



**Bluechiip Limited**  
ABN 79 104 795 922

**Appendix 4E**  
*(ASX Listing Rule 4.3A)*

**Preliminary Final Report**  
**For the financial year ended 30 June 2024**

**Reporting period - 1 July 2023 to 30 June 2024**  
**(Previous corresponding period - 1 July 2022 to 30 June 2023)**

**Name of entity**

<b>BLUECHIIP LIMITED</b>
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**ABN**

<b>79 104 795 922</b>
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**FINANCIAL YEAR ENDED (“CURRENT PERIOD”)**

<b>30 JUNE 2024</b>
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**RESULTS FOR ANNOUNCEMENT TO THE MARKET**

	Change	Change in Value \$	%	To
Net revenue from ordinary activities	Down	\$430,347	47.03%	\$484,689
Other income – interest income and R&D tax incentive	Down	\$75,580	7.87%	\$885,017
Operating expenses	Up	\$111,309	1.68%	(\$6,747,362)
Operating EBITDA	Up	\$593,232	11.94%	(\$5,559,832)
Loss from ordinary activities after tax attributable to members	Up	\$771,874	15.31%	(\$5,812,899)

**Dividends**

It is not proposed to pay a dividend (2023: No dividend proposed).

There are no franked dividend or distribution reinvestment plans in operation and there have been no dividend or distribution payments during the financial year ended 30 June 2024 (2023: Nil).

**Net Tangible Assets per security**

As at 30 June 2024: 0.06 cents

As at 30 June 2023: 0.33 cents

**COMMENTARY ON THE RESULTS FOR THE YEAR AND SIGNIFICANT INFORMATION**

**Results of operations**

**Operating Results**

For the financial year ended 30 June 2024, Bluechiip reported a consolidated loss after income tax of \$5,812,899, reflecting an increase in losses compared to the previous year's loss of \$5,041,025. The Company recognised revenues totalling \$484,689, a substantial decrease from \$915,036 recorded in the previous year. This revenue was generated from the sale of products, licence fees, and consulting income. The decline in overall revenue was

primarily driven by a sharp decrease in engineering services income, largely due to reduced OEM activities, falling to \$25,592 (2023: \$424,969). However, there was an increase in product sales and software license fees for Bluechiip advanced sample management solutions products and Bluechiip software to end customers, which rose to \$459,097 (2023: \$399,063).

The decrease in sales revenue and the increase in the consolidated loss reflected several challenges the Company encountered throughout the financial year. As Bluechiip transition from R&D focussed activities into commercialisation phase, it faced prolonged sales cycles, adverse economic conditions primarily in the United States affecting cash flow, and higher expenses as outlined below. The sales decline is a result of a decrease in OEM activity, with the company focusing on direct sales which has increased with sales to major pharmaceutical and cell therapy companies.

Other income showed a decrease from \$960,597 to \$885,017 during the financial year. This reduction was primarily due to the reduced R&D Tax Incentive, with the Company expecting to receive \$800,000 for the financial year reflecting a decline in R&D activities as Bluechiip transitioned into commercialisation phase. Additionally, other income included a grant from AusIndustry's Supply Chain Resilience Initiative (**SCRI**) amounting to \$46,313. This was part of a total cash receipt of \$472,686, with \$407,373 of this amount not yet recognised as income, pending the Company's matched spending obligations.

During the financial year ended 30 June 2024, Bluechiip incurred operating expenses totalling \$6,747,362, a slight increase from the \$6,636,053 incurred in the previous year. These expenses contributed to an operating EBITDA of (\$5,559,832), up from (\$4,966,600) in 2023. The marginal increase in operating expenses was driven by several key factors:

- **Employee Benefits Expense:** Employee benefits expenses grew to \$4,148,113, compared to \$3,566,648 in 2023. This increase was primarily due to the expansion of Bluechiip's sales and marketing office in the United States.
- **Depreciation Costs:** There was a rise in depreciation expenses, which increased to \$126,619 from \$43,946 in the prior year. This was mainly due to the depreciation of Right of Use assets for the lease of office premises.
- **Finance Cost:** The R&D Advance obtained at the start of the financial year rather than later part of the financial year as in prior financial years, led to a longer interest accrual period and an increase in interest expense, which grew from \$30,479 in 2023 to \$126,448 in current financial year.

