021	1,960,532	139,465
31 March 2022	134,880,759	4,046,423
21 April 2022	123,560,740	3,706,822
12 May 2022	11,166,669	335,000
30 May 2022	833,333	25,000
Share Issue transaction costs	-	(627,547)
<b>At reporting date</b>	<b>1,275,646,626</b>	<b>89,262,827</b>

# NOTES TO THE FINANCIAL STATEMENTS

## NOTE 17: ISSUED CAPITAL CONTINUED

### 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 21 April 2022, BluGlass completed a non-renounceable entitlement rights issue, raising \$3,706,822 before costs. The rights issue enabled eligible shareholders to subscribe for new shares in the Company on a 1 for 30 basis at \$0.06 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.

### SHARES ISSUED IN 2022 FINANCIAL YEAR

- On 13 July 2021, BluGlass completed a non-renounceable entitlement rights issue, raising \$5,910,201 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 16 July 2021, BluGlass completed a private placement of shares valued at \$500,000 on the same terms as the rights issue. The issue price was \$0.03.
- On 1 December 2021, 1,690,532 were issued in lieu of cash payments for accrued and unpaid Director fees owed as at 30 June 2021 as approved at the Company's 2021 AGM on 22 November 2022. The fees were owed to BluGlass Directors who withheld 50% of their fees for 3 months. The value of the issued capital was determined as the fair value at grant date on 22 November 2022. On this date, a further 270,000 shares were issued to Directors as a result of the vesting of Performance Rights.
- On 31 March 2022 BluGlass completed a capital raise for the acquisition of a new facility in California USA. 114,216,600 shares were issued under a private placement at an issue price of \$0.03. started. On this date, a further 20,664,159 shares were issued as part consideration for the acquisition of the new facility. Amount raised was \$8,113,245 and the issue price was \$0.03.
- On 21 April 2022, BluGlass completed a non-renounceable entitlement rights issue, raising \$3,706,822 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 12 May 2022, BluGlass issued a further 11,166,669 shares at \$0.03 per share for the 21 April 2022 right issue shortfall amount.
- On 30 May 2022, BluGlass issued a further 833,333 shares at \$0.03 per share for the 21 April 2022 right issue shortfall amount.

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 22 Share-based Payments.

#### (c) Capital Management

Management controls the capital of the consolidated entity 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.

# NOTES TO THE FINANCIAL STATEMENTS

## NOTE 18: 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
	\$	\$	\$	\$
<b>Consolidated Group</b>				
Opening balance at 1 July 2022	751,018	354,913	(982,450)	123,481
Movement	(378,437)	172,815	-	(205,622)
<b>Balance at 30 June 2023</b>	<b>372,581</b>	<b>527,728</b>	<b>(982,450)</b>	<b>(82,141)</b>

## NOTE 19: ACCUMULATED LOSSES

	Consolidated Entity	
	2023	2022
	\$	\$
Beginning of financial year	(76,165,976)	(67,671,222)
Net loss	(11,751,243)	(9,355,554)
Share rights lapsed	-	860,800
<b>End of financial year</b>	<b>(87,917,219)</b>	<b>(76,165,976)</b>

## NOTE 20: LEASE LIABILITIES

	Consolidated Entity	
	2023	2022
	\$	\$
Current	788,654	738,454
Non-Current	3,699,421	3,888,388
	<b>4,488,075</b>	<b>4,626,842</b>
Future lease payments in relation to lease liabilities as at year end are as follows:		
Within one year	1,003,632	738,454
Later than one year but not later than five years	3,944,835	3,888,388
Later than five years	239,940	-
	<b>5,188,407</b>	<b>4,626,842</b>
Amounts recognised in the statement of profit or loss		
Interest expense (Included in finance cost)	226,926	93,579
Total cash outflow for leases	740,030	378,062

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.

# NOTES TO THE FINANCIAL STATEMENTS

## NOTE 20: LEASE LIABILITIES CONTINUED

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 the greater of CPI or 2.5% per annum. The lease does not allow for subletting of any lease areas.

BluGlass agreed to three year lease in June 2022 for the new facility in California USA with the lease commencing 1 August 2023. The property lease is a non-cancellable lease with a three-year term with an extension option for an additional three years to October 2028 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 3.5% 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 21: 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 areas being in Australia and the United States. The Group expanded its operations in the US this year. The Group did not discontinue any of its existing operations during the year.

