

## **BLUECHIIP LIMITED**

### **March 2021 QUARTERLY CASH FLOW REPORT**

Bluechiip Limited (**Bluechiip** or the **Company**) (**ASX: BCT**), a developer and leader in wireless tracking solution for the healthcare and life science, security, defence and manufacturing industries is pleased to release its Appendix 4C - Quarterly Cashflow report and update for the quarter ended 31 March 2021.

#### **ACTIVITIES REPORT FOR THE QUARTER ENDED 31 MARCH 2021**

##### **Corporate and Business updates for the Quarter**

- Progressive discussions and negotiations with potential OEMs including in the IVF market, Cell Therapy and target Biobanking space with interest for the Company's products;
- Agreed non-binding OEM term sheet following excellent progress made with a new potential OEM partner in the United States (**USA**);
- Further development of Bluechiip direct to market portfolio of products for the Biobanking market including a range of Bluechiip Enabled and Bluechiip-branded range of cryogenic consumables with off-tool samples received;
- Commenced the optimisation stage of the chip commercial production;
- Successfully achieved the granting of a new patent - Sample Storage and Monitoring System - European Patent Grant EP2509412;
- Cash receipts of \$1.626m from the approved Australian Government's Research and Development (**R&D**) Tax Incentive 2019/2020 rebate;
- The Company is financially well supported with closing cash and cash equivalents of \$5.97m as at 31 March 2021, with no borrowings;
- The private mediation between the Company and Labcon North America is well progressed towards an expected resolution via legal counsel in the USA with regard to the lawsuit filed against Labcon; and
- Installation into end customer trial sites in North America and Australia.

##### **Additional information**

Sales and marketing team both in Australia and the USA continue to make progress with potential OEM partners including the establishment of a non-binding term sheet with an OEM in the USA. The sales team in both Australia and the US have also resumed face-to-face product demonstrations where possible following relaxation of COVID-19 restrictions, and installed evaluation systems into customer sites in North America and Australia.

As part of its strategy to market Bluechiip's portfolio of consumable products, the Company continues to intensify its resources into R&D of its branded range of cryogenic consumables which it embarked on last quarter.

The Company has also successfully made production improvement to the quality, performance and scalability of its chips. The optimisation stage of the chip commercial production is expected to attain higher quality and yield, with the aim of achieving economies of scale and lowering production costs as the Company approaches full volume production.

During the quarter, staff costs, R&D expenditure and commercial production of chips continue to dominate cash outflow items - \$510K, \$406K and \$403K, respectively.

With the exception of commercial production, the Company expects to receive a refund of 43.5% of its expenditure in the form of 2020/2021 R&D Tax Incentive from the Australian Government.

The Company has recently been granted another patent in Sample Storage and Monitoring System - European Patent Grant EP2509412. This takes the total patents to 26, in nine patent families.

The current quarter outflows have been mitigated by rebate of \$1.626m received from R&D Tax Incentive 2019/2020 and government grants of \$29K. Overall, the quarter saw net operating cashflow improved from net operating cash outflow of \$1,042K in previous quarter to net operating cash inflow of \$363K.

The Company is financially well supported with closing cash and cash equivalents of \$5.97m as at 31 March 2021, with no borrowings.

The private mediation between the Company and Labcon is well progressed towards an expected resolution via legal counsel in the USA with regard to the lawsuit filed against Labcon North America.

## **Outlook**

The Company continues to respond to market conditions by progressively reviewing several measures implemented, including:

- Resuming in person meetings and product demonstrations with potential OEM partners;
- Executing on potential opportunities in the USA, including evaluation systems into customer sites through our sales and marketing team based in the USA;
- Progressing towards OEM partner agreements with potential OEMs including in the IVF market, Cell Therapy and target Biobanking space, sectors that have experienced significant market interest for the Company's products and solutions;
- Focusing on R&D of a Bluechiip Enabled range of consumables for the Biobanking market which Bluechiip intends to market directly in North America and Australia/New Zealand and through distribution partners globally;
- Improving its suite of products including multi vial reader functionality by addressing market feedback to meet current and potential OEM partners' requirements to showcase its stand-alone all-in-one multi-vial reader in forthcoming trade shows when international borders are reopened;

Wednesday 28 April 2021

- Managing its existing cash reserves and allocating to evaluated R&D activities expenditure in line with the Company's overall strategy;
- Managing the scale of production in response to the slowdown in sales activity, while continuing to build stocks with the expectation that when markets normalise, Bluechiip will be well positioned for a return to growth; and
- Working with patent adviser on further patent applications to add to Bluechiip's existing nine patent families comprising 26 granted patents.

**END.**

**Authorised for release by the Board of Bluechiip Limited**

For more information, please contact:

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### 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)

## Appendix 4C

### Quarterly cash flow report for entities subject to Listing Rule 4.7B

**Name of entity**

BLUECHIIP LIMITED

**ABN**

79 104 795 922

**Quarter ended ("current quarter")**

31 MARCH 2021

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	-	78
1.2 Payments for		
(a) research and development	(406)	(1,515)
(b) product manufacturing and operating costs	(403)	(720)
(c) advertising and marketing	(14)	(57)
(d) leased assets	-	-
(e) staff costs	(510)	(1,559)
(f) administration and corporate costs	(151)	(562)
1.3 Dividends received (see note 3)		
1.4 Interest received	35	47
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	1,737	2,097
1.8 Other (provide details if material)	75	231
<b>1.9 Net cash from / (used in) operating activities</b>	<b>363</b>	<b>(1,960)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	-
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	-	-
<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	-	-
<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	5,607	7,930
4.2	Net cash from / (used in) operating activities (item 1.9 above)	363	(1,960)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-

## Quarterly cash flow report for entities subject to Listing Rule 4.7B

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>5,970</b>	<b>5,970</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	3,970	4,649
5.2	Call deposits	2,000	2,000
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>5,970</b>	<b>6,649</b>

<b>6.</b>	<b>Payments to related parties of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1	Aggregate amount of payments to related parties and their associates included in item 1	36
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
Item 6.1 Payment of Directors' Fees.		

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

## Quarterly cash flow report for entities subject to Listing Rule 4.7B

**7. Financing facilities**

*Note: the term "facility" includes all forms of financing arrangements available to the entity.*

*Add notes as necessary for an understanding of the sources of finance available to the entity.*

	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	80	13
<b>7.4 Total financing facilities</b>	<b>80</b>	<b>-</b>

7.5 **Unused financing facilities available at quarter end** 67

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

Item 7.3  
Relates to credit card facilities.

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (Item 1.9)	363
8.2 Cash and cash equivalents at quarter end (Item 4.6)	5,970
8.3 Unused finance facilities available at quarter end (Item 7.5)	67
8.4 Total available funding (Item 8.2 + Item 8.3)	6,037
8.5 <b>Estimated quarters of funding available (Item 8.4 divided by Item 8.1)</b>	N/A

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: N/A

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: N/A

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: N/A



## Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

**28 APRIL 2021**

Date: .....

### THE BOARD OF BLUECHIIP LIMITED

Authorised by: .....  
(Name of body or officer authorising release – see note 4)

## Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.