

BLUECHIIP LIMITED

MARCH 2023 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 March 2023.

ACTIVITIES REPORT FOR THE QUARTER ENDED 31 MARCH 2023

Corporate and Business updates for the quarter

- Recorded sales of \$203k and cash receipts of \$144k for the third quarter FY23;
- Receipt of \$369k in orders including a substantial order from New York State Psychiatric Research Institute which has been partially delivered with \$167k forward order on Bluechiip Enabled Consumables;
- Customer conversion and sales closure. 13 end-users have now ordered Bluechiip products, which will be used across 25 laboratories;
- Growing pipeline of new customer opportunities and continuing sales closure supported through its growing North American sales and marketing team;
- Launch of Bluechiip's STREAM™ Sample Manager '23 platform with enhanced features based on customer feedback;
- Actively executing development activities with FujiFilm Irvine Scientific under the licence and development agreement executed in October 2021;
- 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; and
- Closing cash and cash equivalents of \$323k as at 31 March 2023 with \$400k of borrowings drawn down from a loan facility of \$650k, and remainder \$250k of borrowings drawn down subsequent to the end of Mar 23 quarter.

Additional information

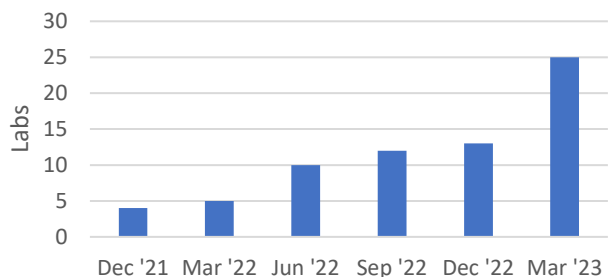
During the quarter, the Company recorded sales of goods and engineering services of \$203k (Q2 2023: \$280k). The Company also recorded cash receipts from customers for the quarter ended 31 March 2023 of \$144k (Q2 2023: \$527k) for products and engineering services.

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

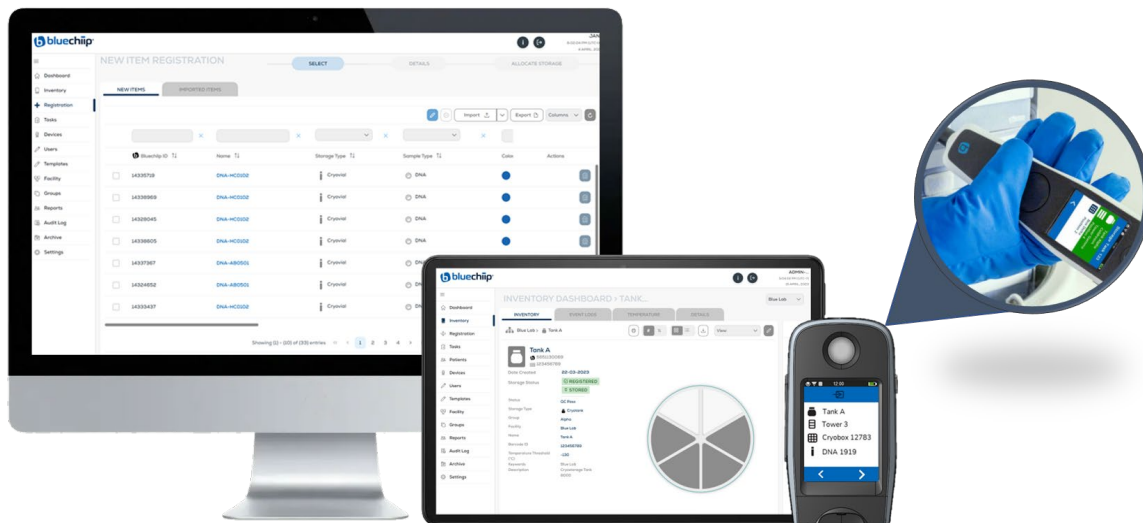
Bluechiip’s new range of consumables and Advanced Sample Management Solutions continue to receive strong interest from local and overseas customers. Since product launch in the December 2021 quarter, end-customer use has continued to grow, with orders from 12 customers in 25 operating laboratories including recently secured sales order from New York State Psychiatric Institute.

