

Appendix 4D

Interim Report

BLUGLASS LIMITED

ACN

116825793

Six Months Ended

31 DECEMBER 2025

Corresponding period was the six months ended 31 December 2024

Results for announcement to the market

RESULTS					
		\$A	%		\$A
Revenues from ordinary activities	Up	709,553	14	to	5,760,412
Loss from ordinary activities after tax attributable to members	Down	1,619,531	28	to	(4,104,743)
Loss for the period attributable to members	Down	1,619,531	28	to	(4,104,743)

EPS

Earnings per Security (cents per share)	31 Dec 2025	31 Dec 2024
Basic loss per share (cents per share)	(3.16) cents	(6.24) cents
Diluted loss per share (cents per share)	(3.16) cents	(6.24) cents

Net Tangible Asset Backing

	31 Dec 2025	31 Dec 2024
Per Ordinary Security (cents per share)	7.86 cents	13.38 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

	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

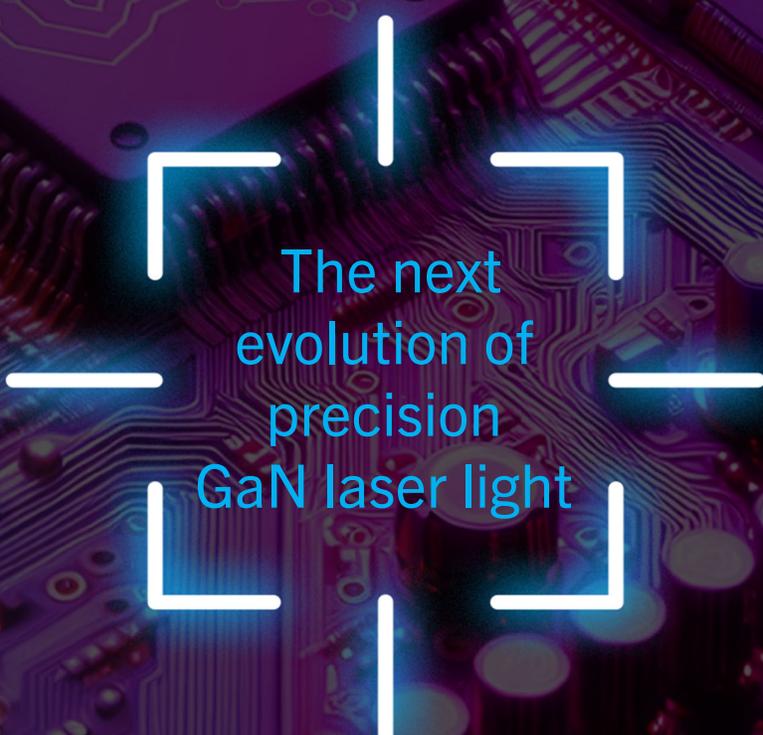
Name of entity (or group of entities)	NIL
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This report is based on the Half Year Financial Report which has been subject to review by the Auditors. All the documents comprise the information required by Listing Rule 4.2A. This information should be read in conjunction with the Interim Financial Report for the Half Year Ended 31 December 2025 and the 30 June 2025 Annual Financial Report.



**BLUGLASS LIMITED
and CONTROLLED
ENTITIES**

ABN 20 116 825 793



The next
evolution of
precision
GaN laser light

FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED

31 DECEMBER 2025

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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 2025.

DIRECTORS

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

Mr James Walker (Chair) – Resigned 10 November 2025

Mr Vivek Rao – Resigned 15 September 2025

Mr Stephe Wilks – Resigned 10 November 2025

Mr Jean-Michel Pelaprat – Resigned 9 December 2025

Mr Omer Granit (Executive Chair) – Appointed 15 September 2025 as Director, and 10 November 2025 as Executive Chair

Mr Mehmet Ata Gokyildirim – Appointed 10 November 2025

Mrs Lucy Victoria Robb Vujcic – Appointed 10 November 2025

Mr James Michael Haden (Executive Director) – Appointed 9 December 2025

PRINCIPAL ACTIVITIES

The principal activity of the Group during the financial year was to progress the development and commercialisation of the Company's visible (high-energy photon) laser diode product portfolio for the industrial, quantum, 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 gallium nitride (GaN) laser diodes, initially in the 405nm, 420nm and 450nm wavelength ranges. RPCVD has the potential to create higher power, and more efficient laser diodes.

