

BLUECHIIP LIMITED

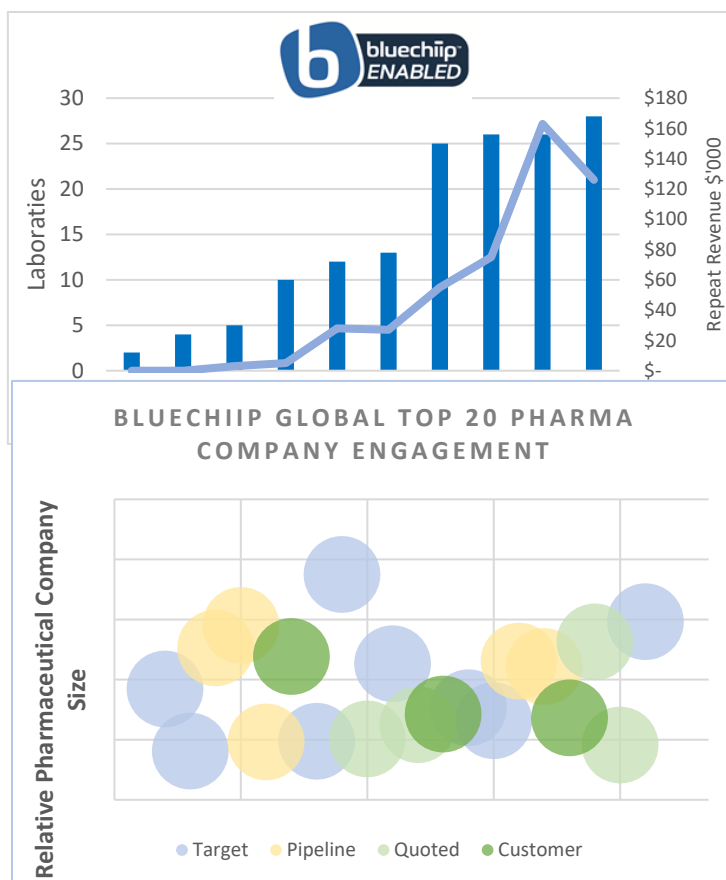
DECEMBER 2023 QUARTERLY CASH FLOW REPORT

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 December 2023.

ACTIVITIES REPORT FOR THE QUARTER ENDED 31 DECEMBER 2023

Corporate and Business updates for the quarter

- Recorded sales of \$126k and cash receipts from customers of \$90k for the second quarter of FY24;
- Number of laboratories serviced doubled and repeat sales have quadrupled year-on-year to December 2023;
- 17 end-users have now ordered Bluechiip products across their 28 laboratories (compared to 13 laboratories at the same time last year);;
- Third global big pharma company secured as a customer in the USA;
- North American sales and marketing team continue to work on acceleration of pipeline opportunities to well over 50 potential customers;
- Received \$931,000 in R&D Tax Incentive Refund from the Australian Tax Office for financial year ended 30 June 2023; and
- Examining funding needs for future requirements; in Jan 24 received a further \$200k in R&D advance from a lender.



Additional information

During the quarter, the Company recorded product sales of \$126k (Q1 FY'24: \$200k). The Company also recorded cash receipts from customers for the quarter ended 31 December 2023 of \$90k (Q1 FY'24: \$267k) for sales of products and engineering services.

Wednesday 31 January 2024

The Company remains focused on customer engagement, mainly in North America, through its sales and marketing team, which is aggressively pursuing new business opportunities, building its pipeline, targeting customer engagement and sales closure.

Bluechiip's new range of consumables and Advanced Sample Management Solutions continue to receive strong interest at exhibition and trades shows. Since product launch in the December 2021 quarter end-customer use has grown, with orders from 17 customers for use in their 28 operating laboratories.

Notably, these customers are beginning to generate recurring revenue for the Group, with \$126k during the quarter (Q1 FY'24: \$163k), (Q4 FY'23: \$75k) and (Q3: FY'23: \$55k). These orders are for both Bluechiip enabled consumables, additional readers and hardware and software licences. The Bluechiip-enabled solution is embedded into these customers' high-value sample inventory management processes.

Existing and potential 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 28 in the December 2023 quarter.

The Company continues to advance its discussions and negotiations with potential OEMs in pursuit of OEM partner agreements while maintaining a focus on building our direct end-customer business in North America.

The expansion of the Company's sales and marketing activities particularly in the US has led to an expansionary spending within the Group, with staff costs continuing to dominate the cash outflow items: \$1.171m (Q1 FY'24: \$1.210m). Other major cash outflows include manufacturing costs (\$370k, compared to \$325k in Q1 FY'24), sales and marketing expenses (\$173k, compared to \$107k in Q1 2024), and administration and corporate expenses (\$288k, compared to \$244k in Q1 FY'24).

The Company received \$931,000 in R&D Tax Incentive Refund from the Australian Tax Office for financial year ended 30 June 2023. The money received was used subsequently amongst others, to fully retire the R&D Advance of \$650,000, which was secured by the R&D Tax Incentive 2022/2023.