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, 13 in the December 2022 quarter and 25 in the March 2023 quarter.



Bluechiip’s STREAM™ Sample Manager ’23 platform is now available with a powerful new user interface, packed with new features that drive productivity by optimizing sample inventory and capacity management and enhances quality by providing even greater traceability through laboratory workflows to provide confidence in every sample.



Bluechiip continues to actively execute its development activities with FujiFilm Irvine Scientific under the licence and development agreement executed in the December quarter FY22.

Friday, 28 April 2023

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 \$144k (Q2 Dec 22: \$527k). Staff costs, administration and corporate expenses and R&D continues to dominate cash outflow items: \$841k (Q2 Dec FY23: \$988k), \$205k (Q2 Dec FY23: \$262k) and \$188k (Q2 Dec FY23: \$255k) respectively. Included in the administration and corporate expenses is an amount of \$39k that relates to professional fees paid to Non-Executive Directors of Bluechiip Limited. During the quarter, the Company also received \$825k in refund for the R&D Tax Incentive relating to the financial year ended 30 June 2022.

The Company further obtained a \$650,000 loan facility from Asymmetric Innovation Finance Pty Limited secured by R&D tax incentive 2022/2023 expected to be received during FY24. \$400,000 has been drawn down during the quarter with balance \$250,000 drawn down subsequent to Mar 2023. An interest rate of 15% per annum is calculated and payable monthly on the amount drawn down.

In 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 3-6 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

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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

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 MARCH 2023

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	144	864
1.2 Payments for		
(a) research and development	(188)	(604)
(b) product manufacturing and operating costs	(222)	(450)
(c) advertising and marketing	(155)	(503)
(d) leased assets	-	-
(e) staff costs	(841)	(2,528)
(f) administration and corporate costs	(205)	(623)
1.3 Dividends received (see note 3)		
1.4 Interest received	1	4
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	825	998
1.8 Other (provide details if material)	(6)	20
1.9 Net cash from / (used in) operating activities	(647)	(2,822)
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 (9 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	400	400
3.6 Repayment of borrowings		
3.7 Transaction costs related to loans and borrowings	(5)	(5)
3.8 Dividends paid		
3.9 Other (provide details if material)		
3.10 Net cash from / (used in) financing activities	395	395

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	575	2,750
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(647)	(2,822)
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 (9 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	395	395
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	323	323

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	323	323
5.2	Call deposits	-	-
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)	323	323

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	-
<p><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></p>		

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<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>		
7.1 Loan facilities	650	400
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	80	24
7.4 Total financing facilities	730	424
7.5 Unused financing facilities available at quarter end		306
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.		
<p>Item 7.1 Loan facility of \$650,000 from Asymmetric Innovation Finance Pty Limited secured by R&D tax incentive 2022/2023 expected to be received. As at 31 March 2023, \$400,00 has been drawn down. An interest rate of 15% per annum is calculated and payable monthly on the amount drawn down.</p> <p>Item 7.3 Relates to credit card facilities</p>		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(647)
8.2 Cash and cash equivalents at quarter end (item 4.6)	323
8.3 Unused finance facilities available at quarter end (item 7.5)	306
8.4 Total available funding (item 8.2 + item 8.3)	629
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	0.97
<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 During the Jun 23 quarter, the Company expects:</p> <p>(a) receipts from its ongoing sales made to customers and debtors; and</p> <p>(b) to draw down the \$250,000, being the balance of the loan facility from Asymmetric Innovation Finance Pty Limited.</p>	

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 is contemplating various options to raise additional funds, including a capital raise. The Company believes that such a raising will be successful and will update the market at the appropriate time.

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. As detailed in the response to question 8.6.2, the Company believes that with a successful raising, the business will be able to continue its operations and meet its strategic business objectives.

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.

28 APRIL 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.