FINANCIAL SUMMARY

Revenue, other income and finance income for the period increased by \$0.71 million (up 14%) to \$5.76 million, with key elements including:

- Foundry Income was up by \$0.47 million to \$1.01 million for the period;
- Product Income was up by \$0.23 million to \$0.24 million for the period;
- Project Income was down by \$0.28 million to \$1.31 million for the period; and
- Research and development tax rebate for the period was \$0.20 million up on the corresponding period in the prior year.

Total expenditure for the period has decreased by \$0.91 million down 8% to \$9.87 million with material variations as follows:

- Consumables expense down 29% to \$1.08 million (2024: \$1.52 million);
- Depreciation and amortisation expense down 24% to \$1.31 million (2024: \$1.73 million);
- Share based payment expense down 207% to (\$0.32) million (2024: \$0.29 million);
- Employee benefits expense up 5% to \$4.12 million (2024: \$3.91 million).

The consolidated loss after tax for the period amounted to \$4.10 million down 28% (2024: \$5.72 million).

The company's net assets as of 31 December 2025 were \$7.15 million (30 June 2025: \$11.59 million).

The Consolidated Statement of Financial Position does not include a value for the number of patents the company holds 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

Highlights

- Secured a A\$1.05 million Year 3 CLAWS Hub contract extension with the U.S. Department of War
- Received orders from tier 1 defence prime and global quantum leader Infleqtion Inc
- Appointed a refreshed Board to drive next phase of commercial growth
- Licensed critical long-wavelength visible laser intellectual property from the University of California Santa Barbara Solid State Lighting and Energy Electronics Consortium (SSLEEC)
- Received A\$6.0M R&D tax rebate for activities carried out in FY25
- Hosted sold-out Semiconductor Australia 2025, the second annual premier conference for the semiconductor, quantum, and photonics sectors
- Showcased GaN laser portfolio at SPIE Photonics West
- Continued to grow US\$100 million project pipeline and advance customer negotiations; fulfilled a A\$240k deal with the India Ministry of Defense.

Commenting on the Company's H1 FY26 performance, Executive Chair Omer Granit said: "The first half of FY26 marked a strategic shift for BluGlass with a new Board appointed to transition the Company from an underfunded innovator to an industry leader. Central to this transition is the successful execution of our project-to-product strategy, converting opportunities from our US\$100 million pipeline into revenue-generating contracts. We're also strengthening our engagement with the U.S. Government to accelerate customer and partner negotiations while increasing access to non-dilutive capital grants and funding options. As an early adopter of cutting-edge dual-use technologies with one of the largest defence budgets globally, the U.S. Government represents more than 60% of projects in our pipeline.

"Lasers are critical enabling technology, underpinning almost all next-generation capabilities and megatrends – everything from quantum and AI to autonomous vehicles, disease detection and advanced defence systems. BluGlass operates in the fastest growing and least crowded segment of the laser market and is one of only two gallium nitride (GaN) visible laser suppliers with U.S. manufacturing capability. Our manufacturing facilities are a significant competitive advantage at a time when strategic semiconductor and defence capabilities are increasingly being reshored, positioning us to win large scale development projects that will see our visible lasers designed-in high-value next-generation applications.

"To capitalise on this opportunity, Executive Director Jim Haden and I recently spent a week in Washington, meeting with defence and industry leaders, including retired U.S. Army general John Wharton and former White House Chief of Staff Reince Priebus (currently at Michael Best Government Relations). These meetings have reinforced the genuine need for onshore semiconductor manufacturing for critical defence, national security and quantum applications. They have also enabled us to leverage our existing long-standing contract with the U.S. Department of War's Microelectronics Commons to expand our network and build relationships with other U.S. departments and agencies.

"Developing novel technology and capabilities for next-generation applications takes time, however the calibre of customers and partners in our pipeline, including a prominent tier 1 defence prime, and Infleqtion, reflect growing demand for custom visible laser development to solve application-specific customer challenges. The Board and I remain confident in BluGlass' growth trajectory and outlook, and appreciate the ongoing support of investors."

A\$1.05 million CLAWS Hub sub-contract

BluGlass strengthened its relationship with the U.S. Government in January, securing a A\$1.05 million contract extension with North Carolina State University as part of the U.S. Department of War's Microelectronics Commons' CLAWS Hub. The extension brings BluGlass' total contract value to \$6.5 million for the first three years of the five-year Microelectronics Commons program.

Under its Year 3 contract, BluGlass will continue to develop high-fidelity, high-precision visible GaN lasers and integrated photonics to address scalability challenges and precision requirements of next-generation defence, quantum and dual-use applications.

