

## **BLUECHIIP LIMITED**

### **JUNE 2019 QUARTERLY CASH FLOW REPORT**

Bluechiip Limited (**Bluechiip** or the **Company**) (**ASX: BCT**) today released its quarterly cash flow report for the quarter ended 30 June 2019.

### **ACTIVITIES REPORT FOR THE QUARTER ENDED 30 JUNE 2019**

#### **Business highlights**

- A record quarter with net sales revenue of \$517k (unaudited) from the delivery of readers, chips, software and services. The previous record net sales revenue, \$272k, occurred in the March 2019 quarter.
- Total net sales for FY 2019 of \$1.02 million (unaudited), an increase of 82% on the sales of \$562k achieved in FY 2018.
- Scaling activities progressed well as the company continued to meet customer orders.
- Continued to pursue partnerships from the pipeline of developer kits and agreements in market.
- Received \$187k from the Australian Government for the final portion of 2017/2018 Research & Development (R&D) Tax Incentive registration.
- Received \$48k Export Marketing Development Grant (EMDG) from Austrade.
- Cash balance stands at \$3.877m as at 30 June 2019 with no borrowings.

#### **Additional information**

The recorded net sales revenue of \$517k and sales receipts of \$52k for the quarter, both are attributable to the sales of readers, chips software and services.

The \$187k received from the Australian Government for the 2017/2018 R&D Tax Incentive was subsequent to the approval of overseas advance finding by the Department of Innovation and Science Australia in March 2019.

Net operating cash outflow for the June 2019 quarter was \$1,282,907, up from \$491,028 for March 2019 quarter (the March quarter included the receipt of R&D Tax Incentive of \$790k).

## **Outlook**

The Company remains focused on:

- Rapidly scaling production of chips and readers to meet the purchase orders received from customers.
- Increasing research on chips production yield with the aim of achieving economies of scale and lowering production costs.
- Developing the pipeline of OEM partners, particularly in the US market, to advance negotiations and secure new license agreements for Bluechiip's technology.
- Conducting research and development to meet our current and potential OEM partners' requirements, arising from the sales of developer kits in previous quarters. The developer kits enable potential OEM partners to integrate Bluechiip's technology into their own products.
- Progressing work on further patents to add to our existing 25 confirmed patents.

Bluechiip Managing Director Andrew McLellan commented:

"We are pleased with the continued growth trajectory of the company. The increase in sales revenue is a direct result of our focus on sales, client service and upscaling of production to meet demand. We continue to aggressively pursue partnerships and work diligently to convert Development and Supply Agreements from the pipeline of 32 developer kits and agreements with potential partners in North America, Europe and Asia."

**END.**

For more information, please contact:

### **Corporate enquiries**

Andrew McLellan  
Managing Director / CEO  
Ph: +61 457 823 470  
[andrew.mclellan@bluechiip.com](mailto:andrew.mclellan@bluechiip.com)

### **Media**

Richard Allen  
Ph: +61 3 9915 6341  
Oxygen Financial PR  
[richard@oxygenpr.com.au](mailto:richard@oxygenpr.com.au)

**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 report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

**Name of entity**

BLUECHIIP LIMITED

**ABN**

79 104 795 922

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

30 JUNE 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	52	441
1.2 Payments for		
(a) research and development	(524)	(1,496)
(b) product manufacturing and operating costs	(311)	(777)
(c) advertising and marketing	(75)	(213)
(d) leased assets	-	-
(e) staff costs (inclusive internal R&D)	(466)	(1,849)
(f) administration and corporate costs	(227)	(955)
1.3 Dividends received (see note 3)		
1.4 Interest received	2	14
1.5 Interest and other costs of finance paid	-	(29)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	235	1,025
1.8 Other (provide details if material)	31	120
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(1,283)</b>	<b>(3,719)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	(13)	(38)
(b) businesses (see item 10)	-	-
(c) investments	-	-

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) property, plant and equipment	-	-
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) 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>(13)</b>	<b>(38)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares	-	7,452
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	(417)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	(600)
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>-</b>	<b>6,435</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 quarter/year to date	5,173	1,199
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,283)	(3,719)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(13)	(38)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	6,435

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	<b>Cash and cash equivalents at end of quarter</b>	<b>3,877</b>	<b>3,877</b>

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	1,849	3,145
5.2	Call deposits	2,028	2,028
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>3,877</b>	<b>5,173</b>

**6. Payments to directors of the entity and their associates**

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

**Current quarter  
\$A'000**

37

-

**7. Payments to related entities of the entity and their associates**

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

**Current quarter  
\$A'000**

-

-

**8. Financing facilities available**

*Add notes as necessary for an understanding of the position*

8.1 Loan facilities

8.2 Credit standby arrangements

8.3 Other (please specify)

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

Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
-	-
-	-
65	-

Item 8.3

Relates to credit card facilities.

**9. Estimated cash outflows for next quarter**

**\$A'000**

9.1 Research and development

546

9.2 Product manufacturing and operating costs

191

9.3 Advertising and marketing

114

9.4 Leased assets

-

9.5 Staff costs (inclusive internal R&D)

560

9.6 Administration and corporate costs

159

9.7 Other (provide details if material)

-

**9.8 Total estimated cash outflows**

**1,570**

Item 9.7

-

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity	None	None
10.2 Place of incorporation or registration	Not applicable	Not applicable
10.3 Consideration for acquisition or disposal	Not applicable	Not applicable
10.4 Total net assets	Not applicable	Not applicable
10.5 Nature of business	Not applicable	Not applicable

**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.



Sign here: .....  
(Director/Company secretary)

Date: 24 July 2019

Print name: Andrew McLellan

**Notes**

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly 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 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.