

Appendix 4D

Interim Report

BLUGLASS LIMITED

ACN

116825793

Six Months Ended

31 DECEMBER 2021

Corresponding period was the six months ended 31 December 2020

Results for announcement to the market

RESULTS

		\$A	%		\$A
Revenues from ordinary activities	Down	205,866	9	to	2,014,121
Loss from ordinary activities after tax attributable to members	Up	(935,549)	25	to	(4,620,652)
Loss for the period attributable to members	Up	(935,549)	25	to	(4,620,652)

EPS

Earnings per Security (cents per share)	31 Dec 2021	31 Dec 2020
Basic loss per share (cents per share)	(0.47) cents	(0.51) cents
Diluted loss per share (cents per share)	(0.47) cents	(0.51) cents

Net Tangible Asset Backing

31 Dec 2021

31 Dec 2020

Per Ordinary Security (cents per share)	0.79 cents	1.05 cents
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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

	NIL
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Loss of control of entities having material effect

Name of entity (or group of entities)	NIL
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Details of associates and joint venture entities

Name of entity (or group of entities)	NIL
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This report is based on the Half Year Financial Report which has been subject to review by the Auditors. All the documents comprise the information required by Listing Rule 4.2A. This information should be read in conjunction with the Interim Financial Report for the Half Year Ended 31 December 2021 and the 30 June 2021 Annual Financial Report.

**BLUGLASS LIMITED
and CONTROLLED
ENTITIES**

ABN 20 116 825 793

**FINANCIAL STATEMENTS FOR THE HALF YEAR ENDING
31 DECEMBER 2021**

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DIRECTORS' REPORT

Your directors present their report on BluGlass Limited and its controlled entities ("the Group") for the half year ended 31 December 2021.

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

Directors have been in office since the start of the financial year to the date of this report.

PRINCIPAL ACTIVITIES

The principal activity of the Group during the financial year was to further develop the Group's direct-to-market laser diode product portfolio for the industrial, defence, biotech and scientific markets. The Group is working on achieving its technology 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 semiconductor materials for laser diode, LED and microLED devices for customers. RPCVD has many potential advantages over the current industry technologies.

In 2021, the Group established BluGlass Inc. the Group's US operations based in New Hampshire. This facility has been purpose built to manage the Group's laser diode fabrication processes and supply chain, including packaging and reliability testing BluGlass laser diodes prior to shipping to customers.

FINANCIAL SUMMARY

Revenue, other income and finance income decreased by \$205,867 (down 9.3%) to \$2,014,121 with key elements including:

- Receipt of job keeper and other government grants down 43.9% to \$314,231 (2020: \$560,398)
- Ongoing COVID-19 impacts on our European and US customers resulted in foundry revenue decreasing by 47.0% to \$116,483 (2020: \$219,585)

Total expenditure for the period has increased by \$729,682 up 12.4% to \$6,634,773, with key elements including:

- Consumables expenses up 16.6% to \$2,011,889 (2020: \$1,725,694)
- Employee benefit expense up 9.0% to \$1,783,492 (2020: \$1,636,262)

The consolidated loss for the period amounted to \$4,620,652 up 25.4% (2020: \$3,685,103).

The company's net assets as at 31 December 2021 was \$9,615,023 (30 June 2021: \$7,509,329).

The Consolidated Statement of Financial Position does not include a value for the increasing number of patents granted during the period since listing on the ASX in 2006 as all research and development costs are expensed as incurred and not capitalised.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There were no significant changes in the state of affairs that affect the Group's operations, or the results of those operations during the financial period.

DIVIDENDS PAID OR RECOMMENDED

No dividends were paid or declared in the period.

REVIEW OF OPERATIONS

The Half Year in Review

During the half year, BluGlass continued to optimise the four key components needed to launch reliable laser diodes (epitaxy, metals, facets and bonds), strengthened the Company's expert leadership team and demonstrated significant performance improvements across four prototypes: the 405nm and 420nm laser diodes in both single-mode and multi-mode devices. BluGlass remains on-track to launch our first direct-to-market laser diodes mid-calendar year.

