

## **BLUECHIIP LIMITED**

### **DECEMBER 2022 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 the company's Appendix 4C - Quarterly Cashflow report and update for the quarter ended 31 December 2022.

### **ACTIVITIES REPORT FOR THE QUARTER ENDED 31 DECEMBER 2022**

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

- Recorded sales of \$280k and cash receipts of \$527k for the second quarter FY23;
- Customer conversion and sales closure. 11 end-users have now ordered Bluechiip products, which will be used across 13 laboratories;
- Repeat orders and deliveries to existing customers;
- Actively executing development activities with FujiFilm Irvine Scientific under the licence and development agreement executed in October 2021;
- Continued to grow the pipeline of new customer opportunities and sales closure through its recent expanded North American sales and marketing team;
- Continued discussions and negotiations with potential OEMs in pursuit of additional OEM partner agreements including delivery of concepts and prototypes to pharmaceutical, cell therapy and biobanking OEM customers;
- Closing cash and cash equivalents of \$575k as at 31 December 2022, with no borrowings;
- Received \$825k in refund subsequent to 31 December 2022 for the 2021/2022 R&D Tax Incentive; and
- Received \$173k (incl GST) following approval for \$790k Supply Chain Resilience Initiative (**SCRI**) Grant from Australian Government;

#### **Additional information**

During the quarter, the Company recorded sales of goods and engineering services of \$280k (Q1 2023: \$240k). The Company also recorded cash receipts from customers for the quarter ended 31 December 2022 of \$527k (Q1 2023: \$193k) for products and engineering services.

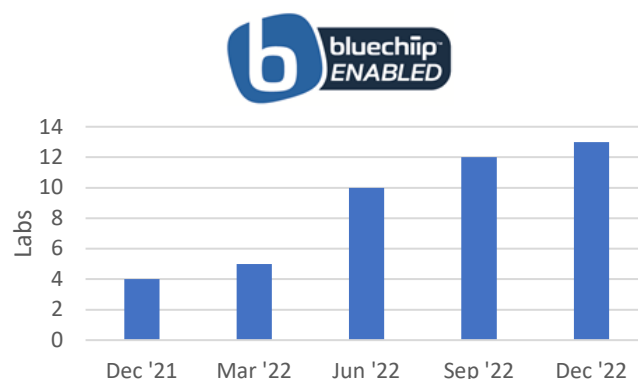
The Company continues to actively engage with customers mainly in North America through its US subsidiary, Bluechiip Inc. Bluechiip Inc's expanded sales and marketing team enable the Group to aggressively build its pipeline, targeting customer engagement and sales closure.

**Monday, 30 January 2023**

Bluechiip's new range of consumables and Advanced Sample Management Solutions continue to receive strong interest from local and overseas customers. Since product launch in the December quarter 2021 end-customer use has continued to grow, with orders from 11 customers in 13 operating laboratories.

Notably, these customers are beginning to generate repeat orders, both for Bluechiip enabled consumables and also for additional readers and hardware, as the Bluechiip-enabled solution is embedded into their high-value sample inventory management processes.

Customer end markets include large pharmaceutical, cell therapy, clinical trial and research organisations, with significant opportunities to organically expand Bluechiip's footprint and usage. The adoption by laboratories of Bluechiip-enabled solutions has grown steadily since launch, from four in the December 2021 quarter, to five in the March 2022 quarter, 10 in the June 2022 quarter, 12 in the September 2022 quarter and 13 in the December quarter.



Bluechiip plans to continue to grow its sales and marketing team, especially in North America, over the next 12 months to service the growing demand for Bluechiip-enabled products.

Bluechiip continues to actively execute its development activities with FujiFilm Irvine Scientific under the licence and development agreement executed in the December quarter FY22, and is actively pursuing a supply agreement as product development moves towards product launch.

The Company continues to be in discussions and negotiations with potential OEMs in pursuit of OEM partner agreements including the delivery of concepts and prototypes to OEMs in the pharmaceutical, cell therapy and biobanking markets.

