

BLUECHIIP LIMITED

DECEMBER 2021 QUARTERLY CASH FLOW REPORT

Bluechiip Limited (**Bluechiip** or the **Company**) (**ASX: BCT**), a leader in the development of advanced sample management solutions for harsh environments, is pleased to release its Appendix 4C - Quarterly Cashflow report and update for the quarter ended 31 December 2021.

ACTIVITIES REPORT FOR THE QUARTER ENDED 31 DECEMBER 2021

Corporate and Business updates for the Quarter

- Launched a full range of Bluechiip products including Bluechiip Enabled storage consumables, readers and software with CE IVD certification and FDA registration for direct sale into North America and ANZ and through distributors globally;
- Successfully delivered and installed Bluechiip's new range of consumables and Advanced Sample Management solutions for orders received from three local and overseas customers;
- Commenced development and active client engagement pursuant to the execution of a two-year Licence and Development Agreement with California, US-based FUJIFILM Irvine Scientific, Inc (FISI).;
- Progressive discussions and negotiations with potential OEMs continue to be an area of focus including receipt of purchase orders for delivery of developer kit systems;
- Successfully granted certificate of Overseas Advanced Findings for the research and experimentation in next generation biological specimen tracking and storage solutions enabling new approved overseas research and development (**R&D**) activities to be claimed under the Australian Federal Government R&D tax refund program;
- Continued optimisation of commercial chip production;
- Received stock from Labcon under the agreed settlement for the agreed value of \$USD750k (\$A1.04 million), including chips and readers which will be repurposed into Bluechiip's new line of products;
- Granted new Australian patent - Monitoring apparatus for temperature-controlled sample collection and transport; and
- Closing cash and cash equivalents of \$4.01m as at 31 December 2021, with no borrowings and expected receipt of over \$1m from the Australian Government R&D Tax Incentive refund program.

Additional information

During the quarter, the Company recorded cash receipts from customers of \$192k for products and engineering services.

Thursday 27 January 2022

The Company launched its portfolio of Biobanking products following receipt of CE IVD certification for Europe and FDA registration for the USA. Bluechiip's direct-to-market portfolio of products for the Biobanking market includes a range of Bluechiip Enabled and Bluechiip-branded cryogenic consumables, Bluechiip readers and Bluechiip Stream software as part of Bluechiip's market strategy.

Subsequent to the new product range launch in November 2021, the Company has continued to successfully deliver and install Bluechiip's new range of consumables and Advanced Sample Management solutions for three orders received from local and overseas customers.

In conjunction with the launch of products an update made to the company's marketing materials including the website with a focus on ***"Driving Productivity, Enhancing Quality and Providing Confidence in Every Sample"***.

After signing the two-year Licence and Development Agreement with FUJIFILM Irvine Scientific, Inc. (FISI) based in California, USA, on 26 October 2021, Bluechiip has commenced development and active client engagement.

Following successful evaluation systems into customer sites, working on in-person meetings and product demonstrations with potential OEM partners, the sales and marketing team continues to make progressive discussions and negotiations with potential OEMs including several new orders for development and evaluation systems.

The Company was granted a certificate of Overseas Advanced Findings for the research and experimentation in next-generation biological specimen tracking and storage solutions that covers the period from July 2020 to June 2023. This finding approves the overseas components of the R&D tax refund for the three-year period under the Federal Government's R&D tax refund program.

Optimisation of the company's commercial chip production continues delivering higher quality, improved yield, economies of scale and increasing capacity. This will enable the Company to meet scaled-up demand when markets return to normality.

Received stock from Labcon under the agreed settlement for the agreed value of \$USD750k (\$A1.04 million), including chips and readers which will be repurposed into Bluechiip's own line of products.

In January 2022, the Company was granted a new Australian patent - Monitoring apparatus for temperature-controlled sample collection and transport. The new patent is in a new family, taking Bluechiip's patent portfolio to 31 across seven patent families.

During the quarter, staff costs and commercial production costs of chips continue to dominate cash outflow items: \$646k (Q1 Sep 22: \$498k) and \$127k (Q1 Sep 22: \$256k) respectively. The Company is financially well supported with closing cash and cash equivalents of \$4.01m as at 31 December 2021, with no borrowings. The Company also expects to receive over \$1m from the Australian Government's R&D Tax Incentive refund program.

Outlook

The Company continues to respond to market conditions, including:

- Continuing with development and active engagement activities with FISI;
- Focusing on building our direct customer sales with delivery to existing purchase orders for Bluechiip's Advanced Sample Management Solutions including Bluechiip Enabled consumables, readers and software for the global Biobanking market directly in North America and Australia/New Zealand and through distribution partners globally;
- Working on in-person meetings and product demonstrations with potential customers and OEM partners where possible, while being cognisant of COVID-19 restrictions;
- Progressing towards OEM partner agreements with potential OEMs including in the Cell Therapy and target Biobanking space, sectors that have gained traction for the Company's products and solutions;
- Managing existing cash reserves and allocating to evaluated R&D activities and prioritising expenditure in line with the Company's overall strategy;
- Expected receipt of over \$1m from the Australian Government on registration of 2020/2021 R&D tax refund program; and
- Managing patent applications with patent advisers to add to Bluechiip's portfolio of seven patent families comprising 31 granted patents.

END.

Authorised for release by the Bluechiip Limited Board

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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

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 DECEMBER 2021

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	192	214
1.2 Payments for		
(a) research and development	(66)	(128)
(b) product manufacturing and operating costs	(184)	(440)
(c) advertising and marketing	(37)	(76)
(d) leased assets	-	-
(e) staff costs	(646)	(1,144)
(f) administration and corporate costs	(160)	(391)
1.3 Dividends received (see note 3)		
1.4 Interest received	3	12
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	18	47
1.9 Net cash from / (used in) operating activities	(880)	(1,906)
2. Cash flows from investing activities		
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 \$A'000	Year to date (6 months) \$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)		
2.6	Net cash from / (used in) investing activities	-	-

3.	Cash flows from financing activities		
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)		
3.10	Net cash from / (used in) financing activities	-	-

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	4,893	5,919
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(880)	(1,906)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	4,013	4,013

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	2,013	3,919
5.2	Call deposits	2,000	2,000
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)	4,013	5,919

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	39
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>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.</i>		

7.	Financing facilities <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>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	80	31
7.4	Total financing facilities	80	31
7.5	Unused financing facilities available at quarter end		49
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.		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(880)
8.2	Cash and cash equivalents at quarter end (item 4.6)	4,013
8.3	Unused finance facilities available at quarter end (item 7.5)	49
8.4	Total available funding (item 8.2 + item 8.3)	4,062
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	4.62
<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.

27 JANUARY 2022

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.