Key H1 FY22 achievements:

- Appointed veteran laser diode executive Jim Haden to lead BluGlass
- Demonstrated world-first proof of concept of working RPCVD tunnel junction laser diodes
- Significantly improved performance of 405nm and 420nm single-mode and multi-mode prototype devices
- Continued progress towards delivering four key components needed for reliable laser diodes
- Strong customer support of latest laser diode performance data at leading industry conference, Photonics West
- Secured power electronics epitaxy foundry agreement with European wafer developer
- On track to launch its first direct-to-market laser diodes mid-calendar year.

Commenting on the Company's performance in H1 FY22, BluGlass President Jim Haden said, "BluGlass has made good technical progress in the first half of the 2022 financial year, as we focus on delivering the four key components needed to launch commercial laser diodes. Our latest 405nm and 420nm prototypes were well-received by potential customers at Photonics West, reflecting ongoing customer demand for products and the need for further manufacturing flexibility within a fast-growing market, with very few players. We are continuing to refine key performance metrics and reliability testing of prototypes ahead of launching competitive, high-quality products in underserved wavelengths by mid-2022 (CY).

"At the same time as working to enhance the performance and reliability of our laser diodes, we are also making progress in increasing manufacturing yields and process variations with our contract manufacturers to help drive profitability sooner. While our immediate focus remains the launch of our first commercial products, we have a significant growth runway. Our proprietary RPCVD technology enables us to develop novel device architectures for higher-performance devices to bring to market brighter, better performing, and easier-to-use laser light."

Strengthened Leadership

In September, BluGlass strengthened the technical capability of its Board and executive teams, appointing veteran laser diode executive Jim Haden as President to lead the Company to commercial production and profitability. Mr Haden brings more than 30 years' laser industry expertise to BluGlass, having held senior leadership roles at Spectra Diode Labs, JDSU, nLight and Coherent. His proven track record solving technical and reliability challenges, delivering competitive products to market, and driving transformational revenue growth, is the perfect blend of skills to establish BluGlass as a global supplier of next-generation laser diode products.

Commenting on Mr Haden's appointment, Executive Chair James Walker said, "Since his time in the role, Jim has already brought his wealth of laser expertise, industry networks and commercialisation experience to bear. His vision and plan to transition BluGlass to commercial production and profitability will be instrumental in establishing BluGlass as a global supplier of next-generation laser diode products.

"Jim's appointment further enhances our Board and senior management strength, complementing the industry expertise of Jean-Michel Pelaprat (NED) and Dr Arkadi Goulakov (Senior Laser Scientist), who like Jim, each bring more than three decades of expertise in the laser industry. The calibre of the talent we are now attracting reflects both our truly disruptive technology and our significant market opportunity."

Laser Diode Progress

In the first half of FY22, BluGlass progressed the optimisation of the four key components needed for reliable, commercial laser diodes (epitaxy, metals, facets, and bonds), and achieved significant performance improvements. Its 405nm and 420nm laser diode prototypes in both single-mode and multi-mode devices are now meeting commercial light-output specifications, benefitting from improved cleave processes (creating the laser facets) and bonding. Alongside ongoing reliability testing of these prototype devices, multiple design and development iterations are also progressing through the Company's manufacturing supply chain. These iterations feature full-suite improvements to metals, AR and HR coatings, bonds, and packaging. Improved device designs are undergoing extensive analysis, including short-loop development cycles, to accelerate prototyping and enable validation and refinement of each component before commencing reliability testing.

Laser diodes are highly complex and sensitive devices, requiring extensive fabrication processes to ensure reliable high-performance over long periods of commercial operation. The four key components are: epitaxy, metals, facets, and bonds.

Low loss, high gain epitaxy

BluGlass' epitaxy has demonstrated strong performance, and further effort was made during the half to continue to improve growth metrics and laser performance foundation. Shorter feedback loops were implemented with in-line metrics, measuring wavelengths and intensity across the wafer prior to downstream processing.

