

BLUECHIIP LIMITED

DECEMBER 2019 QUARTERLY CASH FLOW REPORT

Bluechiip Limited (**Bluechiip** or the **Company**) (**ASX: BCT**) today released its quarterly cash flow report for the quarter ended 31 December 2019.

ACTIVITIES REPORT FOR THE QUARTER ENDED 31 SEPTEMBER 2019

Corporate and Business highlights

- Completed Placement and Share Purchase Plan which successfully raised \$4.676m and \$4.495m respectively
- Received Research & Development (**R&D**) Tax Incentive 2018/2019 refund of \$1.233m from AusIndustry's R&D Tax Incentive program
- Cash position significantly improved cash holding increased from \$2.801m to \$10.733m as at 31 December 2019 with no borrowings
- Increase in R&D activity for improvement to the chips, and scalability of chip production and readers to address market feedback
- Continuous inflow of sales receipts from customers
- 35 developer kits now in marketplace with 3 converted in to OEM agreements
- Implementation in progress of Quality Systems to meet ISO 9001 compliance

Additional information

The Company recorded net sales revenue of \$38K and sales receipts of \$272K for the quarter, mainly from the sales of chips, readers, software and services in prior quarter.

Sales delivery during the quarter was affected by logistical issues a slow down at a contract manufacturer for one of the processes, which both have now been remedied.

An increase in R&D costs to \$1,404K during the December 2019 quarter attributable to research on and improvements to the scaling of chip production. However, net operating cash outflow for the quarter reduced to \$911K from \$1,072K (September 2019 quarter), primarily due to the approved R&D Tax Incentive 2018/2019 of \$1.233m received in December 2019.

Outlook

The Company remains focused on:

- Fulfilling the orders received from the secured OEM Agreements that have entered the commercialisation phase
- Working closely with existing manufacturers rapidly scaling production of chips and readers to meet purchase orders and accommodate growing demand
- Converting starter kit purchasers to OEM or full customer status
- Increasing R&D activity on our chips 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 up to and over 5-10 million chips per year
- Developing the pipeline of OEM partners, particularly in the US market, to advance negotiations and secure new license agreements for Bluechiip's technology
- Conducting further R&D to meet 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 patent applications to add to Bluechiip's existing 9 patent families comprising 25 granted patents
- Ongoing implementation of Quality Systems to meet ISO 9001 compliance

END.

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

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")

31 DECEMBER 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	272	713
1.2 Payments for		
(a) research and development	(1,028)	(1,455)
(b) product manufacturing and operating costs	(596)	(941)
(c) advertising and marketing	(73)	(141)
(d) leased assets	-	-
(e) staff costs (inclusive internal R&D)	(476)	(928)
(f) administration and corporate costs	(271)	(534)
1.3 Dividends received (see note 3)		
1.4 Interest received	7	8
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	1,233	1,233
1.8 Other (provide details if material)	21	62
1.9 Net cash from / (used in) operating activities	(911)	(1,983)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	(4)
(b) businesses (see item 10)	-	-
(c) investments	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
	(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)	-	-
2.6	Net cash from / (used in) investing activities	-	(4)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	9,171	9,171
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	(328)	(328)
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)	-	-
3.10	Net cash from / (used in) financing activities	8,843	8,843

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of quarter/year to date	2,801	3,877
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(911)	(1,983)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	(4)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	8,843	8,843

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of quarter	10,733	10,733

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	8,705	773
5.2	Call deposits	2,028	2,028
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	10,733	2,801

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 <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	65	-
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.		

Item 8.3
Relates to credit card facilities.

9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	1,605
9.2 Product manufacturing and operating costs	160
9.3 Advertising and marketing	126
9.4 Leased assets	-
9.5 Staff costs (inclusive internal R&D)	548
9.6 Administration and corporate costs	122
9.7 Other (provide details if material)	-
9.8 Total estimated cash outflows	2,561

Item 9.7

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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: 29 Jan 2020

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.