

## **BLUECHIIP LIMITED JUNE 2021 QUARTERLY CASH FLOW REPORT**

Bluechiip Limited (**Bluechiip** or the **Company**) (**ASX: BCT**), a developer and leader in wireless tracking solutions 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 30 June 2021.

### **ACTIVITIES REPORT FOR THE QUARTER ENDED 30 JUNE 2021**

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

- Successfully concluded the private mediation on the dispute between Bluechiip and Labcon North America (**Labcon**) with settlement of USD1.6m from Labcon;
- Cash of USD850k fully received as part of the USD1.6m settlement from Labcon;
- Bluechiip and Labcon entered a new Supply Agreement for new Bluechiip Enabled consumables, readers and software;
- Progress being made to secure a new OEM partner agreement with a key USA clinical business;
- Continuous research and development work (**R&D**) made on Bluechiip direct to market portfolio of products for the Biobanking market including a range of Bluechiip Enabled and Bluechiip-branded range of cryogenic consumables;
- Optimisation stage of the chip commercial production well in progress; and
- Closing cash and cash equivalents of \$5.92m as at 30 June 2021, with no borrowings.

#### **Additional information**

Following the private mediation, Bluechiip and Labcon ended their dispute with the following mutual beneficial resolution:

- Labcon agreed to provide Bluechiip with USD1.6 million comprising:
  - Cash payment of USD850,000; and
  - Bluechiip delta tags and products previously sold and paid for by Labcon worth USD750,000, which will be incorporated or repurposed into the newest generation of Bluechiip Products and Bluechiip Enabled consumables
- Labcon and Bluechiip entered into a new Supply Agreement for new Bluechiip Enabled consumables, readers and software that is to be drawn down from credit of up to USD1.35m provided by Bluechiip.

Sales and marketing team both in Australia and the USA continue to make progress with potential OEM partners. Advances being made to secure an agreement with an OEM partner in the USA. The sales team in both Australia and the USA 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 resulting in an order for delivery of products to a new Australian customer for delivery on launch of Bluechiip Enabled cryovial range.

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.

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 and commercial production costs of chips continue to dominate cash outflow items - \$478K (Q3 Mar 21: \$510k) and \$471K (Q3 Mar 21: \$403k) respectively.

The current quarter outflows have been mitigated by settlement receipt of \$1.134m from Labcon. The Company is financially well supported with closing cash and cash equivalents of \$5.92m as at 30 June 2021, with no borrowings.

### 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 USA-based sales and marketing team;
- 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;
- 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.**

For more information, please contact:

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### About Bluechiip Limited

Bluechiip understands that every biological sample – stem cells, blood, eggs, sperm and other biospecimens – is critical, so our objective is to manage each one with optimal quality in the most efficient way. Bluechiip’s advanced sample management solution is the only one that provides sample temperature with ID in cryogenic environments, driving productivity and improving quality. Bluechiip’s solution delivers confidence in every sample.

Bluechiip’s unique patented technology is a MEMS-based wireless tracking solution that contains no electronics. It represents a generational change from current tracking methods such as labels (hand-written and pre-printed), barcodes (linear and 2D), and Radio Frequency Identification. Bluechiip tags are either embedded or manufactured into storage products such as vials or bags. Each product is easily identified and critical information, such as sample temperature, detected by readers and stored in the Bluechiip software. In addition to functioning in extreme temperatures, the Bluechiip® Advanced Sample management solution can survive autoclaving, gamma irradiation sterilization, humidification, centrifuging, cryogenic storage and frosting.

Bluechiip listed on the ASX in June 2011. Since then, we have significantly developed our technology. Today it has applications in healthcare, including in cryogenic storage facilities (biobanks and biorepositories), pathology, clinical trials and forensics. Other key markets include cold-chain logistics/supply chain, security/defence, industrial/manufacturing and aerospace/aviation.