The increased operating expenses reflects Bluechiip's continued investment in its workforce, infrastructure, and professional services to support its growth and operational objectives.

### **Acquisition and Divestment**

There have been no entities over which control has been gained or lost during the financial year ended 30 June 2024.

## Capital Structure

During the financial year, the Company successfully completed the following capital raises:

- **October 2023 Placement**  
Placement to institutional, sophisticated and professional investors for 81.703m new ordinary fully paid shares at an issue price of \$0.021 per new ordinary share in Bluechiip, that raised \$1.732m (before share issue cost).
- **February 2024 Placement**  
Placement to institutional, sophisticated and professional investors for 386.666m new ordinary fully paid shares at an issue price of \$0.007 per new ordinary share in Bluechiip, that raised \$835,142 (before share issue cost).
- **March 2024 Non-Renounceable Entitlement Offer (NREO)**  
Issue of 186.087m new ordinary fully paid shares pursuant to NREO on the basis of 5 for 7 pro-rata non-renounceable entitlement offer of fully paid ordinary shares in Bluechiip at an offer price of \$0.007 per new ordinary share in Bluechiip, that raised \$1.303m (before share issue cost).
- **June 2024 Placement**  
Placement to institutional, sophisticated and professional investors for 81.273m new ordinary fully paid shares at an issue price of \$0.0044 per new ordinary share in Bluechiip, that raised \$357,600 (before share issue cost). A further 2.273m new ordinary shares placed to a Non-Executive Director, Michael Ohanesian for \$10,000 at an issue price of \$0.0044 per new ordinary share in Bluechiip is now subject to the approval of the shareholders at the Extraordinary Meeting on 29 August 2024.

Apart from these, there has not been any material movement in the Company's share capital. As at 30 June 2024 the Company has 1,182,039,528 fully paid ordinary shares on issue.

## Events after Balance Date

Subsequent to 30 June 2024, the following events have occurred.

As announced prior to end of Financial Year (**FY24**), the Company has initiated a strategic review to explore various options, including potential strategic partnerships, investments, or the possible sale of the business. This process is focused on attracting interest from parties across North America and Europe. The Company has engaged Cogent Venture Partners to lead this activity. Additionally, the Company is implementing cash management measures in North America and Australia to optimise its financial resources.

As part of the Company's strategic review, it has mutually agreed with the Department of Industry, Science, and Resources (DISR) (Commonwealth) to terminate the SCRI program. Consequently, on 30 July 2024, the Company received an invoice for \$448,110 (gst inclusive), which is to be refunded to the DISR the terms for which are currently being negotiated.

The Company held an Extraordinary General Meeting (EGM) on 29 August 2024. At that EGM, the Company sought and obtained shareholders' approval to refresh its capital raising capacity through the issuance of ordinary shares and issuance of convertible notes to potential sophisticated investors with the aim of raising up to \$3 million in gross proceeds.

As at the date of this report, the Company has also received \$300,000 in loan proceed from a shareholder following a loan agreement entered into prior to 30 June 2024. Additionally, the Company has secured a new R&D Advance Facility, from which it has fully drawn an additional \$200,000.

### **Audit**

This preliminary final report is based on the attached preliminary consolidated financial statements for the financial year ended 30 June 2024 which are unaudited. The auditor's report will be made available with the Company's Annual Report when completed.

A handwritten signature in blue ink, consisting of stylized, overlapping loops and a long horizontal stroke extending to the right.

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**Mr Andrew McLellan**  
Managing Director and CEO  
30 August 2024