During the quarter, the Group recorded receipts from customers of \$527k (Q1 Sep FY23: \$193k). Staff costs, administration and corporate expenses and R&D continues to dominate cash outflow items: \$988k (Q1 Sep FY23: \$699k), \$262k (Q1 Sep FY23: \$156k) and \$255k (Q1 Sep FY23: \$161k) respectively. The Company also received \$173k (incl GST) following approval for \$790k Supply Chain Resilience Initiative (SCRI) Grant from the Australian Government, as one of the 18 successful applicants under the Australia-wide program.

Subsequent to 31 December 2022, the Company received approximately \$825k in refund following the approval for the 2021/2022 R&D Tax Incentive registration. During the coming quarter, the Company expects to receive receipts from ongoing sales made to customers and debtors which it is closely monitoring.

**Outlook**

The Company continues to respond to market conditions, including:

- Landing new direct customers with new installations, as well as meeting repeat orders from existing customers for Bluechiip Advanced Sample Management Solutions, including Bluechiip-enabled consumables, readers and software for the global biobanking market directly into North America and Australia/New Zealand and through distribution partners globally;
- Expanding through existing customers sites into additional laboratories and also into additional applications within customer sites;
- Progressing execution of the development activities under the licence and development agreement with FujiFilm Irvine Scientific with an active pursuit of a subsequent supply agreement over the next 3-9 months;
- Progressing towards OEM partner agreements with potential OEMs including in the pharmaceutical, cell therapy and target biobanking space, sectors that have gained significant traction for the Company's products and solutions; and
- Managing existing cash reserves, which will be allocated to the manufacture of readers and Bluechiip-enabled consumables as demand increases and to evaluated R&D activities while prioritising expenditure in line with the Company's overall strategy.

**END**

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

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, it has significantly developed its technology. Today Bluechiip's Technology 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")**

31 DECEMBER 2022

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	527	720
1.2 Payments for		
(a) research and development	(255)	(416)
(b) product manufacturing and operating costs	(71)	(228)
(c) advertising and marketing	(191)	(348)
(d) leased assets	-	-
(e) staff costs	(988)	(1,687)
(f) administration and corporate costs	(262)	(418)
1.3 Dividends received (see note 3)		
1.4 Interest received	1	3
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	173	173
1.8 Other (provide details if material)	78	26
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(988)</b>	<b>(2,175)</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 \$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)		
<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	1,563	2,750
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(988)	(2,175)
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	<b>Cash and cash equivalents at end of period</b>	<b>575</b>	<b>575</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	575	1,563
5.2	Call deposits	-	-
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>575</b>	<b>1,563</b>

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>		

<b>7.</b>	<b>Financing facilities</b> <i>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.</i>	<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	23
7.4	<b>Total financing facilities</b>	80	23
7.5	<b>Unused financing facilities available at quarter end</b>		57
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.</b>	<b>Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1	Net cash from / (used in) operating activities (item 1.9)	(988)
8.2	Cash and cash equivalents at quarter end (item 4.6)	575
8.3	Unused finance facilities available at quarter end (item 7.5)	57
8.4	Total available funding (item 8.2 + item 8.3)	632
8.5	<b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	0.64
	<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?	
	<p>Answer: Yes</p> <p>Subsequent to 31 December 2022, the Company received \$825k in refund following the approval for the 2021/2022 R&amp;D Tax Incentive registration. During the Mar 23 quarter, the Company expects:</p> <ul style="list-style-type: none"> <li>(a) receipts from its ongoing sales made to customers and debtors; and</li> <li>(b) has a standby R&amp;D Advance Tax Prepayment Loan facility from a lender secured over the FY 23 R&amp;D Tax Incentive refundable that it could leverage.</li> </ul>	



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: Yes. The Company has recently obtained the approval for the FY 22 R&D Tax Incentive registration and also received approximately \$825,000 in refund. The Company is also working with a lender on the R&D Advance Tax Prepayment Loan facility.

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: Yes. The Company is able to continue its operations which is supported by the FY 22 R&D Tax Incentive refund received subsequent to 31 December 2022 and also R&D Advance expected to be utilised during the March 23 quarter.

*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.*

## 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.

**30 JANUARY 2023**

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.