	Australia	USA	Intersegmental Elimination	Total
	\$	\$	\$	\$
<b>30 June 2023</b>				
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
<b>Total Segment Revenue</b>	<b>9,309,749</b>	<b>10,156,324</b>	<b>(9,946,178)</b>	<b>9,519,895</b>
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
<b>Segment Results</b>	<b>(12,586,828)</b>	<b>835,585</b>	<b>-</b>	<b>(11,751,243)</b>
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

# NOTES TO THE FINANCIAL STATEMENTS

## NOTE 21: OPERATING SEGMENTS CONTINUED

	Australia	USA	Intersegmental Elimination	Total
	\$	\$	\$	\$
<b>30 June 2022</b>				
Sales to Customers	604,749	-	-	604,749
Intersegment Revenue	-	3,142,282	(3,142,282)	-
Other Revenue	3,661,279	3	-	3,661,282
Interest Revenue	506	-	-	506
<b>Total Segment Revenue</b>	<b>4,266,534</b>	<b>3,142,285</b>	<b>(3,142,282)</b>	<b>4,266,537</b>
Depreciation and amortisation	2,125,687	209,760	-	2,335,447
Employee benefit expense	2,300,329	1,731,268	-	4,031,597
Other expenses	9,392,424	1,004,905	(3,142,282)	7,255,047
<b>Segment Results</b>	<b>(9,551,906)</b>	<b>196,352</b>	<b>-</b>	<b>(9,355,554)</b>
Segment Non-Current Assets	8,781,676	7,560,481	(4,752,716)	11,589,441
Segment Assets	17,069,729	8,179,411	(4,791,906)	20,457,234
Segment Liabilities	3,630,704	8,919,454	(5,313,256)	7,236,902

## NOTE 22: CASH FLOW INFORMATION

	Consolidated Entity	
	2023	2022
	\$	\$
<b>(a) Reconciliation of Cash Flow from Operations with Loss after Income Tax</b>		
Loss after income tax	(11,751,243)	(9,355,554)
Non-cash flows in loss		
Depreciation and amortisation expense	3,919,351	2,335,447
Share based payment expense	248,363	825,392
Other non-cash items	(30,038)	212,944
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries		
(Increase)/decrease in trade and other receivables	(4,206,130)	(43,139)
(Increase)/decrease in other assets	(235,256)	(298,611)
(Increase)/decrease in inventories	(506,888)	47,891
Increase/(decrease) in trade and other payables and accruals	695,745	(96,546)
Increase/(decrease) in provisions	13,974	148,683
<b>Net cash used in operating activities</b>	<b>(11,852,122)</b>	<b>(6,223,493)</b>

## NOTE 23: SHARE-BASED PAYMENTS

The following share-based payments existed at 30 June 2023:

	Consolidated Entity			
	2023		2022	
	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	24,750,000	-	19,835,612	-
Granted	34,800,000	\$0.01	15,900,000	-
Forfeited/lapsed	(16,000,000)	-	-	-
Exercised	(10,000,000)	-	(270,000)	-
Expired	-	-	(10,715,612)	-
Outstanding at year-end	33,550,000	\$0.01	24,750,000	-
Exercisable at year-end	4,700,000	\$0.10	300,000	-

# NOTES TO THE FINANCIAL STATEMENTS

## NOTE 23: SHARE-BASED PAYMENTS CONTINUED

The total rights on issue at year-end have a weighted average exercise price of \$0.01 (2022: \$nil) and a weighted average remaining contractual life of 2.38 years.

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

The model input for the fair value of options and performance rights granted during the year include share price at grant date, the risk free rate, expected price volatility of the company's shares and expected dividend yield.

### Rights on issue in 2023

#### 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.

The only performance rights that have vested as at balance date are associated with the Directors' rights in relation to years of service. All other performance rights have lapsed.

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

None of these performance rights have vested and lapsed during the period.

#### 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.

None of these performance rights have vested and lapsed during the period.

# NOTES TO THE FINANCIAL STATEMENTS

## NOTE 23: SHARE-BASED PAYMENTS CONTINUED

### 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 & February 2023 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), \$0.025 (August 2022 rights) and \$0.073 (February 2023). 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

BluGlass issued 10,000,000 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.

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

## NOTE 24: RELATED PARTY TRANSACTIONS

	Consolidated Entity	
	2023	2022
	\$	\$
The totals of remuneration paid to key management personnel of the group during the year are as follows:		
Short term employment benefits	1,540,230	1,214,825
Post-employment benefits	150,379	119,715
Share-based payments	165,915	825,421
	<b>1,856,524</b>	<b>2,159,961</b>

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

# NOTES TO THE FINANCIAL STATEMENTS

## NOTE 25: 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	Consolidated Entity	
		2023	2022
		\$	\$
<b>Financial Assets</b>			
Cash and cash equivalents	7	4,258,334	5,351,589
Trade and other receivables	8	7,600,240	3,394,110
		<b>11,858,574</b>	<b>8,745,699</b>
<b>Financial Liabilities</b>			
Trade and other payables	14	1,184,789	489,043
Lease liabilities	20	4,488,075	4,626,842
		<b>5,672,864</b>	<b>5,115,885</b>

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.