# **BLUECHIP LIMITED**

**ABN 79 104 795 922**

## **Preliminary Unaudited Financial Report For the Year Ended 30 June 2024**

# Bluechiip Limited

ABN 79 104 795 922

## Preliminary Unaudited Consolidated Statement of Financial Position As at 30 June 2024

	Note	2024 \$	2023 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	8	172,336	1,722,837
Trade and other receivables	9	888,958	1,056,805
Other current assets	10	15,280	77,008
Inventory	11	3,299,053	3,218,792
<b>TOTAL CURRENT ASSETS</b>		<b>4,375,627</b>	<b>6,075,442</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	12	268,866	228,662
<b>TOTAL NON-CURRENT ASSETS</b>		<b>268,866</b>	<b>228,662</b>
<b>TOTAL ASSETS</b>		<b>4,644,493</b>	<b>6,304,104</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	13	646,416	504,874
Lease liability	14	60,997	71,042
Interest-bearing loans and borrowings	15	600,000	650,000
Deferred revenue	16	2,232,432	2,280,962
Employee benefits	17	280,434	305,180
<b>TOTAL CURRENT LIABILITIES</b>		<b>3,820,279</b>	<b>3,812,058</b>
<b>NON-CURRENT LIABILITIES</b>			
Lease liability	14	66,666	85,349
Employee benefits	17	48,667	42,398
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>115,333</b>	<b>127,747</b>
<b>TOTAL LIABILITIES</b>		<b>3,935,612</b>	<b>3,939,805</b>
<b>NET ASSETS</b>		<b>708,881</b>	<b>2,364,299</b>
<b>EQUITY</b>			
Issued capital	18	49,134,762	45,312,657
Reserves		6,031,116	5,695,740
Accumulated losses		(54,456,997)	(48,644,098)
<b>TOTAL EQUITY</b>		<b>708,881</b>	<b>2,364,299</b>

The above preliminary unaudited consolidated statement of financial position should be read in conjunction with the accompanying notes and the full financial report for the year ended 30 June 2023.

# Bluechiip Limited

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## Preliminary Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2024

	Note	2024 \$	2023 \$
Revenue from operating activities	3	484,689	915,036
Cost of sales		(182,176)	(206,179)
Other income	4	885,017	960,597
Employee benefits expense		(4,148,113)	(3,566,648)
Superannuation		(225,510)	(199,389)
Share based payment expense	5	(320,254)	(394,460)
Advertising and branding		(40,048)	(65,632)
Tradeshows, exhibitions and memberships		(181,850)	(185,526)
Depreciation	6 (a)	(126,619)	(43,946)
Research and Development		(267,622)	(650,777)
Patent costs		(96,139)	(157,083)
Marketing consultant		(77,471)	(79,849)
Travel expenses		(337,792)	(392,354)
Listing, share registry and secretarial fee		(159,272)	(159,562)
Legal and professional fees		(321,604)	(275,060)
Exchange gains / (losses)		(74,651)	24,601
Finance costs		(126,448)	(30,479)
Other expenses	6 (b)	(497,036)	(534,315)
<b>Loss before income tax</b>		<b>(5,812,899)</b>	<b>(5,041,025)</b>
Income tax		-	-
<b>Net loss after income tax</b>		<b>(5,812,899)</b>	<b>(5,041,025)</b>
Other comprehensive income		15,122	-
<b>Total comprehensive loss for the year</b>		<b>(5,797,777)</b>	<b>(5,041,025)</b>
Earnings per share			
Basic losses per share (cents)	7	(0.49)	(0.71)
Diluted losses per share (cents)	7	(0.49)	(0.71)

The above preliminary unaudited consolidated statement of financial position should be read in conjunction with the accompanying notes.



# Bluechiip Limited

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## Consolidated Statement of Changes in Equity For the Year Ended 30 June 2024

	Note	Ordinary Shares \$	Employee Equity Benefits Reserve \$	Foreign Currency Translation Reserve \$	Accumulated Losses \$	Total \$
At 1 July 2023		45,312,657	5,695,740	-	(48,644,098)	2,364,299
<b>Transactions with owners in their capacity as owners:</b>						
- Shares issued during the year	18	4,227,121	-	-	-	4,227,121
- Transaction costs on share issue	18	(405,016)	-	-	-	(405,016)
- Share-based payment expense		-	320,254	-	-	320,254
		3,822,105	320,254	-	-	4,142,359
<b>Comprehensive income:</b>						
- Loss for the year		-	-	-	(5,812,899)	(5,812,899)
- Other comprehensive income		-	-	15,122	-	15,122
- Total comprehensive loss attributable to members of the entity		-	-	15,122	(5,812,899)	(5,797,777)
<b>At 30 June 2024</b>		49,134,762	6,015,994	15,122	(54,456,997)	708,881

  