During the quarter following shareholders' approvals at the recent AGM for the issue of shares to related party pursuant to the Oct 23 Placement, the Company received a further \$90,000.

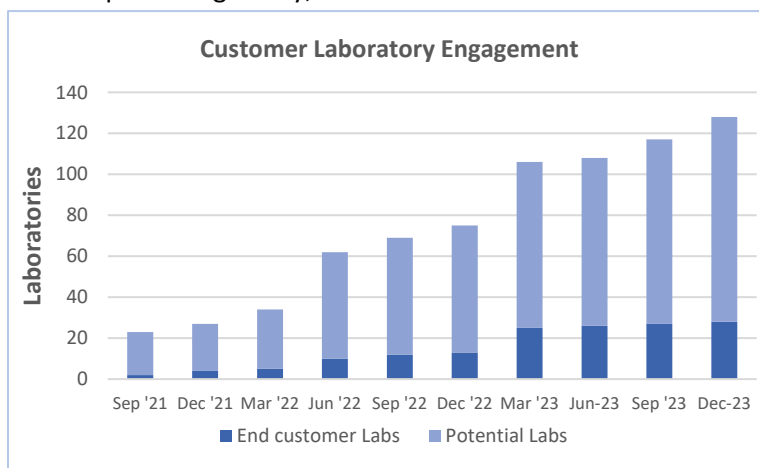
Recently, the Company made a drawdown of \$200,000 loan from an advance facility from Asymmetric Innovation Finance Pty Limited secured by R&D tax incentive 2023/2024 receivable. An interest rate of 16% per annum is calculated and payable monthly on the amount drawn down. The additional drawdown brings the total loan liability of the Company to \$450,000.

In the coming quarters the Company expects to generate receipts from sales made to customers it is working on and debtors which it is closely monitoring. The Company is also exploring funding options for future requirements.

Outlook

The Company continues to respond to market conditions and has adopted strategies 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 customer sites into additional potential laboratories and also into additional applications within customer sites;
- Progressing activities with FujiFilm Irvine Scientific with a continuous active pursuit of finalisation of development activities and subsequent supply agreement;
- 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, in line with the Company's overall strategy. Cash resources will be channelled in driving its sales and marketing activities with the aim of anticipated sales closure supported through its growing North American sales and marketing team.



END

Authorised for release by the Bluechiip Limited Board

For more information, please contact:

Corporate enquiries

Andrew McLellan
Managing Director / CEO

Media

Richard Allen
Ph: +61 403 493 049

Wednesday 31 January 2024

Ph: +61 457 823 470
andrew.mclellan@bluechiip.com

Oxygen Financial PR
richard@oxygenpr.com.au

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 DECEMBER 2023

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	90	357
1.2 Payments for		
(a) research and development	(10)	(67)
(b) product manufacturing and operating costs	(370)	(695)
(c) advertising and marketing	(173)	(280)
(d) leased assets	-	-
(e) staff costs	(1,171)	(2,381)
(f) administration and corporate costs	(288)	(532)
1.3 Dividends received (see note 3)		
1.4 Interest received	2	4
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	931	931
1.8 Other (provide details if material)	(7)	60
1.9 Net cash from / (used in) operating activities	(996)	(2,603)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	(14)
(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	-	(14)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	1,632	1,632
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	(131)	(132)
3.5	Proceeds from borrowings	-	350
3.6	Repayment of borrowings	(650)	(650)
3.7	Transaction costs related to loans and borrowings	(43)	(68)
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	808	1,132

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	426	1,723
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(996)	(2,603)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	(14)

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)	808	1,132
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	238	238

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	238	1,723
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)	238	1,723

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	45
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> <p>Item 6.1 This amount relates to professional fees paid to Non-Executive Directors of Bluechiip Limited.</p>		

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	600	450
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	80	51
7.4	Total financing facilities	680	501
7.5	Unused financing facilities available at quarter end		179
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.		
	Item 7.1 \$250,000 R&D Tax Incentive Prepayment Loan from Asymmetric Innovation Finance Pty Limited secured by R&D tax incentive 2023/2024 expected to be received. As at 30 Sep 2023, \$250,000 was fully drawn down. An interest rate of 16% per annum is calculated and payable monthly on the amount drawn down.		
	Item 7.3 Relates to credit card facilities		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(996)
8.2	Cash and cash equivalents at quarter end (item 4.6)	238
8.3	Unused finance facilities available at quarter end (item 7.5)	423
8.4	Total available funding (item 8.2 + item 8.3)	661
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	0.66
	<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: No The Company is expected to receive proceeds from expected sales to its customers in the coming quarters. The Company is also working on additional funding to fund its operating activities.	

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.

Bluechiip is expected to obtain a further R&D Advance via R&D Tax Prepayment Loan facility from a lender secured over the FY 24 R&D Tax Incentive Refundable. As at the date of reporting, \$200k of R&D Advance was received.

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 expected to continue its operations which is supported by the proceeds from sales to be made and also R&D Advance expected secured during the Mar 24 quarter.

The Company will shortly make an announcement regarding additional funding.

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.

31 January 2024

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.