Received orders from industry leaders Infleqtion and a prominent tier 1 defence prime

BluGlass continued to mature its customer engagement in the first half of FY26, receiving initial purchase orders of its world-leading GaN gain chips from industry leaders Infleqtion and a prominent tier 1 defence prime. Initial orders are often used by customers for testing and prototyping within new applications and can lead to larger, long-term orders.

Infleqtion designs and builds quantum computers, precision sensors and quantum software for governments, enterprises and research institutes, including Nvidia, NASA, DARPA, and the United States Army. Infleqtion is integrating BluGlass' gain chips within its quantum systems to support next-generation quantum applications.

The tier 1 defence prime is a premier American aerospace and defence technology company that delivers advanced systems and services across commercial and military sectors. Its portfolio includes avionics, navigation systems, and information management solutions, all designed to enhance efficiency, safety, and connectivity for customers.

New Board appointed to drive next phase of growth

H1 FY26 saw significant leadership changes for BluGlass with a new Board appointed to expand U.S. engagement and lead the Company through its next growth phase. Led by U.S.-based Executive Chair Omer Granit, the refreshed Board comprises Non-Executive Australian Directors Lucy Robb Vujcic and Ata Gokyildirim as well as Executive Director Jim Haden.

An entrepreneur, investor and corporate lawyer, Omer Granit has a wealth of experience across capital markets, strategy, technology, defence and advanced manufacturing. His appointment as Executive Chair strengthens BluGlass' engagement in the U.S., improving access to strategic customers, the global defence industry, and investment community. A commercial barrister, Lucy Robb Vujcic strengthens the Board's governance credentials, bringing extensive experience across corporate law, defence procurement, government contracting and international arbitration. Ata Gokyildirim has a proven track record leading high-growth technology ventures and a deep understanding of complex technology business models, operating environments and go-to-market strategy.

The Company thanks outgoing Directors James Walker, Stephe Wilks, Jean-Michel Pelaprat and Vivek Rao for their significant contribution to BluGlass over many years.

Licensed critical visible laser IP

During the first half of FY26, BluGlass licensed the rights to critical long-wavelength visible laser diode intellectual property from the University of California Santa Barbara (UCSB) Solid State Lighting and Energy Electronics Consortium (SSLEEC). The IP relates to intricate growth and fabrication techniques for AlGaIn based layers – critical to the light emission layers of long-wavelength visible devices, including laser diodes – and will be critical to BluGlass taking share within large next-generation markets. Long-wavelength aquamarine and green lasers have growing applications across quantum sensing and computing, advanced bio-medical devices, and consumer markets.

Customer engagement

BluGlass continued to execute its project-to-product strategy during the half, progressing projects and opportunities within its collective US\$100 million pipeline. The pipeline includes government and tier-1 partners alongside industry pioneers

and innovators, with these negotiations in various stages of maturity. As BluGlass is developing novel lasers and capabilities for emerging applications, negotiations and projects take time to realise and often begin as small laser orders used for testing and prototyping.

As part of these efforts during the first half, BluGlass delivered all milestones of its first Indian Ministry of Defence contract, valued at A\$240,000, with the Solid State Physics Laboratory (SSPL), a leading research institution at the forefront of advanced semiconductor materials and device development. This successful proof of concept has led to multiple large-scale project opportunities with the Indian Government entering our funnel.

The Company is also extending its collaboration with the US DoW's Microelectronics Commons, with additional Hub's seeking GaN laser support as a key enabling capability in defence, aerospace, quantum and applications.

The Company's project-to-product strategy is a well-established commercialisation path for laser companies, generating immediate revenues through development projects that create novel capabilities and result in the Company's lasers being 'designed-in' next-generation applications, leading to long-term manufacturing agreements.

BluGlass' vertically integrated manufacturing facilities enable the Company to design custom solutions to solve specific customer challenges – a unique proposition within the highly constrained GaN laser market. The Company's U.S. manufacturing capabilities have also been instrumental in progressing opportunities within strategic markets such as defence and aerospace.

Blue Ocean LiDAR program awarded round 2 AEA grant

BluGlass' collaboration partner, Macquarie University, has secured a \$317k Australian Economic Accelerator (AEA) Round 2 grant to progress its *Novel Blue Ocean LiDAR* program. The grant follows the successful early-trials completed in the \$182k Round 1 program.