	Note	Ordinary Shares \$	Employee Equity Benefits Reserve \$	Foreign Currency Translation Reserve \$	Accumulated Losses \$	Total \$
At 1 July 2022		42,579,254	5,386,203	-	(43,603,073)	4,362,384
<b>Transactions with owners in their capacity as owners:</b>						
- Shares issued during the year	18	2,912,423	(84,923)	-	-	2,827,500
- Transaction costs on share issue	18	(179,020)	-	-	-	(179,020)
- Share-based payment expense		-	394,460	-	-	394,460
		2,733,403	309,537	-	-	3,042,940
<b>Comprehensive income:</b>						
Loss for the year		-	-	-	(5,041,025)	(5,041,025)
Other comprehensive income		-	-	-	-	-
Total comprehensive loss attributable to members of the entity		-	-	-	(5,041,025)	(5,041,025)
<b>At 30 June 2023</b>		45,312,657	5,695,740	-	(48,644,098)	2,364,299

The above preliminary unaudited consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

# Bluechiip Limited

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## Preliminary Consolidated Statement of Cash Flows For the Year Ended 30 June 2024

	Note	2024 \$	2023 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers		476,029	1,028,337
Payments to suppliers and employees		(6,422,076)	(6,589,341)
Interest received		6,182	7,754
R&D tax concession received		931,434	824,777
Government support programs		-	519,955
Net cash flows used in operating activities	19	(5,008,431)	(4,208,518)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(91,563)	(71,484)
Net cash flows used in investing activities		(91,563)	(71,484)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of ordinary shares		4,227,121	2,827,500
Principal lease payment		(133,440)	(7,336)
Transaction costs on share issue		(398,876)	(195,438)
Transaction costs on borrowings		(95,312)	(22,466)
Proceeds from borrowings		600,000	650,000
Repayment of borrowings		(650,000)	-
Net cash flows from financing activities		3,549,493	3,252,260
Net decrease in cash held		(1,550,501)	(1,027,742)
Cash and cash equivalents at beginning of financial year		1,722,837	2,750,579
Cash and cash equivalents at end of financial year	8	172,336	1,722,837

The above preliminary unaudited consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

# Bluechiip Limited

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## Notes to the Preliminary Consolidated Financial Statements (continued) For the Year Ended 30 June 2024

### Note 1 Corporate Information

The preliminary unaudited consolidated financial report of Bluechiip Limited for the financial year ended 30 June 2024 was authorised for issue in accordance with a resolution of the Directors on 29 August 2024.

Bluechiip Limited (the Parent) is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Stock Exchange.

The principal activity of Bluechiip and its subsidiaries during the financial year was the development and commercialisation of a wireless tracking solution for the healthcare and life science, security, defence and manufacturing industries which represents a generational change from current methods such as labels (hand-written and pre-printed), barcodes (linear and 2D) and microelectronic integrated circuit (IC)-based RFID (Radio Frequency Identification).

There have been no significant changes in the nature of these activities during the financial year.

### Note 2 Summary of Significant Accounting Policies

#### Basis of Preparation

The consolidated financial statements are general purpose financial statements that have been prepared on have been prepared on a going concern basis and on historical cost. Historical cost is generally based on the fair values of the consideration given in exchange for goods and services. All amounts are presented in Australian dollars, unless otherwise noted.

### Note 3 Revenue from operating activities

	2024 \$	2023 \$
Gross revenue from sale of product, engineering service & licence income		
- Sale of product and software licence – point in time	459,097	399,063
- Engineering service income – point in time	25,592	424,969
- Licence income – over time	-	91,004
Revenue from operating activities	484,689	915,036

# Bluechiip Limited

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## Notes to the Consolidated Financial Statements (continued) For the Year Ended 30 June 2024

### Note 4 Other Income

	2024 \$	2023 \$
Other revenue		
- Interest income	6,182	6,820
- R&D tax incentive	821,434	934,777
- Insurance recoverable	11,088	-
- Australia Government Supply Chain Resilience Initiative Round 2 Grant	46,313	19,000
Total other income	885,017	960,597

### Note 5 Share-based Payment Expense

#### Fair Value of Performance Rights and Expenses Arising From Share-based Payment Transactions

The performance rights expense under the Performance Rights Plans in the table below have been determined based on the fair values of the performance rights granted to CEO and employees calculated at grant date using a hybrid trinomial option pricing model with a relative TSR hurdle. The hybrid trinomial option pricing model with TSR hurdle uses a combination of Monte Carlo Simulation and a trinomial lattice to model the performance of the Company's shares and the individual shares within the selected peer group, taking into account their individual volatilities and correlations.

