

BLUECHIIP LIMITED

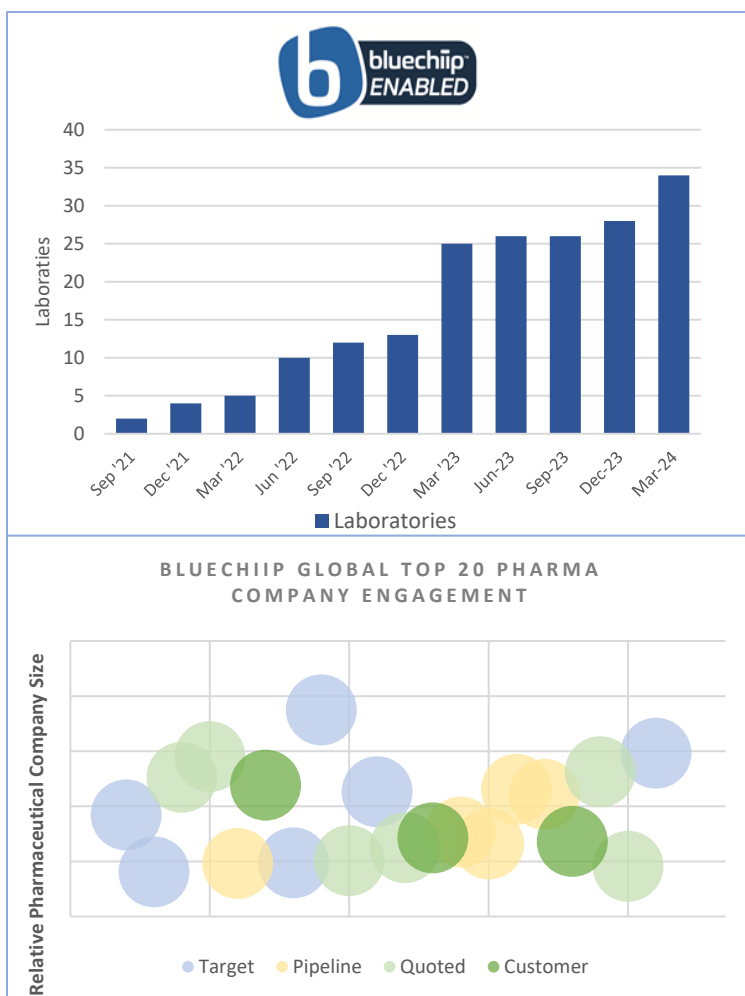
MARCH 2024 QUARTERLY CASH FLOW REPORT

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 2024.

ACTIVITIES REPORT FOR THE QUARTER ENDED 31 MARCH 2024

Corporate and Business updates for the quarter

- Recorded sales of \$40k and cash receipts from customers of \$61k for the third quarter of FY24;
- 17 end-users have now ordered Bluechiip products across their 34 laboratories, up from 28 in the previous quarter with 6 new laboratories at New York State Psychiatric Research Institute (compared to 13 laboratories at the same time last year);
- Bluechiip solution delivered and operational in two additional global big pharma companies in the USA, to a total of three global big pharma and an IVY League institution operational with Bluechiip solutions;
- North American sales and marketing team continue to work on acceleration of pipeline opportunities to well over 100 potential customers including 14 top 20 Global Pharma companies either existing customers or in the pipeline; and
- Successfully raised total of \$2.138m in gross proceeds through Institutional Equity Placement and Non-Renounceable Entitlement Offer to existing shareholders.



Additional information

During the quarter, the Company and its US based subsidiary (**Group**) recorded product sales of \$40k (Q1 2024: \$126k). The Group also recorded cash receipts from customers for the quarter ended 31 December 2023 of \$61k (Q2 2024: \$90k) for sales of products and engineering services.

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

Bluechiip's new range of consumables and Advanced Sample Management Solutions continue to receive strong interest at exhibition and trades shows. The Group is well supported by its expanded end-customer base with orders from 17 customers for use in their 34 operating laboratories. During the quarter, Bluechiip added an additional 6 laboratories within New York State Psychiatric Research Institute based at Columbia University, up from 12 laboratories in the previous quarter.

The Group continues to generate recurring revenue from these customers, with \$40k during the quarter (Q2 2024: \$126k), (Q1 2024: \$163k), (Q4 2023: \$75k). These revenues are for orders for both Bluechiip enabled consumables, additional readers and hardware and software licences. The Bluechiip-enabled solution is embedded into their high-value sample inventory management processes.

