

7 December 2023

## BluGlass acquires GaNWorks Foundry

### Highlights

- BluGlass has acquired contract manufacturer GaNWorks Foundry, Inc. to complete vertical integration of its Silicon Valley fab
- Under the agreement, BluGlass has acquired core GaN wafer processing capabilities from GaNWorks Foundry, Inc. to be installed at BluGlass
  - In-sourcing these final steps of the manufacturing supply chain scales BluGlass' commercial operations, fast-tracks development timelines, and increases production capability
  - Further reduces manufacturing complexity and wafer production costs
- The US\$800,000 acquisition comprises US\$120,000 cash and US\$680,000 in new BluGlass shares
  - The cash component is being funded by the receipt of the Company's \$7.3M R&D rebate

Global semiconductor developer BluGlass Limited (**ASX: BLG**) has reached an agreement to acquire its commercial contract manufacturing partner, GaNWorks Foundry, Inc. (GaNWorks), for US\$800,000. Under the agreement, BluGlass will acquire core gallium nitride (GaN) wafer processing equipment and processes from GaNWorks, completing vertical integration of its Silicon Valley laser fabrication facility (the Fab).

The acquisition includes the purchase of specialty GaN wafer processing equipment for n-side wafer thinning and laser bar cleave capabilities, both critical and complex processes in BluGlass' laser manufacturing supply chain. These processes have previously been outsourced to Silicon Valley based GaNWorks - BluGlass' only remaining wafer processing contract manufacturer.

In addition to equipment and installation, the transaction includes the transition of an experienced GaN engineer, ensuring complete knowledge and process transfer to BluGlass. In-sourcing of n-side wafer thinning and laser bar cleave processes will speed development and production cycles of these steps by over 30% and will deliver annualised savings of more than US\$400K. Operationally, vertical integration will further fast-track the Company's growth strategy, increase laser production capacity, and accelerate advanced technical roadmaps.

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

"Bringing GaNWorks in-house is another incredibly rare opportunity. These processes are critical to our manufacturing supply chain, with the equipment alone costing on the order of US\$3 million to purchase new. Our acquisition of GaNWorks represents exceptional shareholder value, providing us with the necessary equipment, along with invaluable process, knowledge transfer and hands-on expertise. As one of just a handful of gallium nitride laser diode manufacturers globally, our acquisition of a specialist GaN contract manufacturer also increases barriers to entry for new players.

"The acquisition represents the final step in our plan to in-source wafer processing, and further accelerates our long-term growth plans within the fast-growing GaN market, forecast to reach US\$2.5 billion by 2025. Vertical integration eliminates operational complexity, reduces process variability, and speeds product development. Dedicated in-house resources will further improve the quality and consistency of our lasers, while also enabling

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us to execute our strategic vision of becoming the industry's easiest-to-use laser light, offering product development and manufacturing flexibility.”

#### Acquisition and transfer details

- **Assets purchased:** Agreed terms to acquire GaN laser diode n-side metalisation, wafer thinning and laser bar cleave fabrication equipment and processes
- **Assets transfer:** Equipment to be installed on-site at BluGlass' Silicon Valley fab by 30 December 2023. GaNWorks will provide transitional engineering services for 30 days from the acquisition date to complete process and knowledge transfer to BluGlass
- **Personnel Hired:** BluGlass Inc. will transition a seasoned engineer with more than 10 years' GaN processing experience to its Fremont fab
- **Purchase price:** US\$800,000 comprising 15% in cash (US\$120,000) and 85% in 17,436,556 new BLG shares (US\$680,000). The ordinary shares issued for the transaction will be from within the Company's existing capacity under ASX listing rule 7.1. The cash component is being funded by the receipt of the Company's \$7.3M R&D rebate.

The equipment is expected to complete installation and process transfer by 30 December 2023.

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

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**For more information, please contact:** Stefanie Winwood | +61 2 9334 2300 | [swinwood@bluglass.com](mailto:swinwood@bluglass.com)

**BluGlass Limited (ASX:BLG)** is a leading supplier of GaN laser diode products to the global photonics industry, focused on the industrial, defence, quantum, bio-medical, and scientific markets.

Listed on the ASX, BluGlass is one of just a handful of end-to-end GaN laser manufacturers globally. Its operations in Australia and the US offer cutting-edge laser diode development and manufacturing, from small-batch custom lasers to medium and high-volume off-the-shelf products.

Its proprietary low temperature, low hydrogen, remote plasma chemical vapour deposition (RPCVD) manufacturing technology and novel device architectures are internationally recognised, and provide the potential to create brighter, better performing lasers to power the devices of tomorrow.

BluGlass' technical innovations are protected by 53 internationally granted patents and 17 trademarks in key semiconductor manufacturing jurisdictions.

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