The second phase of the program will advance commercial trials of blue ocean LiDAR technology in ocean environments to improve maritime situational awareness in defence and environmental settings.

BluGlass will continue to provide high-power GaN lasers in wavelengths key to optimising underwater performance in the blue and aqua-marine ranges. GaN lasers offer significant advantages over current lower-power solutions; including longer distance submarine performance, compact size suitable, high power conversion efficiency, low manufacturing cost, wavelength tunability, beam divergence control, and ability to shift wavelength rapidly.

R&D rebate

In H1 FY26, BluGlass received a \$6.05 million tax rebate for R&D activities carried out across its Australian and US facilities in FY25.

Hosted Semiconductor Australia 2025

Building on the success of its inaugural conference, BluGlass partnered with the Semiconductor Sector Service Bureau (S3B) and Corporate Connect to host Semiconductor Australia 2025 in October.

The premier conference for the semiconductor, quantum and photonics sectors, Semiconductor Australia 2025 was attended by more than 350 in-person participants and hundreds more online. The event showcased 22 of the nation's deep-tech innovators and featured keynote presentations from industry luminaries, including Australia's ninth Chief Scientist Dr Cathy Foley, and renowned scientist, entrepreneur and investor, Dr Simon Poole. Five expert roundtable sessions covered critical discussions around essential policy frameworks, global supply chain access, and growth capital. Session recordings are available at www.semiconductoraustralia.com/news

Industry events

Industry conferences and roundtables are key to BluGlass' sales and marketing strategy, increasing awareness of the Company's visible laser and integrated photonics offering, and enabling engagement with prospective partners and

customers to discuss novel challenges. BluGlass participated at several industry events during the period, including leading industry conference SPIE Photonics West in San Francisco, part of the Team Australia delegation to the Quantum World Congress in Washington DC, the India Defence Ministry forum in Sydney, and the Quantum Semiconductor Workshop in California.

Patents

BluGlass continues to protect its intellectual property, filing a Patent Cooperation Treaty (PCT) (international patent system) application for its novel high-peak power continuous wave tuneable lasers. These novel designs enhance power and versatility of GaN lasers where power, precision, and tunability are required, and have high-value applications in three critical markets: aerospace, marine, and defence applications; quantum computing and quantum sensing applications; and biomedical and biotech applications.

Looking ahead

Over the remaining half of FY26, BluGlass will continue to convert opportunities within its US\$100 million pipeline into revenue-generating contracts, secure new and repeat customer orders, advance its technology roadmap, and strengthen strategic industry partnerships to launch new capabilities. In parallel, the Company is focused on broadening its relationship with the U.S. Government, leveraging global tailwinds including the reshoring of strategic capabilities to support project negotiations and enhance access to non-dilutive grants and funding options.

In February, BluGlass received a A\$190,000 order from global market leader TOPTICA Photonics for custom gallium nitride (GaN) visible wavelength lasers for Photonic Integrated Circuits (PICs). TOPTICA is a commercial member of the U.S. Department of War's (DoWs) NORDTECH Hub, developing Quantum Ultra-broadband Photonic Integrated Circuits and Systems (QUPICS). QUPICS will deliver quantum photonic integrated circuits spanning ultraviolet (UV) through infrared (IR) wavelengths, essential for many atomic, ion based, and photonic systems to accelerate applications including quantum sensing, networking and computing, secure communications, and precision navigation. BluGlass is now working with two of the eight U.S. DoW's Microelectronics Commons Hubs, demonstrating the Company's growing engagement with the U.S. Government and leading industry players. BluGlass will provide custom GaN visible wavelength lasers for advanced PICs. These next-generation high precision single frequency PICs are being developed to enable quantum capabilities for trapped ion, neutral atom, and photonic quantum technologies.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL HALF-YEAR

On 26 February 2026, BluGlass secured funding of \$2.27 million against the R&D tax claim for the financial year ending 30 June 2026.

No other matter or circumstance has arisen since 31 December 2025 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.



Omer Granit
Executive Chair

Dated 26 February 2026

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

To the Directors of BluGlass Limited

As lead auditor for the review of Bluglass Limited for the half-year ended 31 December 2025, I declare that, to the best of my knowledge and belief, there have been:

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

This declaration is in relation to Bluglass Limited and the entities it controlled during the half-year.