Low resistance, high adhesion metals

BluGlass is optimising low resistance ohmic contacts to improve the efficiency and reliability of its laser diode prototypes. The Company is refining the cleaning and annealing processes with contract manufacturers to ensure good adhesion, uniform resistance, and subsequent uniform cavity pumping. Controlled pumping of the lasers is essential for reliability.

Low loss, passivating facets

Facets require a clean cleave and low loss anti-reflective (the optical output side of the laser) and highly reflective (the mirror face of the laser that concentrates the light within the laser cavity) coatings. BluGlass is refining its AR and HR processes with third-party suppliers, in addition to improving upstream and downstream handling processes.

Sound thermal-mechanical bonds

Sound thermal-mechanical bonds are incredibly important, enabling heat flow away from the laser. If the laser gets too hot, it's detrimental to performance and reliability. Sound mechanical bonds will withstand heating and cooling events during normal laser cycling.

Laser Diode Product Pipeline

		Demonstrated	In Development	Next Generation
Violet	405nm	MM - 1W	MM - 1.2W	
		SM - 100-200mW	SM - 250mW	
	420nm	MM - 1W	MM - 1.8W	
		SM - 100-200mW	SM - 250mW	
Blue	450nm		MM - 1.6W	MM - 5W
			SM - 100-250mW	
	470nm		MM - 2W	
	488nm			MM - 1.5 - 2W
Green			SM - 100-200mW	
	525nm			MM - 1.5 - 2W SM - 100-200mW

MM: Multi Mode
SM: Single Mode



Latest laser diode performance data released at Photonics West

BluGlass released performance data for four of its laser diode products at an industry leading conference in San Francisco, USA. Held this year in January, SPIE Photonics West is the leading global event for the photonics and laser industries, attracting specialist attendees from across the laser, photonics, and optoelectronics sectors.

BluGlass showcased its 405nm 250mW single-mode, 405nm 1W multi-mode and 420nm 250mW single-mode laser diodes as well as preliminary data for its 420nm 3W multi-mode laser diode (pulsed results), all of which are demonstrating commercial light-output results.

The Company received positive feedback from potential customers on prototype performance at the event, reflecting ongoing demand for an agile, flexible manufacturing partner in a rapidly growing and underserved market.

World-first tunnel junction laser diodes

In August, BluGlass successfully demonstrated working tunnel junction laser diodes in a world-first proof-of-concept using its proprietary remote plasma chemical vapour deposition (RPCVD) technology. BluGlass' RPCVD tunnel junction prototypes demonstrated good lasing behaviour, confirming the potential of these enhanced designs to address the significant performance loss (up-to 50%) of GaN laser diodes due to excess heat. BluGlass' innovative laser diode designs replace the magnesium-containing layers, which cause optical and performance loss, with an RPCVD tunnel junction and second n-type cladding layer – called a dual n-wave laser diode. This enables higher power, brighter and more efficient lasers for commercial applications, including advanced 3D printing applications for automotive, defence and aerospace manufacturing as well as industrial welding for electronics, battery and automotive manufacturing.

Foundry contract

BluGlass recently commenced MOCVD epitaxy foundry services for a European wafer developer for custom power electronics applications. The paid development contract will generate foundry revenue for BluGlass for an initial six-month period, commencing January 2022. This contract has the potential to become a commercial manufacturing agreement with significant revenue, subject to the achievement of program milestones and growing customer demand for power electronics and other applications.

Commercialisation strategy

BluGlass operates in the and rapidly growing GaN laser diode market, forecast to reach US\$2.5 billion by 2025, as its technical advantages disrupt the enormous US\$25B laser market. Globally, this market is serviced by only a handful of end-to-end gallium nitride (GaN) laser diode manufacturers, and has led to significant unmet needs and strong customer demand.

Within this emerging market, BluGlass is targeting the industrial, scientific and biotech verticals which spans applications such as industrial cutting and welding, 3D printing, quantum computing and medical diagnostics. These three verticals are expected to account for US\$735 million of the broader GaN laser market by 2025. BluGlass' existing epitaxy capacity can currently address a quarter of this market.

