

## **Labcon North America purports to terminate chip supply agreement. Bluechiip to enforce its rights.**

Bluechiip Limited [ASX: BCT] a leader in the development of sample-tracking technology for harsh environments, today announced that key customer Labcon North America has provided notice to Bluechiip purporting to terminate the chip supply agreement it has with Bluechiip. Bluechiip considers that the termination is unlawful.

Labcon has also asserted in its correspondence a claim for damages in the region of US\$500,000 which Bluechiip categorically refutes.

Bluechiip had, at Labcon's request, been negotiating in good faith to reach a mutually acceptable and more flexible position, including possible deferral of contracted minimums in the current environment.

Negotiations with Labcon have now ceased and as a result Bluechiip has instructed its lawyers to pursue all rights and remedies available to it under the supply agreement, including, but not limited to, recovery from Labcon of an outstanding balance of US\$3.5million which Bluechiip considers is now immediately due and payable.

Bluechiip CEO Andrew McLellan said: 'The COVID-19 pandemic has had a significant impact on both Bluechiip's and Labcon's abilities to engage customers. We are very disappointed in Labcon's decision not to perform its obligations under our agreement. Bluechiip directors have no alternative but to enforce Bluechiip's rights under the supply agreement to the fullest extent possible.'

Mr McLellan said Bluechiip will now seek further sales channels, including selling direct to end-customers, and building a stronger portfolio of products. 'In recent months Bluechiip has made significant progress on several fronts, including renewed activity in North America. In May a Bluechiip-enabled system was installed remotely for a customer in Chicago. A key customer trial, which was put on hold from March to June, has recommenced this week. And we are scheduled to install Bluechiip systems into customers for formal evaluation throughout August. Last month we also delivered a new system to China. That these activities happened during varied lock downs across the world is hugely encouraging.'

Mr McLellan said Bluechiip continued seeing significant interest among Original Equipment Manufacturers (OEMs). 'Potential OEM partners have continued to undertake market research and build internal business cases throughout the lock downs. We are heartened by increased activity over the last month,' he said.

Internally, Bluechiip is maintaining a focus on R&D, increasing efficiencies in chip production, broadening its product offering with multiple chip configurations and size formats and refining its reader and software platforms. The company is in a strong position financially with over \$A7.9M cash in the bank at financial year end and expects to emerge from the current COVID-19 challenges better positioned to improve market penetration.

Bluechiip will keep the market informed in relation to the status of its claim against Labcon in compliance with its continuous disclosure obligations.

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For more information, please contact:

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**Authorised for release by the Bluechiip Board of Directors.**

### About Bluechiip Limited

Bluechiip has developed a wireless tracking solution for the healthcare and life science, security, defence and manufacturing industries. The bluechiip® tag is based on MEMS technology and contains no electronics. In addition to functioning in extreme temperatures, the bluechiip® tag can survive autoclaving, gamma irradiation sterilization, humidification, centrifuging, cryogenic storage and frosting.

The bluechiip® tag can either be embedded or manufactured into storage products such as vials or bags. The bluechiip® reader can easily track and record the identity and temperature of the tag and associated samples.

bluechiip® technology represents a generational change from current methods. Labels (hand-written and pre-printed) and barcodes (linear and 2D) require a line-of-sight-optical scan which is interfered by frost and microelectronic integrated circuit (IC)-based RFID (Radio Frequency Identification), do not survive and operate in extreme conditions unlike bluechiip® technology.

bluechiip® technology has initial applications in the healthcare industry particularly those businesses which require cryogenic storage facilities (biobanks and biorepositories). bluechiip® offers the only technology that enables accurate and reliable tracking of products including stem cells, cord blood, and other biospecimens.

bluechiip® technology has other healthcare applications in pathology, clinical trials and forensics. Several other key markets outside of healthcare include cold-chain logistics/supply chain, security/defence, industrial/manufacturing and aerospace/aviation.

Further information is available at [www.bluechiip.com](http://www.bluechiip.com)