In.Corp Audit & Assurance Pty Ltd



Daniel Dalla
Director

Sydney, 26 February 2026

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PROFIT OR LOSS AND COMPREHENSIVE INCOME

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF YEAR ENDED 31 DECEMBER 2025

	Note	Consolidated Entity	
		31 December 2025 \$	31 December 2024 \$
Revenue	3	2,563,845	2,151,422
Other income	3	3,189,910	2,847,003
Finance income	3	6,657	52,434
Employee benefits expense		(4,123,781)	(3,913,132)
Professional fees		(94,074)	(144,914)
Board and secretarial fees		(248,479)	(261,618)
Corporate compliance & legal expense		(75,548)	(99,768)
Consultant fees		(134,756)	(33,200)
Finance cost		(174,993)	(193,408)
Office Utilities		(743,979)	(706,849)
Rent expense		(178,944)	(124,406)
Subscriptions		(232,318)	-
Travel and accommodation expense		(232,796)	(90,432)
Consumables		(1,078,720)	(1,521,061)
Depreciation expense	9	(1,310,372)	(1,729,937)
Share based payment expense	8	316,019	(294,156)
Other expenses		(1,552,414)	(1,662,252)
Loss before income tax		(4,104,743)	(5,724,274)
Income tax expense		-	-
Loss for the period		(4,104,743)	(5,724,274)
Other comprehensive income		(409,648)	284,523
Total comprehensive income		(4,514,391)	(5,439,751)
Loss attributable to:			
• Members of the parent entity		(4,104,743)	(5,724,274)
• Non-controlling interest		-	-
		(4,104,743)	(5,724,274)
Total Comprehensive Income attributable to:			
• Members of the parent entity		(4,514,391)	(5,439,751)
• Non-controlling interest		-	-
		(4,514,391)	(5,439,751)
Earnings Per Share			
Basic loss per share (cents per share)	6	(3.16)	(6.24)
Diluted loss per share (cents per share)	6	(3.16)	(6.24)

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

FINANCIAL POSITION

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2025

	Note	Consolidated Entity	
		31 December 2025 \$	30 June 2025 \$
Current Assets			
Cash and cash equivalents		2,977,063	5,737,859
Trade and other receivables		3,870,720	7,772,435
Inventories		1,314,645	1,069,037
Other current assets		47,809	33,285
TOTAL CURRENT ASSETS		8,210,238	14,612,616
Non-Current Assets			
Security deposits		688,673	698,931
Plant and equipment	9	7,941,118	8,618,849
TOTAL NON-CURRENT ASSETS		8,629,791	9,317,780
TOTAL ASSETS		16,840,029	23,930,396
Current Liabilities			
Trade and other payables		1,128,994	2,951,046
Lease liabilities	10	851,151	782,012
Short-term provisions		716,460	700,052
Borrowings		2,270,162	3,047,908
TOTAL CURRENT LIABILITIES		4,966,767	7,481,018
Non-Current Liabilities			
Lease liabilities	10	3,132,914	1,583,497
Long-term provisions		1,585,967	3,274,596
TOTAL NON-CURRENT LIABILITIES		4,718,881	4,858,093
TOTAL LIABILITIES		9,685,648	12,339,111
NET ASSETS		7,154,381	11,591,285
Equity			
Issued capital	7	120,743,834	120,076,236
Reserves		(450,731)	549,028
Accumulated losses		(113,138,722)	(109,033,979)
TOTAL EQUITY		7,154,381	11,591,285

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

CHANGES IN EQUITY

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 31 DECEMBER 2025

	Note	Issued Capital	Share-Based Payments Reserve	Other Reserves	Accumulated Losses	Total
Consolidated Entity		\$	\$	\$	\$	\$
Balance at 1 July 2024		112,583,155	861,171	(502,168)	(98,056,085)	14,886,073
Loss for the period		-	-	-	(5,724,274)	(5,724,274)
Other comprehensive income		-	-	284,523	-	284,523
Total comprehensive income for the period		-	-	284,523	(5,724,274)	(5,439,751)
Transactions with owners in their capacity as owners						
Shares issued during the period		6,216	-	-	-	6,216
Share transaction costs during the period		-	-	-	-	-
Shares issued in lieu of cash		152,967	-	-	-	152,967
Share based payments		-	294,156	-	-	294,156
Rights exercised		345,044	(345,044)	-	-	-
Rights lapsed		-	-	-	-	-
Balance at 31 December 2024		113,087,382	810,283	(217,645)	(103,780,359)	9,899,661