BluGlass target market vehicles



Customers within BluGlass' key verticals typically have similar requirements. They need high-powered multi-mode or low-powered single-mode laser diodes, flexible manufacturing in a range of wavelengths, as well as the ability to develop novel designs to facilitate new applications.

In the short-term, BluGlass is focused on launching its first direct-to-market laser diodes in the in-demand and underserved 405nm, 420nm and 450nm wavelengths, providing both single-mode and multi-mode devices in several standard form-factors to meet individual customer needs.

As the Company scales, BluGlass aims to increase market share by providing the industry's easiest-to-use laser light, offering unique form factors and integrated packages that significantly reduce customer integration costs. BluGlass' proposition solves a key customer challenge as existing large players do not provide flexible form factors, requiring customers to undertake significant customisation and post-purchase packaging. BluGlass will also develop novel laser architectures, including multi-chip modules and its proprietary RPCVD-enhanced lasers, to achieve brighter, higher efficiency and higher power laser light.

Looking Ahead

BluGlass will continue to optimise its laser diode development and solve its reliability challenges ahead of launching the Company's first commercial laser diode products. There is significant unmet demand in the market and the Company has confirmed strong customer interest.

BluGlass is well on the way to transitioning from its R&D beginnings to a profitable, commercial laser diode manufacturer with next-generation laser products within the 405nm, 420nm and 450nm wavelengths. The Company has invested in an internationally experienced laser diode team to lead the development, optimisation, and commercialisation of its gallium nitride laser diodes. It is delivering against a clear technology roadmap, and is well-positioned to overcome its reliability challenges, launch its first laser diode products, secure customer orders and generate revenue. Longer term, RPCVD tunnel junction laser diodes provide BluGlass with a significant market opportunity, offering brighter, more efficient, and better performing blue GaN laser diodes.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL HALF-YEAR

No matter or circumstance has arisen since 31 December 2021 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after the directors' report.

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



Executive Chair James Walker

Dated 22 February 2022

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 review of BluGlass Limited for the half-year ended 31 December 2021, 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 review; and
- b no contraventions of any applicable code of professional conduct in relation to the review.



Grant Thornton Audit Pty Ltd
Chartered Accountants



M Aziz
Partner – Audit & Assurance
Sydney, 22 February 2022

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF YEAR ENDED 31 DECEMBER 2021

	Note	Consolidated Entity	
		31 December 2021 \$	31 December 2020 \$
Revenue	3	116,483	219,585
Other income	3	1,897,362	1,995,891
Finance income	3	276	4,512
Employee benefits expense		(1,783,492)	(1,636,262)
Professional fees		(71,437)	(75,688)
Board and secretarial fees		(263,126)	(168,539)
Corporate compliance & legal expense		(53,182)	(48,845)
Consultant fees		(67,759)	(185,842)
Finance cost		(73,762)	(41,301)
Rent expense		(50,900)	(45,402)
Travel and accommodation expense		(21,298)	(617)
Consumables		(2,011,889)	(1,725,694)
Depreciation and amortisation expense	8	(1,091,642)	(1,078,650)
Share based payment expense		(585,092)	(448,074)
Other expenses		(561,194)	(450,176)
Loss before income tax		(4,620,652)	(3,685,103)
Income tax expense		-	-
Loss for the period		(4,620,652)	(3,685,103)
Other comprehensive income		2,030	-
Total comprehensive income		(4,618,622)	(3,685,103)
Loss attributable to:			
• Members of the parent entity		(4,618,622)	(3,685,103)
• Non-controlling interest		-	-
		(4,618,622)	(3,685,103)
Total Comprehensive Income attributable to:			
• Members of the parent entity		(4,618,622)	(3,685,103)
• Non-controlling interest		-	-
		(4,618,622)	(3,685,103)
Earnings Per Share			
Basic loss per share (cents per share)		(0.47)	(0.51)
Diluted loss per share (cents per share)		(0.47)	(0.51)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