	2024 \$	2023 \$
Performance Rights Plan expense during the year		
- Performance Rights Plan 2019	-	6,151
- Performance Rights Plan 2021	69,508	181,688
- Performance Rights Plan 2022	116,347	206,621
- Performance Rights Plan 2023	134,399	-
	320,254	394,460

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## Notes to the Consolidated Financial Statements (continued) For the Year Ended 30 June 2024

### Note 6 Expenses

	2024 \$	2023 \$
<b>(a) Depreciation</b>		
Depreciation of property, plant and equipment	9,174	37,397
Depreciation of Right of Use Assets – Office	117,445	6,549
Total	126,619	43,946
<b>(b) Other Expenses:</b>		
Bad debts	-	1,756
Computer expenses	85,052	133,973
Conference and seminar	-	18,400
Consulting fees	10,315	14,221
Consumables – Production	4,047	21,226
Equity research fees	45,000	35,000
Expected credit losses	53,735	594
Insurance	86,902	80,861
Licence, test & compliance	55,404	-
Occupancy costs	21,717	86,212
Packaging & delivery	51,992	76,211
Quality management system	10,693	9,913
Telecommunications	8,644	11,192
Travel expenses related to service, support & repairs	-	8,113
Other miscellaneous expenses	63,535	36,643
Total Other Expenses	497,036	534,315

### Note 7 Earnings per share

Earnings/(loss) used to calculate basic and dilutive EPS	(5,812,899)	(5,041,025)
<b>For basic and diluted EPS</b>		
Number of ordinary shares outstanding during the year – No. used in calculating basic EPS	1,182,039,528	713,670,463

As the Group incurred a loss during the year, the impacts of performance rights were anti-dilutive and as such, basic and diluted EPS are the same amount.

### Note 8 Cash and Cash Equivalents

	2024 \$	2023 \$
<b>Current assets – Cash and Cash Equivalents</b>		
Cash at bank	172,336	1,722,837

# Bluechiip Limited

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## Notes to the Consolidated Financial Statements (continued) For the Year Ended 30 June 2024

### Note 9 Current assets - Trade and Other Receivables

	2024 \$	2023 \$
Trade receivables	143,287	147,399
Less: Provision for Expected Credit Losses	(54,329)	(594)
	88,958	146,805
R&D tax off-set receivable	800,000	910,000
	888,958	1,056,805
(a) The ageing analysis of trade receivables is		
0-30 days	69,493	101,987
31-60 days	27,350	44,224
61-90 days (past due not impaired)	-	-
91+ days (past due not impaired)	46,444	1,188
Total Trade and other receivables	143,287	147,399

Debts over 90 days are also individually assessed for impairment. The expected credit loss model under AASB 9 requires the Group to account for expected credit losses and changes in those expected credit losses at each reporting period. As at the date of this report, the Group reviewed and assessed the recoverability of trade receivables. A provision for expected credit losses is made in respect of the review made.

### Note 10 Other current assets

	2024 \$	2023 \$
Prepayment	15,280	77,008
	15,280	77,008

### Note 11 Inventory

	2024 \$	2023 \$
Raw materials	2,182,754	2,374,678
Less: Provision for obsolete stocks	(124,421)	(136,851)
Raw materials (net)	2,058,333	2,237,827
Finished goods	1,408,789	1,149,034
Less: Provision for net realisable value	(168,069)	(168,069)
Finished goods (net)	1,240,720	980,965
Total inventory (net)	3,299,053	3,218,792

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a weighted average cost basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

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## Notes to the Consolidated Financial Statements (continued) For the Year Ended 30 June 2024

### Note 12 Non-current assets - Property, Plant and Equipment

	2024 \$	2023 \$
Technical equipment and tools at cost	385,937	238,307
Accumulated depreciation	(245,687)	(238,307)
Total technical equipment and tools	140,250	-
Furniture, fixtures and fittings at cost	25,898	16,747
Accumulated depreciation	(17,615)	(16,747)
Total furniture, fixtures and fittings	8,283	-
Computer & office equipment at cost	55,544	51,730
Accumulated depreciation	(52,656)	(51,730)
Total computer & office equipment	2,888	-
Right of Use Assets – Office	241,439	163,727
Accumulated depreciation	(123,994)	(6,549)
Total computer & office equipment	117,445	157,178
Work-in-progress – Technical equipment and tools	-	71,484
Accumulated depreciation	-	-
Total computer & office equipment	-	71,484
Total property, plant and equipment	268,866	228,662