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.

# NOTES TO THE FINANCIAL STATEMENTS

## NOTE 25: FINANCIAL RISK MANAGEMENT CONTINUED

As at 30 June 2023 the Group's non-derivative financial liabilities have contractual maturities (including interest payments where applicable) as summarised below:

	Current		Non-Current	
	Within 6 months	6 - 12 months	1 to 5 years	Later than 5 years
	\$	\$	\$	\$
<b>30 June 2023</b>				
Trade and other payables	1,184,789	-	-	-
Lease liabilities	394,327	394,327	3,526,494	172,927
<b>Total</b>	<b>1,579,116</b>	<b>394,327</b>	<b>3,526,494</b>	<b>172,927</b>

	Current		Non-Current	
	Within 6 months	6 - 12 months	1 to 5 years	Later than 5 years
	\$	\$	\$	\$
<b>30 June 2022</b>				
Trade and other payables	489,043	-	-	-
Lease liabilities	369,227	369,227	3,888,388	-
<b>Total</b>	<b>858,270</b>	<b>369,227</b>	<b>3,888,388</b>	<b>-</b>

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 consolidated entity'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			
	2023	2023	2022	2022
	\$	%	\$	%
Consolidated Entity Financial Assets:				
Cash	415,442	0.01	624,791	0.01
Investments in term deposits and bank bills	3,842,892	0.33	4,726,798	0.01
<b>Total Financial Assets</b>	<b>4,258,334</b>		<b>5,351,589</b>	

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

#### (iii) Financial instrument composition and maturity analysis

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

#### (iv) Net Fair Values

All financial assets and liabilities at 30 June 2023 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.

# NOTES TO THE FINANCIAL STATEMENTS

## NOTE 26: 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 27: EVENTS AFTER REPORTING DATE

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

## NOTE 28: BLUGLASS LIMITED PARENT COMPANY INFORMATION

	2023	2022
	\$	\$
<b>Parent entity</b>		
<b>Assets</b>		
Current assets	12,327,194	8,607,146
Non-current assets	4,257,323	8,243,889
<b>Total assets</b>	<b>16,584,517</b>	<b>16,851,035</b>
<b>Liabilities</b>		
Current liabilities	1,490,448	1,177,392
Non-current liabilities	2,215,309	2,453,311
<b>Total liabilities</b>	<b>3,705,757</b>	<b>3,630,703</b>
<b>Net Assets</b>	<b>12,878,760</b>	<b>13,220,332</b>
<b>Equity</b>		
Issued capital	101,886,520	89,262,827
Accumulated losses	(88,397,889)	(75,811,061)
Share based payments reserve	372,581	751,018
Other reserve	(982,452)	(982,452)
<b>Total Equity</b>	<b>12,878,760</b>	<b>13,220,332</b>
<b>Financial Performance</b>		
Loss for the year	(12,586,828)	(9,551,906)
Other comprehensive income	-	-
<b>Total comprehensive income</b>	<b>(12,586,828)</b>	<b>(9,551,906)</b>

Refer to Note 20 for Capital and leasing commitments and Note 26 for Contingent Liabilities.

## NOTE 29: 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

# DIRECTORS' DECLARATION

1. In the opinion of the directors of BluGlass Limited:
  - A. the consolidated financial statements and notes of BluGlass Limited are in accordance with the Corporations Act 2001, including
    - I. giving a true and fair view of its financial position as at 30 June 2023 and of its performance for the financial year ended on that date; and
    - II. 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.
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 2023.
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

30 August 2023



**Grant Thornton Audit Pty Ltd**  
Level 17  
383 Kent Street  
Sydney NSW 2000  
Locked Bag Q800  
Queen Victoria Building NSW  
1230  
T +61 2 8297 2400

## Independent Auditor's Report

To the Members of BluGlass Limited

### Report on the audit of the financial report

#### Opinion

We have audited the financial report of BluGlass Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the Directors' declaration.