	Note		Consolidated Entity	
			31 December 2021 \$	30 June 2021 \$
Current Assets				
Cash and cash equivalents			6,245,211	4,176,300
Trade and other receivables			1,653,499	3,350,971
Inventories			106,678	131,137
Other current assets			157,266	59,330
TOTAL CURRENT ASSETS			8,162,654	7,717,738
Non-Current Assets				
Property, plant and equipment	8		5,526,558	5,839,728
TOTAL NON-CURRENT ASSETS			5,526,558	5,839,728
TOTAL ASSETS			13,689,212	13,557,466
Current Liabilities				
Trade and other payables			365,737	565,589
Lease liabilities	9		274,467	184,009
Short-term provisions			592,039	674,170
Borrowings	10		-	1,954,140
TOTAL CURRENT LIABILITIES			1,232,243	3,377,908
Non-Current Liabilities				
Long-term provisions			1,292,395	1,298,163
Lease liabilities	9		1,549,551	1,372,066
TOTAL NON-CURRENT LIABILITIES			2,841,946	2,670,229
TOTAL LIABILITIES			4,074,189	6,048,137
NET ASSETS			9,615,023	7,509,329
Equity				
Issued capital			81,494,280	75,227,463
Reserves			(448,183)	(46,912)
Accumulated losses			(71,431,074)	(67,671,222)
TOTAL EQUITY			9,615,023	7,509,329

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 31 DECEMBER 2021

	Issued Capital	Share-Based Payments Reserve	Other Reserves	Accumulated Losses	Total
	\$	\$	\$	\$	\$
Consolidated Entity					
Balance at 1 July 2020	73,068,525	1,866,982	(982,452)	(61,559,577)	12,393,478
Loss for the period	-	-	-	(3,685,103)	(3,685,103)
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the period	-	-	-	(3,685,103)	(3,685,103)
Transactions with owners in their capacity as owners					
Shares issued during the period	241,651	(241,651)	-	-	-
Share transaction costs during the period	(15,962)	-	-	-	(15,962)
Share options issued	-	463,191	-	-	463,191
Exercise of share options	-	-	-	-	-
Options lapsed	-	(186,715)	-	186,715	-
Balance at 31 December 2020	73,294,214	1,901,807	(982,452)	(65,057,965)	9,155,604

Balance at 1 July 2021	75,227,463	925,890	(972,802)	(67,671,222)	7,509,329
Loss for the period	-	-	-	(4,620,652)	(4,620,652)
Other comprehensive income	-	-	2,030	-	2,030
Total comprehensive income for the period	-	-	2,030	(4,620,652)	(4,618,622)
Transactions with owners in their capacity as owners					
Shares issued during the period	6,410,201	-	-	-	6,410,201
Share transaction costs during the period	(270,617)	-	-	-	(270,617)
Shares issued in lieu of cash	50,283	(50,283)	-	-	-
Share based payments	-	584,732	-	-	584,732
Rights exercised	76,950	(76,950)	-	-	-
Rights lapsed	-	(860,800)	-	860,800	-
Balance at 31 December 2021	81,494,280	522,589	(970,772)	(71,431,074)	9,615,023

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

CONSOLIDATED STATEMENT OF CASHFLOWS

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF YEAR ENDED 31 DECEMBER 2021

	Note	Consolidated Entity	
		31 December 2021 \$	31 December 2020 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		116,483	219,585
Research and development tax rebate		3,319,861	2,735,494
Interest received		276	4,512
Interest paid		(41,729)	(41,301)
Government grants		314,231	510,241
Payments to suppliers and employees		(5,333,376)	(4,393,455)
Net cash used in operating activities		(1,624,254)	(964,924)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	8	(405,916)	(74,424)
Net cash used in investing activities		(405,916)	(74,424)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of share	7	6,460,484	-
Transaction costs on issue of shares		(270,617)	(15,962)
Repayment of lease liabilities		(104,613)	(84,205)
Repayment of borrowings	10	(1,954,140)	-
Interest paid		(32,033)	-
Net cash provided by / (used in) financing activities		4,099,081	(100,167)
Net increase / (decrease) in cash held		2,068,911	(1,139,515)
Cash at beginning of financial year		4,176,300	5,430,240
Cash at end of financial period		6,245,211	4,290,725

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1: NATURE OF OPERATIONS

The principal activity of the Group during the half year was the development of the direct-to-market laser diode business unit. This business unit designs, manufactures, tests and will ship laser diode products direct to the customer. These devices target high value applications such as industrial welding, biotech and displays with the objective of capturing significant value in the near-term.