**Bluechiip: Delivering confidence in every sample.**

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")**

30 JUNE 2021

| <b>Consolidated statement of cash flows</b>               | <b>Current quarter<br/>\$A'000</b> | <b>Year to date (12<br/>months)<br/>\$A'000</b> |
|---|------------------------------------|---|
| <b>1. Cash flows from operating activities</b>            |                                    |   |
| 1.1 Receipts from customers                               | 1,134                              | 1,212   |
| 1.2 Payments for  |                                    |   |
| (a) research and development                              | (52)                               | (1,567)   |
| (b) product manufacturing and operating costs             | (471)                              | (1,191)   |
| (c) advertising and marketing                             | (16)                               | (73)  |
| (d) leased assets   | -                                  | -   |
| (e) staff costs   | (478)                              | (2,037)   |
| (f) administration and corporate costs                    | (282)                              | (844)   |
| 1.3 Dividends received (see note 3)                       |                                    |   |
| 1.4 Interest received                                     | 2                                  | 49  |
| 1.5 Interest and other costs of finance paid              | -                                  | -   |
| 1.6 Income taxes paid                                     | -                                  | -   |
| 1.7 Government grants and tax incentives                  | 29                                 | 2,126   |
| 1.8 Other (provide details if material)                   | 89                                 | 320   |
| <b>1.9 Net cash from / (used in) operating activities</b> | <b>(45)</b>                        | <b>(2,005)</b>                                  |
| <b>2. Cash flows from investing activities</b>            |                                    |   |
| 2.1 Payments to acquire or for:                           |                                    |   |
| (a) entities  |                                    |   |
| (b) businesses  |                                    |   |
| (c) property, plant and equipment                         |                                    |   |
| (d) investments   |                                    |   |
| (e) intellectual property                                 |                                    |   |
| (f) other non-current assets                              |                                    |   |

| Consolidated statement of cash flows                      | Current quarter<br>\$A'000 | Year to date (12<br>months)<br>\$A'000 |
|---|----------------------------|--|
| 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 Net cash from / (used in) investing activities</b> |                            |  |

|   |            |            |
|---|------------|------------|
| <b>3. 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 | (6)        | (6)        |
| 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 Net cash from / (used in) financing activities</b>                                  | <b>(6)</b> | <b>(6)</b> |

|   |       |         |
|---|-------|---------|
| <b>4. Net increase / (decrease) in cash and cash equivalents for the period</b> |       |         |
| 4.1 Cash and cash equivalents at beginning of period                            | 5,970 | 7,930   |
| 4.2 Net cash from / (used in) operating activities (item 1.9 above)             | (45)  | (2,005) |
| 4.3 Net cash from / (used in) investing activities (item 2.6 above)             | -     | -       |

| <b>Consolidated statement of cash flows</b> |  | <b>Current quarter<br/>\$A'000</b> | <b>Year to date (12<br/>months)<br/>\$A'000</b> |
|---|--|------------------------------------|---|
| 4.4   | Net cash from / (used in) financing activities (item 3.10 above) | (6)                                | (6)   |
| 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>5,919</b>                       | <b>5,919</b>                                    |

| <b>5.</b>  | <b>Reconciliation of cash and cash equivalents</b><br>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<br/>\$A'000</b> | <b>Previous quarter<br/>\$A'000</b> |
|------------|---|------------------------------------|-------------------------------------|
| 5.1        | Bank balances   | 3,919                              | 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>5,919</b>                       | <b>6,649</b>                        |

| <b>6.</b> | <b>Payments to related parties of the entity and their associates</b>                   | <b>Current quarter<br/>\$A'000</b> |
|-----------|---|------------------------------------|
| 6.1       | Aggregate amount of payments to related parties and their associates included in item 1 | 43                                 |
| 6.2       | Aggregate amount of payments to related parties and their associates included in item 2 | -                                  |

*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

| <b>7. Financing facilities</b>  | <b>Total facility amount at quarter end \$A'000</b> | <b>Amount drawn at quarter end \$A'000</b> |
|---|---|--|
| <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i>  |   |  |
| <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>   |   |  |
| 7.1 Loan facilities   | -   | -  |
| 7.2 Credit standby arrangements   | -   | -  |
| 7.3 Other (please specify)  | 80  | 7  |
| <b>7.4 Total financing facilities</b>   | <b>80</b>   | <b>7</b>                                   |
| <b>7.5 Unused financing facilities available at quarter end</b>   |   | <b>73</b>                                  |
| 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. |   |  |
|   |   |  |

| <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)  | (45)           |
| 8.2 Cash and cash equivalents at quarter end (item 4.6)  | 5,919          |
| 8.3 Unused finance facilities available at quarter end (item 7.5)  | 73             |
| 8.4 Total available funding (item 8.2 + item 8.3)  | 5,992          |
| <b>8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>  | <b>133</b>     |
| <i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>     |                |
| 8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:  |                |
| 8.6.1 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:  |                |
| 8.6.2 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:  |                |
| 8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?  |                |
| Answer:  |                |
| <i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>   |                |

## 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 JULY 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.