Balance at 1 July 2025		120,076,236	905,173	(356,145)	(109,033,979)	11,591,285
Loss for the period		-	-	-	(4,104,743)	(4,104,743)
Other comprehensive income		-	-	(409,648)	-	(409,648)
Total comprehensive income for the period		-	-	(409,648)	(4,104,743)	(4,514,391)
Transactions with owners in their capacity as owners						
Shares issued during the period		88,199	-	-	-	88,199
Share transaction costs during the period		(14,752)	-	-	-	(14,752)
Shares issued in lieu of cash		320,059	-	-	-	320,059
Share based payments	8	-	(316,019)	-	-	(316,019)
Rights exercised		274,092	(274,092)	-	-	-
Rights lapsed		-	-	-	-	-
Balance at 31 December 2025		120,743,834	315,062	(765,793)	(113,138,722)	7,154,381

CASHFLOWS

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF YEAR ENDED 31 DECEMBER 2025

	Note	Consolidated Entity	
		31 December 2025 \$	31 December 2024 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		3,197,134	4,220,144
Research and development tax rebate		6,068,755	5,372,680
Interest received		6,657	52,434
Interest paid		-	(4,224)
Payments to suppliers and employees		(9,011,329)	(8,944,376)
Net cash used in operating activities		261,217	696,658
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(829,482)	(450,004)
Net cash used in investing activities		(829,482)	(450,004)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of share		11,933	6,216
Share issue transaction costs *		(450,836)	-
Lease liability repayments		(716,917)	(695,521)
Interest paid		(258,965)	(168,730)
Proceeds from borrowings		2,270,162	1,499,236
Borrowing repayments		(3,047,908)	(2,648,462)
Net cash provided by financing activities		(2,192,531)	(2,007,261)
Net (decrease) in cash held		(2,760,796)	(1,760,607)
Cash at beginning of financial period		5,737,859	5,573,205
Cash at end of financial period		2,977,063	3,812,598

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

* Share issue transaction costs include amounts relating to shares issued in the prior year.

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 2025 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 2025, 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.

MATERIAL ACCOUNTING POLICY INFORMATION

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 2025. The financial statements of BluGlass Limited for the half-year ended 31 December 2025 were authorised for issue in accordance with a resolution of the directors on 26 February 2026.

Going Concern

The Group incurred a loss after tax of \$4,104,743 (2024: \$5,724,274) and positive cashflows from operations of \$261,217 (2024: positive cashflows of \$696,658) for the half-year ended 31 December 2025. Notwithstanding the loss, 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 \$2,977,063 as at 31 December 2025 (30 June 2025: \$5,737,859). As at that date, the Group had current assets of \$8,210,238 (30 June 2025: \$14,612,616) and net assets of \$7,154,381 (30 June 2025: \$11,591,285). 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 raises;
- If required, the Group has the ability to continue to raise additional funds on a timely basis pursuant to the Corporations Act 2001. The Directors have no reason to believe that it will not be able to continue to source equity or alternative funding if required; 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.

NOTE 2: BASIS OF PREPARATION (CONTINUED)

Reclassification of balances and accounts

During the reporting period, certain balances and accounts have been reclassified in order to better reflect the nature and purpose of the underlying transactions. These reclassifications have been made in accordance with applicable accounting standards and guidelines. None of these reclassifications had an impact on profit or loss and total equity.

Revenue and Other Income

Revenue arises mainly from foundry revenue and laser diode revenue. To determine whether to recognise revenue, the Group follows a 5-step process:

- Identifying the contract with a customer
- Identifying the performance obligations
- Determining the transaction price
- Allocating the transaction price to the performance obligations
- Recognising revenue when/as performance obligation(s) are satisfied

In all cases, the total transaction price for a contract for foundry revenue and laser diode revenue is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties. Revenue is recognised consistent with the pattern of transfer of control of the underlying good or service to the customer. Accordingly, when the entity satisfies a distinct performance obligation at a point in time (such as on the delivery of wafers), revenue attributable to the associated good or service is recognised in full at that time. Alternatively, when the entity satisfies a distinct performance obligation over time (such as when it undertakes or provides research and development services to a customer), revenue attributable to the associated good or service is recognised on a pro-rata basis over the relevant period. The Group currently has no obligation for returns, refunds or warranties.

The Group recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities in the statement of financial position. Similarly, if the Group satisfies a performance obligation before it receives the consideration, the Group recognises either a contract asset or a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

Critical accounting estimates and judgements

The directors evaluate estimates and judgements 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 judgement – Laser diode project revenue

BluGlass has recognised laser diode project revenue in accordance with AASB 15. Laser diode project revenue customers are parties that have contracted with the Group to obtain research and development services in exchange for consideration. Laser diode project revenue is recognised over time when the entity provides this service and satisfies the distinct performance obligation.