NOTE 2: BASIS OF PREPARATION

These general-purpose financial statements for the half-year reporting period ended 31 December 2021 have been prepared in accordance with requirements of the *Corporations Act 2001* and AASB 134: *Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with International Financial reporting standard IAS34 Interim Financial Reporting. The group is a for profit entity for financial reporting purposes under Australian Accounting standards.

This half year financial report is intended to provide users with an update on the latest annual financial statements of BluGlass Limited and its controlled entities (the Group). As such, it does not contain information that represents relatively insignificant changes occurring during the half year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial report of the Group for the year ended 30 June 2021, together with any public announcements made during the half-year.

The same accounting policies and methods of computation have been followed in this half year financial report as were applied in the most recent annual financial statements, except in relation to the matters discussed below.

SIGNIFICANT ACCOUNTING POLICIES

The half year financial statements have been prepared in accordance with the accounting policies adopted in the Group's last annual financial statements for the year ended 30 June 2021. The financial statements of BluGlass Limited for the half-year ended 31 December 2021 were authorised for issue in accordance with a resolution of the directors on 22 February 2022.

Going Concern

Notwithstanding the loss for the financial period and the negative cashflows from operations, the financial statements have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and the discharge of liabilities in the normal course of business.

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

- The Group has 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 \$8 million in the last 12 months and 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 research and development tax rebate to have access to the funding earlier which will improve the liquidity of the Group; and
- The Group has the ability to scale back a significant portion of its development activities if required.

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

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

NOTE 3: LOSS FOR THE PERIOD

	Consolidated Group	
	31 December 2021	31 December 2020
The following revenue items are relevant in explaining the financial performance for the half year period		
Revenue		
Sales revenue	116,483	219,585
Total Revenue	116,483	219,585
Other Income		
Research and development tax rebate	1,583,131	1,435,493
Government grants - Job keeper, cash flow boost and Job Saver	314,231	560,398
Total Other Income	1,897,362	1,995,891
Finance Income		
Interest received from bank	276	4,512
Total Finance Income	276	4,512

NOTE 4: DIVIDENDS

There were no dividends paid or declared during the period.

NOTE 5: OPERATING SEGMENTS

The consolidated group operates and reports in one business and geographic segment.

NOTE 6: LOSSES PER SHARE

Both the basic and diluted losses per share have been calculated using the losses attributable to shareholders of the Parent Company (BluGlass Limited) as the numerator, i.e. no adjustments to losses were necessary during the six (6) month period to 31 December 2021 and 2020.

The weighted average number of shares for the purposes of the calculation of diluted losses per share can be reconciled to the weighted average number of ordinary shares used in the calculation of basic losses per share as follows:

	6 months to 31 December 2021	6 months to 31 December 2020
Weighted average number of shares used in basic earnings per share	989,259,981	719,708,112
Weighted average number of shares used in diluted earnings per share	989,259,981	719,708,112

NOTE 7: SHARE CAPITAL

	6 months to 31 December 2021 No.	Year to 30 June 2021 No.
Shares issued and fully paid		
Beginning of the period	789,244,600	711,855,027
Issued under share-based payment plans in lieu of cash (1 December 2021)	1,690,532	10,722,906
Issued under share-based payment plans from vested Rights (1 December 2021)	270,000	-
Shares issued (13 July 2021)	213,999,993	66,666,667
Shares issued and fully paid	1,005,205,125	789,244,600
Shares authorised for share-based payments	24,750,000	19,835,612
Total shares authorised at the end of the period	1,029,955,125	809,080,212