In our opinion, the accompanying 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 2023 and of its performance for the year ended on that date; and
- b complying with Australian Accounting Standards and the *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 have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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# INDEPENDENT AUDITORS' REPORT

## Material uncertainty related to going concern

We draw attention to Note 1 in the financial statements, which indicates that the Group incurred a net loss of \$11,751,243 and an operating net cash outflow of \$11,852,122 during the year ended 30 June 2023. As at that date, the Group had net current assets of \$9,982,090 (2022: \$6,946,142) and net assets of \$13,887,160 (2022: \$13,220,332). As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast doubt on the Group's ability to continue as a going concern. 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.

In addition to the matter described in the Material uncertainty related to going concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
<b>Research and Development Rebate (Note 2 and Note 8)</b>  The Group for the Research and Development ("R&D") tax incentive as a Government Grant in accordance with AASB 120 <i>Accounting for Government Grants and Disclosure of Government Assistance</i> .  Under the R&D tax incentive scheme, the Group receives a refundable tax offset of 43.5% (18.5% on top of the company's corporate tax rate of 25%) of eligible expenditure if its aggregated turnover is less than \$20 million per annum, provided it is not controlled by income tax exempt entities.  This area is a key audit matter due to the inherent subjectivity that is involved in the Group making significant judgements in relation to the process to measure the amount of expenses to claim and recognition of the R&D tax incentive income and receivable.	 Our procedures included, amongst others: <ul style="list-style-type: none"><li>• making enquiries with management to obtain and document an understanding of their process to calculate the R&amp;D tax incentive;</li><li>• evaluating management's processes and controls to determine if it appropriately addresses the risks;</li><li>• evaluating the use and reliance on management's expert in preparation of the R&amp;D rebate claim;</li><li>• utilising an internal R&amp;D tax specialist in:<ul style="list-style-type: none"><li>– assessing the methodology used by management and management's expert for consistency with the R&amp;D tax offset rules; and</li><li>– considering the nature of the expenses against the eligibility criteria of the R&amp;D tax incentive scheme to assess whether the expenses included in the estimate were likely to meet the eligibility criteria.</li></ul></li><li>• agreeing a sample of expense items included within the claim to supporting documentation;</li><li>• comparing the nature of the R&amp;D expenditure included in the current year estimate to the prior year claim;</li><li>• assessing historical reliability of estimates to support the reliability of the estimate; and</li><li>• assessing the adequacy of the relevant disclosures in the financial statements.</li></ul>

# INDEPENDENT AUDITORS' REPORT

## Information other than the financial report and auditor's report thereon

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 2023, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of the Directors for the financial report

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

In preparing the financial report, the Directors are responsible for assessing the Group's ability 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 have 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 the 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: [http://www.auasb.gov.au/auditors\\_responsibilities/ar1\\_2020.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar1_2020.pdf). This description forms part of our auditor's report.

## Report on the remuneration report

### Opinion on the remuneration report

We have audited the Remuneration Report included in pages 11 to 15 of the Directors' report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of BluGlass Limited, for the year ended 30 June 2023 complies with section 300A of the *Corporations Act 2001*.

# INDEPENDENT AUDITORS' REPORT

## Responsibilities

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

The logo for Grant Thornton, featuring the company name in a blue, cursive script font.

Grant Thornton Audit Pty Ltd  
Chartered Accountants

A handwritten signature in blue ink, appearing to read 'M Aziz'.

M Aziz  
Partner – Audit & Assurance

Sydney, 30 August 2023



ADDITIONAL INFORMATION

# ADDITIONAL INFORMATION

## 1. SHAREHOLDING

### a. Distribution of Shareholders as at 31 July 2023

BLG - Ordinary Fully Paid Shares  
As At 31 July 2023

Holding Ranges	Holders	Total Units	% Issued Share Capital
above 0 up to and including 1,000	209	59,457	0.00%
above 1,000 up to and including 5,000	712	1,992,877	0.13%
above 5,000 up to and including 10,000	624	5,026,654	0.33%
above 10,000 up to and including 100,000	2,395	96,653,897	6.33%
above 100,000	1,462	1,424,312,769	93.21%
<b>Totals</b>	<b>5,402</b>	<b>1,528,045,654</b>	<b>100.00%</b>
	Holders	Units	Total value
<b>Total Unmarketable parcel (\$500 basis price of \$0.05)</b>	<b>1,387</b>	<b>5,498,988</b>	<b>\$274,949</b>

### b. The names of substantial shareholders on the company register as at 31 July 2023 are:

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

#### Ordinary Shares

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

### c. Voting Rights

There are no holdings greater than 5% on the company register as at 31 July 2023.