### (a) Movements in Carrying Amounts Consolidated

	Technical Equipment and Tools \$	Furniture, Fixtures and Fittings \$	Computer & Office Equipment \$	Right-of- use assets – Office \$	Total \$
<b>Balance at 30 June 2024</b>					
Balance at the beginning of year	-	-	-	157,178	157,178
Additions	147,630	9,151	3,814	77,712	238,307
Work-in-progress	-	-	-	-	-
Depreciation	(7,380)	(868)	(926)	(117,445)	(126,619)
<b>Carrying amount at the end of 30 June 2024</b>	140,250	8,283	2,888	117,445	268,866

# Bluechiip Limited

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## Notes to the Consolidated Financial Statements (continued) For the Year Ended 30 June 2024

### Consolidated

	Technical Equipment and Tools \$	Furniture, Fixtures and Fittings \$	Computer & Office Equipment \$	Right-of- use assets – Office \$	Total \$
<b>Balance at 30 June 2023</b>					
Balance at the beginning of year	29,975	3,348	4,074	-	37,397
Additions	-	-	-	163,727	163,727
Work-in-progress	71,484	-	-	-	71,484
Depreciation	(29,975)	(3,348)	(4,074)	(6,549)	(43,946)
<b>Carrying amount at the end of 30 June 2023</b>	<b>71,484</b>	<b>-</b>	<b>-</b>	<b>157,178</b>	<b>228,662</b>

### Note 13 Current liabilities – Trade and Other Payables

	2024 \$	2023 \$
Trade payables (a)	284,591	374,521
Sundry payables and accrued expenses	361,825	130,353
	<b>646,416</b>	<b>504,874</b>

(a) The trade payables as at 30 June 2024 includes directors' fee owing of \$18,333 (2023: \$9,167).

### Note 14 Lease Liability

	2024 \$	2023 \$
Lease liability - Office		
Current	60,997	71,042
Non-current	66,666	85,349
	<b>127,663</b>	<b>156,391</b>

The right-of- use assets is measured at cost and depreciated on a straight- line basis. The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets less than \$10,000.

### Note 15 Interest-bearing loans and borrowings

	2024 \$	2023 \$
CURRENT		
R&D Tax Prepayment Loan (a)	-	650,000
R&D Tax Prepayment Loan (b)	600,000	-
Total Interest-bearing liabilities	<b>600,000</b>	<b>650,000</b>

Due to the short-term nature of these payables, their carrying value is assumed to approximate their fair value.



# Bluechiip Limited

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## Notes to the Consolidated Financial Statements (continued) For the Year Ended 30 June 2024

(a) Relates to a R&D Tax Incentive Prepayment Loan facility ("R&D Advance Facility") from Asymmetric Innovation Finance Pty Ltd secured and to be repaid from R&D Tax Incentive. The R&D Advance Facility of \$650,000 drawdown during the financial year 2023 was fully repaid during the financial year 2024.

(b) A new R&D Advance Facility of \$600,000 was secured and fully drawdown during the financial year 2024 and to be repaid from refund which is expected to be received during the financial year 2025. An establishment fee of \$9,000 (2023:\$5,000) was incurred for the R&D Advance Facility during the financial year (2023: Nil). An interest rate of 16% (2023: 15%) per annum is calculated and payable monthly on the drawn down amount of the R&D Advance Facility.

<b>Note 16 Deferred Revenue</b>	<b>2024 \$</b>	<b>2023 \$</b>
Unearned income		
- Labcon contract liability (a)	1,800,761	1,800,761
- OEM	24,298	26,515
	1,825,059	1,827,276
Government Grant (b)	407,373	453,686
Total Deferred Revenue	2,232,432	2,280,962

(a) Deferred Revenue includes (i) USD850,000 (\$1,123,002) cash payment received as part of settlement from Labcon North America (Labcon) pursuant to the Settlement Agreement entered into between Bluechiip and Labcon and (ii) deferred settlement revenue from the full return of Bluechiip delta tags and products previously sold to and paid for by Labcon. The initial cost for the returned inventory after adjustments was USD783,099 (\$1.12 million). Labcon and Bluechiip have entered a new supply agreement for the new Bluechiip enabled consumables, readers, and software. Bluechiip agreed to provide a credit of up to USD1.35 million (\$1.80 million) on sales under this new supply arrangement.