	Shares	\$
Shares issued and fully paid		
Beginning of the period	789,244,600	75,227,463
Shares issued (13 July 2021)	213,999,993	6,410,201
Share transaction costs	-	(270,617)
Issued under share-based payment plans in lieu of cash (1 December 2021)	1,690,532	50,283
Issued under share-based payment plans from vested Rights (1 December 2021)	270,000	76,950
As at 31 December 2021	1,005,205,125	81,494,280

NOTE 8: PROPERTY, PLANT AND EQUIPMENT

The following tables show the movements in property, plant, and equipment:

	Plant and Equipment	Lease Make Good	Office Equipment	Leasehold Improvements	Right-of- use asset	Computer Equipment	Total
	\$	\$	\$	\$	\$	\$	\$
Balance at 30 June 2021	2,206,583	771,220	-	1,406,014	1,442,692	13,219	5,839,728
Additions	289,765	-	3,487	103,297	372,556	9,367	778,472
Disposals	-	-	-	-	-	-	-
Depreciation expense	(554,887)	(58,760)	(58)	(350,732)	(124,405)	(2,800)	(1,091,642)
Balance at 31 December 2021	1,941,461	712,460	3,429	1,158,579	1,690,843	19,786	5,526,558

*The value of assets under construction of \$210,327 (2021: \$Nil) are included within plant and equipment that is not yet depreciated

Included in the carrying amount of property, plant and equipment are right-of-use assets as follows:

Right-of-use asset	31 December 2021	30 June 2021
Right-of-use	1,690,843	1,442,692
Total right-of-use assets	1,690,843	1,442,692

NOTE 9: LEASE LIABILITY

The Group has a lease for the main warehouse and office. Future minimum lease payments at 31 December 2021 were as follows:

Lease liabilities	31 December 2021	30 June 2021
Lease liabilities (current)	274,467	184,009
Lease liabilities (non-current)	1,549,551	1,372,066
	1,824,018	1,556,075

NOTE 10: BORROWINGS

Current	31 December 2021	30 June 2021
Borrowings*	-	1,954,140
	-	1,954,140

*With the completion of the Rights issue and two separate placements in June and July 2021 this loan with Radium Capital was repaid in full in July 2021.

NOTE 11: COMMITMENTS AND CONTINGENCIES

Contingent liabilities include the lease for 74 Asquith Street is supported by a 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. The CBA also holds a Guarantee against the company credit cards of \$50,000.

NOTE 12: EVENTS SUBSEQUENT TO REPORTING DATE

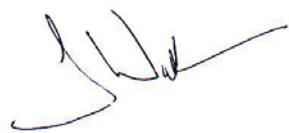
There were no events subsequent to reporting date.

DIRECTORS DECLARATION

The directors of the company declare that:

1. the financial statements and notes as set out on pages [9] to [16] are in accordance with the Corporations Act 2001 and:
 - (a) comply with Accounting Standards AASB 134 *Interim Financial Reporting*; and
 - (b) give a true and fair view of the financial position as at 31 December 2021 and of the performance for the half year ended on that date.
2. in the directors' opinion, there are reasonable grounds to believe that the group will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



Executive Chair *James Walker*

Dated 22 February 2022

Independent Auditor's Review Report

To the Members of BluGlass Limited

Report on the review of the half-year financial report

Conclusion

We have reviewed the accompanying half-year financial report of BluGlass Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2021, and 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 half year ended on that date, a description of accounting policies, other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of BluGlass Limited does not comply with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the [name of group's] financial position as at 31 December 2021 and of its performance for the half year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Company 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 annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Material uncertainty related to going concern

We draw attention to Note 2 in the financial report, which indicates that the Group incurred a net loss of \$4,620,652 and an operating net cash outflow of \$1,624,254 during the half year ended 31 December 2021. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Directors' responsibility for the half-year financial report

The Directors of the Company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2021 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Grant Thornton Audit Pty Ltd
Chartered Accountants



M Aziz
Partner – Audit & Assurance
Sydney, 22 February 2022