## 2. TOP HOLDERS

BLG - Ordinary Fully Paid Shares  
As At 31 July 2023

Position	Name	Number of fully paid shares held	% Held of Issued Ordinary Capital
1	CITICORP NOMINEES PTY LIMITED	52,026,109	3.40%
2	APPWAM PTY LTD	22,500,000	1.47%
3	SALON TODAY PTY LIMITED <JOHNSON SUPER FUND A/C>	21,000,000	1.37%
4	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	20,355,019	1.33%
5	ACCESS MACQUARIE LIMITED <BLUGLASS ACC MACQUARIE A/C>	20,204,966	1.32%
6	ISASEL PTY LTD <THE SPM SUPERFUND A/C>	19,943,250	1.31%
7	UBS NOMINEES PTY LTD	18,528,959	1.21%
8	NAHGALLAC PTY LIMITED <CALLAGHAN FMLY RET FUND A/C>	16,591,421	1.09%
9	MR ALAN WILLIAM GERRIE	16,500,000	1.08%
10	J W GIJET PTY LTD <ADLER FAMILY S/F A/C>	16,252,500	1.06%
11	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	13,708,502	0.90%
12	MR MICHAEL DEAN BOSTON & MRS ALISON LOUISE BOSTON <WESBOS SUPER FUND A/C>	13,349,952	0.87%
13	PINNACLE SUPERANNUATION PTY LIMITED <PJF S/F A/C>	12,000,000	0.79%
14	BOUNDARY NOMINEES PTY LTD <THE BUTTERY SUPER FUND A/C>	10,351,003	0.68%
15	GDNC HOLDINGS PTY LTD <G & D AMEY SUPER FUND A/C>	10,251,900	0.67%
16	CASNEY PTY LTD <THE ARTURA A/C>	10,006,750	0.65%
17	MR JAMES MICHAEL HADEN	10,000,000	0.65%
17	SUPER COOPER FUND PTY LTD <COOPER FAMILY SUPER FUND A/C>	10,000,000	0.65%
18	VARS ENTERPRISES PTY LTD <MV2 SUPER FUND A/C>	9,431,828	0.62%
19	LIBERTY INVESTING PTY LTD	9,039,381	0.59%
20	DR PAUL FRANCIS MORTON	8,968,347	0.59%
	<b>Totals</b>	<b>341,009,887</b>	<b>22.32%</b>
	<b>Total Issued Capital</b>	<b>1,528,045,654</b>	<b>100.00%</b>

# ADDITIONAL INFORMATION

### 3. THE ADDRESS OF THE PRINCIPAL REGISTERED OFFICE IN AUSTRALIA IS:

74 Asquith Street, Silverwater NSW 2128

### 4. REGISTERS OF SECURITIES ARE HELD AT THE FOLLOWING ADDRESS:

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

### 5. STOCK EXCHANGE LISTING:

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

### 6. UNQUOTED SECURITIES

Unquoted Securities as at 31 July 2022

Unquoted Security Description	Number of Beneficial Holders	Unquoted Securities
Series D Performance Rights, expiring 31 December 2024, subject to vesting criteria	1	7,850,000
Series G Performance Rights, expiring expiring 31 December 2024, subject to vesting criteria	1	900,000
Series H Performance Rights, various expiry dates, subject to vesting criteria	1	5,000,000
Unlisted Options @\$0.12 Expiring 24 March 2026	1	4,000,000