(b) Relates to government grant payment received as part of the Federal Government's Supply Chain Resilience Initiative Round 2 of a total of \$787,810. The joint equal contribution of \$787,810 by the Company involves setting up a highly specialised micro-electronics fabrication processing line utilising state-of-the art semiconductor fab processing equipment which is expected to cost \$1.58 million over two years (Project). As at the end of financial year, a total of \$46,313 (2023:\$19,000) of \$472,686 grant received was spent and recognised as income with the remainder \$407,373 yet to be spent. On 24 June 2024, the Company informed the Department of Industry, Science and Resources on the mutual termination of the Project and Grant Agreement. Further details of the termination of Project are set out in Note 21.

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## Notes to the Consolidated Financial Statements (continued) For the Year Ended 30 June 2024

<b>Note 17 Employee Benefits</b>	<b>2024 \$</b>	<b>2023 \$</b>
Current		
Annual Leave provision	175,254	175,254
Long Service Leave provision	105,180	129,926
	<u>280,434</u>	<u>305,180</u>
Non-current		
Long Service Leave provision	48,667	42,398
	<u>48,667</u>	<u>42,398</u>
<b>Total</b>	<b><u>329,101</u></b>	<b><u>347,578</u></b>

Expected future payments are discounted at rates using market yield on high quality Corporate Bonds at the reporting date.

<b>Note 18 Issued Capital</b>	<b>2024 \$</b>	<b>2023 \$</b>
<b>(a) Ordinary Shares</b>		
At the beginning of the reporting year	45,312,657	42,579,254
Issue of ordinary shares:		
- Placement	2,924,512	2,100,000
- Non-Renounceable Entitlement Offer	1,302,609	-
- Share Purchase Plan	-	727,500
- Exercise of Performance Rights Plan	-	84,923
	<u>4,227,121</u>	<u>2,912,423</u>
Less: Capitalised share issue costs	<u>(405,016)</u>	<u>(179,020)</u>
	<u>49,134,762</u>	<u>45,312,657</u>

<b>(b) Number of Ordinary Shares</b>	<b>2024 No.</b>	<b>2023 No.</b>
At the beginning of the reporting year	713,670,463	598,563,796
Shares issued during the year:		
Issue of ordinary shares:		
- Placement	282,282,126	84,000,000
- Non-Renounceable Entitlement Offer	186,086,939	-
- Share Purchase Plan	-	29,100,000
- Exercise of Performance Rights Plan	-	2,006,667
<b>Total Issued and Fully Paid Ordinary Shares</b>	<b><u>1,182,039,528</u></b>	<b><u>713,670,463</u></b>

Ordinary shares have no par value. There is no limit to the authorised share capital of the Company.

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held.

At the shareholders meetings, each ordinary share is entitled to one vote when a poll is called; otherwise each shareholder has one vote on a show of hands. At 30 June 2024, there were no

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## Notes to the Consolidated Financial Statements (continued) For the Year Ended 30 June 2024

options outstanding (2023: Nil). As at end of financial year, there were 31,465,000 outstanding Performance Rights and 225,000 Performance Rights vested but remain unexercised.

During the financial year, 3,000,000 new performance rights (2023: 4,900,000) were granted to Andrew McLellan and 15,600,000 new performance rights (2023: 14,500,000) were granted to employees under the Performance Rights Plan 2023, as part of the Variable Compensation – LTI which entitle both Andrew McLellan and the employees to acquire one fully paid share in the Company for a nil exercise price (Performance Rights).

### (c) Capital Management

Management controls the capital of the Group in order to ensure that the Company can fund its operations and continue as a going concern. The Group's debt and capital includes share capital and financial liabilities, supported by financial assets. There is no externally imposed capital requirements.

Management effectively manages the Group's capital by assessing the Company's financial risk and adjusting its capital structure in response to changes in these risks and in the market. There have been no changes in the strategy adopted by management.