NOTE 3: REVENUE, OTHER INCOME AND FINANCE INCOME

The following revenue items are relevant in explaining the financial performance for the half year period	Consolidated Group	
	31 December 2025	31 December 2024
Revenue		
Foundry Services Revenue	1,009,652	541,791
Laser Diode Product Revenue	242,021	16,010
Laser Diode Project Revenue	1,312,172	1,593,621
Total Revenue	2,563,845	2,151,422
Other income		
Research and development tax rebate	2,906,245	2,706,881
Semiconductor Industry Australia Conference	178,535	132,730
Other	105,130	7,392
Total Other income	3,189,910	2,847,003
Finance Income		
Interest received	6,657	52,434
Total Finance Income	6,657	52,434

NOTE 4: DIVIDENDS

There were no dividends paid or declared during the period.

NOTE 5: OPERATING SEGMENTS

Business and geographical segments

The Group identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The Group is managed primarily on the basis of research and development activities. The Group's operation has one main risk profile and performance assessment criteria. Operating segments are therefore determined on the same basis.

Reportable segments disclosed are based on aggregating operating segments where the segments are considered to have similar economic characteristics and are also similar with respect to the following:

- the products sold and/or services provided by the segment;
- the manufacturing process;
- the type or class of customer for the product or service;
- the distribution method; and any external regulatory requirements

Applying the above criteria, the Group only has one operating division being the research and manufacture of Gallium Nitride (GaN).

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

NOTE 5: OPERATING SEGMENTS (CONTINUED)

	Australia	USA	Intersegmental Elimination	Total
31 December 2025	\$	\$	\$	\$
Sales to Customers	1,009,652	1,554,193	-	2,563,845
Intersegment Revenue	1,265,865	5,194,505	(6,460,370)	-
Other Revenue	3,099,780	90,130	-	3,189,910
Interest Revenue	6,657	-	-	6,657
Total Segment Revenue	5,381,954	6,838,828	(6,460,370)	5,760,412
Depreciation and amortisation	219,408	1,090,964	-	1,310,372
Employee benefit expense	1,158,884	2,964,897	-	4,123,781
Intersegment expense	5,194,505	1,265,865	(6,460,370)	-
Other expenses	2,107,140	2,323,862	-	4,431,002
Segment Results	(3,297,983)	(806,760)	-	(4,104,743)
Segment Assets	21,067,688	7,340,149	(11,567,808)	16,840,029
Segment Liabilities	6,474,484	15,064,600	(11,853,436)	9,685,648

	Australia	USA	Intersegmental Elimination	Total
31 December 2024	\$	\$	\$	\$
Sales to Customers	541,791	1,609,631	-	2,151,422
Intersegment Revenue	1,497,494	5,553,241	(7,050,735)	-
Other Revenue	2,847,003	-	-	2,847,003
Interest Revenue	52,434	-	-	52,434
Total Segment Revenue	4,938,722	7,162,872	(7,050,735)	5,050,859
Depreciation and amortisation	187,872	1,542,065	-	1,729,937
Employee benefit expense	1,279,092	2,634,040	-	3,913,132
Intersegment expense	5,553,241	1,497,494	(7,050,735)	-
Other expenses	2,899,012	2,233,052	-	5,132,064
Segment Results	(4,980,495)	(743,779)	-	(5,724,274)
Segment Assets	16,394,041	7,937,270	(7,866,536)	16,464,775
Segment Liabilities	3,139,019	12,621,109	(9,195,014)	6,565,114

NOTE 6: LOSS 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 2025 and 2024.

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 2025	6 months to 31 December 2024
Weighted average number of shares used in basic earnings per share	129,702,674	91,726,931
Weighted average number of shares used in diluted earnings per share	129,702,674	91,726,931

Earnings Per Share	Cents	Cents
Basic loss per share (cents per share)	(3.16)	(6.24)
Diluted loss per share (cents per share)	(3.16)	(6.24)

On 4 December 2025, the Company completed the consolidation of its issued capital on the basis of 1 share for every 20 shares and 1 option for every 20 options, following shareholder approval at the Company's Annual General Meeting held on 24 November 2025. Comparative earnings per share and weighted average number of shares for the prior period have been adjusted to reflect the consolidation.