# CORPORATE GOVERNANCE STATEMENT

PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT														
	Recommendation	BluGlass Limited Current Practice												
1.1	A listed entity should have and disclose a board charter setting out: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.	<i>Complies.</i>  The Board Charter is available at <a href="http://www.bluglass.com">www.bluglass.com</a> in the Corporate Governance Plan.												
1.2	A listed entity should: (a) undertake appropriate checks before appointing a director or senior executive or putting someone forward for election as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	<i>Complies.</i>												
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	<i>Complies.</i>												
1.4	The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	<i>Complies.</i>												
1.5	A listed entity should: (a) have and disclose a diversity policy; (b) through its board or a committee of the board set measurable objectives for achieving gender diversity in the composition of its board, senior executives and workforce generally; and (c) disclose in relation to each reporting period: (1) the measurable objectives set for that period to achieve gender diversity; (2) the entity's progress towards achieving those objectives; and (3) either: (A) the respective proportions of men and women on the board, in senior executive positions and across the whole workforce (including how the entity has defined "senior executive" for these purposes); or (B) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.	<i>Complies.</i>  Refer to Annexure 7 of the Corporate Governance Plan which is available at <a href="http://www.BluGlass.com">www.BluGlass.com</a>  The respective proportions of men and women on the Board, in senior executive positions and across the whole organisation are:  <table border="1"> <thead> <tr> <th></th> <th>Male</th> <th>Female</th> </tr> </thead> <tbody> <tr> <td>Board</td> <td>100%</td> <td>0%</td> </tr> <tr> <td>Senior Executive</td> <td>100%</td> <td>0%</td> </tr> <tr> <td>Whole Organisation</td> <td>80%</td> <td>20%</td> </tr> </tbody> </table>		Male	Female	Board	100%	0%	Senior Executive	100%	0%	Whole Organisation	80%	20%
	Male	Female												
Board	100%	0%												
Senior Executive	100%	0%												
Whole Organisation	80%	20%												
1.6	A listed entity should: (a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and (b) disclose for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.	<i>Complies.</i>  Refer to Section 5 Board processes and evaluation of performance of the Corporate Governance Plan which is available at <a href="http://www.bluglass.com">www.bluglass.com</a> . The Company conducted its performance evaluation in accordance with its established process during the period.												
1.7	A listed entity should: (a) have and disclose a process for evaluating the performance of its senior executives at least once every reporting period; and (b) disclose for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.	<i>Complies.</i>  Refer to Section 5 Board processes and evaluation of performance of the Corporate Governance Plan which is available at <a href="http://www.bluglass.com">www.bluglass.com</a> . The Company conducted its performance evaluation in accordance with its established process during the period.												

PRINCIPLE 2 - STRUCTURE THE BOARD TO BE EFFECTIVE AND ADD VALUE		
	Recommendation	BluGlass Limited Current Practice
2.1	The board of a listed entity should: (a) have a nomination committee which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.	<i>Complies.</i>  Due to its size, the Board has determined that the function of the Nomination and Remuneration Committee is most efficiently carried out with full Board participation and accordingly, the Board has elected not to establish a separate Nomination and Remuneration Committee.  A copy of the Nomination and Remuneration Committee Charter is contained in Annexure 6 of the Corporate Governance Plan which is available at <a href="http://www.bluglass.com">www.bluglass.com</a>  The Board devotes time at Board meetings on at least an annual basis to discuss Board succession issues. Where appropriate, all members of the Board are involved in the Company's nomination process.
2.2	A listed entity should have and disclose a board skills matrix setting out the mix of skills that the board currently has or is looking to achieve in its membership.	<i>Complies.</i>  The Company had developed a Board Skills Matrix which is used as a tool to assess the appropriate and ideal balance of skills, experience, independence and diversity necessary for the Board to discharge its duties and responsibilities effectively. A summary of the Board Skills Matrix is available at <a href="http://www.bluglass.com">www.bluglass.com</a> in the Corporate Governance Section. The Company also lists the experience and skills of its board in the Annual Report. See Information on Directors from Page 8.

# CORPORATE GOVERNANCE STATEMENT

## PRINCIPLE 2 - STRUCTURE THE BOARD TO BE EFFECTIVE AND ADD VALUE

	Recommendation	BluGlass Limited Current Practice
2.3	A listed entity should disclose: (a) the names of the directors considered by the board to be independent directors; (b) if a director has an interest, position, affiliation or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position or relationship in question and an explanation of why the board is of that opinion; and (c) the length of service of each director.	<i>Complies.</i>  Refer to the "Information on Directors" Section on page 8 in the Annual Report.
2.4	A majority of the board of a listed entity should be independent directors.	<i>Complies.</i>  The Board comprises four non-executive Directors and three of whom are considered to be independent.
2.5	The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	<i>Does not currently comply.</i>  As at 30 June 2023, the Chair of the Board was not the CEO however, James Walker is not considered to be an independent director due to his previous role as Executive Chair.
2.6	A listed entity should have a program for inducting new directors and for periodically reviewing whether there is a need for existing directors to undertake professional development to maintain the skills and knowledge needed to perform their role as directors effectively.	<i>Complies.</i>  Refer to Annexure 1 of the Corporate Governance Plan which is available at <a href="http://www.bluglass.com">www.bluglass.com</a> .