### Note 19 Cash Flow Statement Reconciliation

Reconciliation of Net Loss after Tax to Net Cash Flows used in operating activities.

	2024 \$	2023 \$
Net loss	(5,812,899)	(5,041,025)
<b>Non-cash Flows in Loss</b>		
- Depreciation	126,619	43,946
- Share based payment expense	320,254	394,460
- Share issue in lieu of payment to supplier/shareholder(loop)	100,000	-
- Provision for stock obsolescence	-	57,961
- Unrealised exchange losses	67,063	-
- Accrued interest on borrowing	-	8,013
<b>Changes in Assets and Liabilities</b>		
(Increase)/decrease in trade and other receivables	167,847	68,198
(Increase)/decrease in fixed assets	(40,204)	
(Increase)/decrease in other assets	61,728	11,188
(Increase)/decrease in inventory	(67,831)	(316,318)
(Decrease)/increase in trade and other payables	135,999	146,485
(Decrease)/Increase in deferred revenue	(48,530)	393,340
(Decrease)/increase in employee benefits	(18,477)	25,234
	<u>(5,008,431)</u>	<u>(4,208,518)</u>

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## Notes to the Consolidated Financial Statements (continued) For the Year Ended 30 June 2024

### Note 20 Contingencies and Capital commitments

During the financial year ended 30 June 2024, there was no new lease commitment. As detailed in prior year's financial statements, Bluechiip Limited entered into two years lease rental agreement for additional office space with a lease rental commitment of \$87,296. The lease commenced after the financial year ended 30 June 2023.

The Company has no other contingent liabilities as at 30 June 2024 (2023: Nil).

### Note 21 Events After the Balance Sheet Date

Subsequent to 30 June 2024, the following events have occurred.

As announced prior to end of Financial Year (**FY24**), the Company has initiated a strategic review to explore various options, including potential strategic partnerships, investments, or the possible sale of the business. This process is focused on attracting interest from parties across North America and Europe. The Company has engaged Cogent Venture Partners to lead this activity. Additionally, the Company is implementing cash management measures in North America and Australia to optimise its financial resources.

As part of the Company's strategic review, it has mutually agreed with the Department of Industry, Science, and Resources (DISR) (Commonwealth) to terminate the SCRI program. Consequently, on 30 July 2024, the Company received an invoice for \$448,110 (gst inclusive), which is to be refunded to the DISR the terms for which are currently being negotiated.

The Company held an Extraordinary General Meeting (EGM) on 29 August 2024. At that EGM, the Company sought and obtained shareholders' approval to refresh its capital raising capacity through the issuance of ordinary shares and issuance of convertible notes to potential sophisticated investors with the aim of raising up to \$3 million in gross proceeds.

As at the date of this report, the Company has also received \$300,000 in loan proceed from a shareholder following a loan agreement entered into prior to 30 June 2024. Additionally, the Company has secured a new R&D Advance Facility, from which it has fully drawn an additional \$200,000.

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## Notes to the Consolidated Financial Statements (continued) For the Year Ended 30 June 2024

### Note 22 Controlled Entities

	Country of Incorporation	Percentage Owned (%) <sup>*</sup> 2024	Percentage Owned (%) <sup>*</sup> 2023
Parent Entity:			
Bluechiip Limited	Australia		
Subsidiaries of Parent Entity:			
Bluechiip, Inc.(a)	United States	100%	100%
Bluechiip Holdings, Inc.(a)	United States	100%	100%

\* Percentage of voting power is in proportion to ownership

(a) These companies (which are dormant) are in the process of dissolution as the Directors opine that the subsidiaries are not required at this moment.

### Note 23 Parent entity information

	2024 \$	2023 \$
Information relating to Bluechiip Limited		
Current assets	6,526,389	6,071,559
Total assets	6,795,255	6,300,221
Current liabilities	3,626,531	3,838,821
Total liabilities	3,741,864	3,966,568
Issued capital	49,134,762	45,312,657
Reserves	6,015,993	5,695,740
Accumulated losses	(52,097,364)	(48,674,744)
Total shareholder's equity	3,053,391	2,333,653
Loss of the parent entity	(3,422,621)	(5,058,919)
Total comprehensive loss of the parent entity	(3,422,621)	(5,058,919)