NOTE 7: SHARE CAPITAL

	6 months to 31 December 2025	6 months to 31 December 2025
	Shares	\$
Shares issued and fully paid		
Beginning of the period	2,413,198,962	120,076,236
Shares issued	153,861,744	88,199
Shares issued in lieu of cash	37,988,946	320,059
Rights exercised	9,613,530	274,092
Share transaction costs	-	(14,752)
Shares consolidation	(2,483,883,647)	-
As at 31 December 2025	130,779,535	120,743,834

NOTE 8: SHARE BASED PAYMENT

During the period, 740,748 performance rights held by directors and employees who resigned lapsed as the relevant vesting conditions were not met. As a result, previously recognised cumulative share-based payment expenses of \$577,326 were reversed.

In addition, \$261,307 of share-based payment expense was recognised during the period in respect of performance rights that met their vesting conditions.

Overall, this resulted in a net reversal of \$316,019 recognised in profit or loss for the period.

NOTE 9: PLANT AND EQUIPMENT

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

	Right-of-use asset	Plant and Equipment	Lease Make Good	Leasehold Improvements	Computer Equipment	Furniture & Fittings	Total
	\$	\$	\$	\$	\$	\$	\$
Balance at 30 June 2025	3,636,405	4,186,473	597,342	124,578	53,464	20,587	8,618,849
Additions	-	444,857	-	3,317	17,591	-	465,765
Remeasurement of lease liability	384,625	-	-	-	-	-	384,625
Depreciation expense	(365,577)	(833,380)	(58,614)	(33,534)	(14,020)	(5,247)	(1,310,372)
Exchange rate movement		(186,762)	(6,524)	(20,017)	(2,543)	(1,903)	(217,749)
Balance at 31 December 2025	3,655,453	3,611,188	532,204	74,344	54,492	13,437	7,941,118

*The value of assets under construction of \$1,946,051 (30 June 2025: \$2,116,671) are included within plant and equipment that is not yet depreciated

NOTE 10: LEASE LIABILITIES

The Group has held the following leases for the following facilities at 31 December 2025:

- Silverwater (Australia) – Warehouse and Office
- New Hampshire (USA) – Packaging and Testing Facility
- California (USA) – Fabrication Facility

Future minimum lease payments were as follows:

	31 December 2025	30 June 2025
Lease liabilities (current)	851,151	782,012
Lease liabilities (non-current)	3,132,914	3,274,596
	3,984,065	4,056,608

NOTE 11: COMMITMENTS AND CONTINGENCIES

Contingent liabilities include the lease for 74 Asquith Street which is supported by The Commonwealth Bank of Australia ("CBA") bank guarantee for \$168,800. Collateral for the bank guarantee is a set-off against cash invested with the CBA for \$168,800. The CBA also holds a Guarantee against the company credit cards of \$50,000.

NOTE 12: EVENTS SUBSEQUENT TO REPORTING DATE

On 26 February 2026, BluGlass secured funding of \$2.27 million against the R&D tax claim for the financial year ending 30 June 2025.

No other matter or circumstance has arisen since 31 December 2025 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.

DIRECTORS' DECLARATION

The directors of the company declare that:

1. the financial statements and notes as set out on pages 7 to 17 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 2025 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.



Omer Granit
Executive Chair

Dated 26 February 2026

BLUGLASS LIMITED
INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Bluglass Limited

Conclusion

We have reviewed the accompanying half-year consolidated financial report of Bluglass Limited (“the Company”) and its controlled entities (“the Group”), which comprises the consolidated statement of financial position as at 31 December 2025, 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, notes comprising material accounting policy information and other explanatory information, 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 half-year financial report of the Group is not in accordance with the *Corporations Act 2001* including:

- i. giving a true and fair view of the Group’s financial position as at 31 December 2025 and of its performance for the half-year ended on that date; and
- ii. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *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 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 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 notes that the Group incurred a net loss of \$4,104,743 for the half-year. As stated in Note 2, this along with other matters as set forth in Note 2 indicate that a material uncertainty exists that may cast doubt on the Group’s ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our conclusion is not modified in respect of this matter.

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BLUGLASS LIMITED

INDEPENDENT AUDITOR'S REVIEW REPORT (continued)

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's review report.

Responsibility of Directors for the Half-Year Financial Report

The directors of the Company are responsible for the preparation of the consolidated 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 is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Half-Year Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether 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 2025 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.

In.Corp Audit & Assurance Pty Ltd



Daniel Dalla
Director

Sydney, 26 February 2026