## PRINCIPLE 3 – INSTIL A CULTURE OF ACTING LAWFULLY, ETHICALLY AND RESPONSIBLY

	Recommendation	BluGlass Limited Current Practice
3.1	A listed entity should articulate and disclose its values.	<i>Complies.</i>  Refer to the Corporate Governance Plan which is available at <a href="http://www.bluglass.com">www.bluglass.com</a> .
3.2	A listed entity should: (a) undertake appropriate checks before appointing a director or senior executive or putting someone forward for election as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	<i>Complies.</i>  Refer to Annexure 2 of the Corporate Governance Plan which is available at <a href="http://www.bluglass.com">www.bluglass.com</a> .
3.3	A listed entity should: (a) have and disclose a whistleblower policy; and (b) ensure that the board or a committee of the board is informed of any material incidents reported under that policy.	<i>Complies.</i>  Refer to Annexure 9 of the Corporate Governance Plan which is available at <a href="http://www.bluglass.com">www.bluglass.com</a> .
3.4	A listed entity should: (a) have and disclose an anti-bribery and corruption policy; and (b) ensure that the board or committee of the board is informed of any material breaches of that policy.	<i>Complies.</i>  Refer to Annexure 10 of the Corporate Governance Plan which is available at <a href="http://www.bluglass.com">www.bluglass.com</a> .

## PRINCIPLE 4 – SAFEGUARD THE INTEGRITY OF CORPORATE REPORTS

	Recommendation	BluGlass Limited Current Practice
4.1	The board of a listed entity should: (a) have an audit committee which: (1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and (2) is chaired by an independent director, who is not the chair of the board, and disclose: (3) the charter of the committee; (4) the relevant qualifications and experience of the members of the committee; and (5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.	<i>Complies.</i>  Refer to Annexure 5 of the Corporate Governance Plan which is available at <a href="http://www.bluglass.com">www.bluglass.com</a> .  The Audit Committee has three members, all of whom are independent Directors. The Committee is Chaired by Mr Vivek Rao, a non-executive independent director. The experience of each of the directors is set out as per the "Information on Directors" Section in the Annual Report.  Refer to the Directors' Report contained in the Annual Report for number of meetings attended during the financial year.

# CORPORATE GOVERNANCE STATEMENT

## PRINCIPLE 4 – SAFEGUARD THE INTEGRITY OF CORPORATE REPORTS

	Recommendation	BluGlass Limited Current Practice
4.2	The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	<i>Complies.</i>
4.3	A listed entity should disclose its process to verify the integrity of any periodic corporate report it releases to the market that is not audited or reviewed by an external auditor.	<i>Complies.</i>  The Board ensures that any periodic corporate report the Company releases to the market that has not been subject to audit or review by an external auditor discloses the process taken to verify the integrity of its content.

## PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE

	Recommendation	BluGlass Limited Current Practice
5.1	A listed entity should have and disclose a written policy for complying with its continuous disclosure obligations under listing rule 3.1.	<i>Complies.</i>  Refer to Annexure 8 of the Corporate Governance Plan which is available at <a href="http://www.bluglass.com">www.bluglass.com</a> .
5.2	A listed entity should ensure that its board receives copies of all material market announcements promptly after they have been made.	<i>Complies.</i>
5.3	A listed entity that gives a new and substantive investor or analyst presentation should release a copy of the presentation materials on the ASX Market Announcements Platform ahead of the presentation.	<i>Complies.</i>

## PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS

	Recommendation	BluGlass Limited Current Practice
6.1	A listed entity should provide information about itself and its governance to investors via its website.	<i>Complies.</i>
6.2	A listed entity should have an investor relations program that facilitates effective two-way communication with investors.	<i>Complies.</i>
6.3	A listed entity should disclose how it facilitates and encourages participation at meetings of security holders.	<i>Complies.</i>  Refer to Annexure 8 of the Corporate Governance Plan which is available at <a href="http://www.bluglass.com">www.bluglass.com</a> .
6.4	A listed entity should ensure that all substantive resolutions at a meeting of security holders are decided by a poll rather than by a show of hands.	<i>Complies.</i>
6.5	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	<i>Complies.</i>

## PRINCIPLE 7 – RECOGNISE AND MANAGE RISK

	Recommendation	BluGlass Limited Current Practice
7.1	The board of a listed entity should: (a) have a committee or committees to oversee risk, each of which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.	<i>Complies.</i>  Refer to Annexure 5 of the Corporate Governance Plan which is available at <a href="http://www.bluglass.com">www.bluglass.com</a> .  The Audit and Risk Committee has three members, all of whom are independent Directors. The Committee is Chaired by Mr Vivek Rao, a non-executive independent director.  Refer to the Directors' Report contained in the Annual Report for number of meetings attended during the financial year.
7.2	The board or a committee of the board should: (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound and that the entity is operating with due regard to the risk appetite set by the board; and (b) disclose, in relation to each reporting period, whether such a review has taken place.	<i>Complies.</i>  Refer to Annexure 4 of the Corporate Governance Plan which is available at <a href="http://www.bluglass.com">www.bluglass.com</a> .  The Audit and Risk Committee has reviewed the risk management framework during the reporting period.

# CORPORATE GOVERNANCE STATEMENT

## PRINCIPLE 7 – RECOGNISE AND MANAGE RISK

	Recommendation	BluGlass Limited Current Practice
7.3	A listed entity should disclose: (a) if it has an internal audit function, how the function is structured and what role it performs; or (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its governance, risk management and internal control processes.	<i>Complies.</i>  The Company does not have an internal audit function in place.  The CEO and CFO in conjunction with the Audit and Risk Committee and the external auditors (in conjunction with annual and half year audit) periodically undertake an evaluation of the Company's internal controls processes and the effectiveness of its risk management processes.
7.4	A listed entity should disclose whether it has any material exposure to environmental or social risks and, if it does, how it manages or intends to manage those risks.	<i>Complies.</i> The Board considers it has moderate exposure to environmental risks and the Board addresses the key risks affecting the Company via its audit and risk management function. The Company maintains a risk register that is the subject of annual review.  The Company has disclosed its material business risks in the Annual Report.

## PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY

	Recommendation	BluGlass Limited Current Practice
8.1	The board of a listed entity should: (a) have a remuneration committee which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.	<i>Complies.</i>  Due to its size of the Board and scale of the Company's operations, the Board has determined that the function of the Nomination and Remuneration Committee is most efficiently carried out with full Board participation and accordingly, the Board has elected not to establish a separate Nomination and Remuneration Committee.  A copy of the Nomination and Remuneration Committee Charter is contained in Annexure 6 of the Corporate Governance Plan which is available at <a href="http://www.bluglass.com">www.bluglass.com</a> .
8.2	A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.	<i>Complies.</i>  Refer to Annexure 6 of the Corporate Governance Plan which is available at <a href="http://www.bluglass.com">www.bluglass.com</a> .  Refer to the Remuneration Report contained in the Directors' Report of the Annual Report.
8.3	A listed entity which has an equity-based remuneration scheme should: (a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and (b) disclose that policy or a summary of it.	<i>Complies.</i>  Refer to Annexure 3 of the Corporate Governance Plan which is available at <a href="http://www.bluglass.com">www.bluglass.com</a> .

# VISION AND VALUE STATEMENT

## VISION

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Powering a brighter future through lower temperature RPCVD – enabling tomorrow's smarter, cleaner and more efficient photonics

## VALUE STATEMENT

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BluGlass is an Australian semiconductor technology developer commercialising a breakthrough semiconductor technology called RPCVD in the global laser diode, LED and microLED industries. BluGlass' patented hardware and processes offer semiconductor nitride manufacturers a cleaner, safer manufacturing process, while also offering more efficient devices at lower cost.

Our team is guided by a set of core values. Our goal is for all our decisions and actions to reflect these principles. We believe that putting our values into practice benefits our shareholders, customers, partners, employees and the communities that we serve.

**INNOVATION** – Science and innovation is at the heart of everything we do at BluGlass – where making the impossible, possible is part of our job description. We strive to help the world's best photonics leaders drive the technologies and solutions of tomorrow. We have earned a reputation for helping our customers and partners solve complex, incumbent problems with our unique nitride growth technology, protected by our growing international patent portfolio.

**INTEGRITY** – BluGlass strives to act with integrity, transparency, and commitment in all our interactions with our valued shareholders, collaborators, suppliers and customers. With our stringent quality control processes, we aim to be recognised as a trusted industry partner and supplier of products and solutions.

**IMPACT** – The innovations BluGlass and our customers are pioneering are set to have meaningful impact on the global economy and environment as the world transitions to smarter, cleaner and lighter footprint technologies. BluGlass strives to positively impact through pioneering innovation, global commercialisation, and by delivering increasingly energy efficient technologies – reduced carbon emissions. Together this will create significant benefit for our shareholders, our customers, our industry; and the environment we live in.

**INCLUSION** – The best innovation happens when great and diverse minds work together. BluGlass is a place where everyone, regardless of gender, race, background and sexuality has a seat at the table and where all of our team, regardless of hierarchy, are encouraged and supported to share ideas, solutions and think outside the box. BluGlass is also a collaborative business, working with the world's best technology leaders and research institutions as we help drive the technologies of tomorrow.

# COMPANY DIRECTORY

**The company Secretary is:**  
Ms Elizabeth Spooner

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

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

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



[WWW.BLUGLASS.COM](http://WWW.BLUGLASS.COM)

BLUGLASS LIMITED AND CONTROLLED ENTITIES | ABN 20 116 825 793