Large pharmaceutical, cell therapy, clinical trial and research organisations, continue to dominate the customer end markets which present 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 34 in the March 2024 quarter.

Concurrently, the Company continues to pursue 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 continued focus on sales and marketing activities particularly in North America has led to staff costs continuing to dominate the cash outflow items: \$992k (Q2 2024: \$1.171m). Other major cash outflows include manufacturing costs - \$125k (Q2 2024: \$370k), sales related and marketing expenses - \$137k (Q2 2024: \$173k), and administration and corporate expenses: \$198k (Q2 2024: \$288k). Cash payments for operations for the quarter March 2024 were at \$1,466k and this is lower than the December 2023 quarter of \$2,019k. This is attributed mainly to a review of its activities that led to cost savings and more manageable spendings.

During the quarter, Bluechiip launched an equity capital raise of up to \$4.8m which comprises:

- an institutional equity placement of \$840,000 (**Placement**); and
- a 5 for 7 non renounceable entitlement offer up to \$4m (Non-Renounceable Entitlement Offer (**NREO**)).

The Company successfully raised gross proceeds with completion of the following:

- Placement – issue of 119,306,069 new fully paid-up and ordinary shares in Bluechiip at \$0.007 per new share in consideration of \$835,142 fully received before defrayment of capital raise expenses; and

- NREO - issue of 186,086,939 new fully paid-up and ordinary shares in Bluechiip at \$0.007 per new share in consideration of \$1,302,609.40 fully received before defrayment of capital raise expenses.

In accordance with the Corporations Act and ASX Listing Rules, the Company reserve its right to exercise its discretion to issue the shortfall from NREO within 3 months of the NREO Closing Date, 7 March 2024.

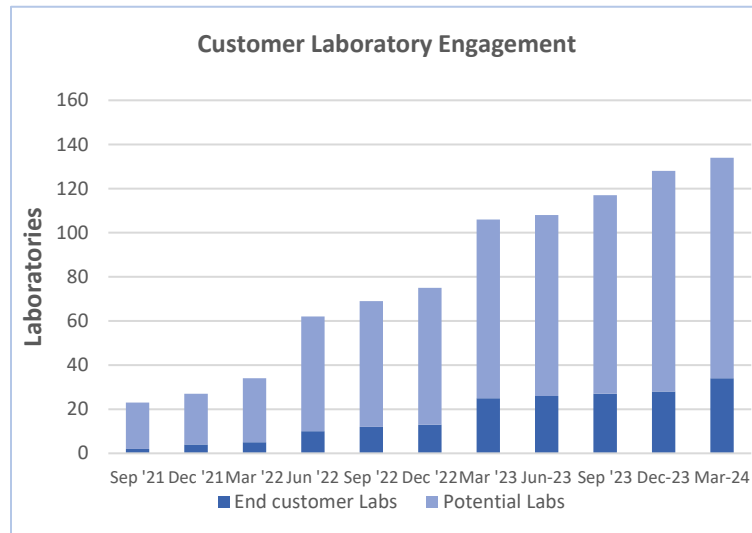
During the quarter, the Company made a drawdown of \$200,000 loan from a R&D Tax Prepayment loan facility of \$600,000 via Asymmetric Innovation Finance Pty Limited secured by R&D tax incentive 2023/2024 receivable (**R&D Advance Facility**). An interest rate of 16% per annum is calculated and payable monthly on the amount drawn down. The additional drawdown of \$200,000 brings the total loan liability of the Company to \$450,000.

In the coming quarter the Company expects to generate receipts from sales made to customers it is working on and debtors which it is closely monitoring. In addition to the cash proceed expected to come from shares to be issued from the shortfall of the NREO, the Company is also able to further drawdown the balance of the R&D Advance Facility.

Outlook

The Company continues to respond to market conditions and adopting existing 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 customers sites into additional potential laboratories and also into additional applications within customer sites;
- 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 continue to be concentrated towards driving its sales and marketing activities supported through its growing North American sales and marketing team, with the aim of anticipated sales closure.



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 2024

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	61	418
1.2 Payments for		
(a) research and development	(9)	(76)
(b) product manufacturing and operating costs	(125)	(820)
(c) advertising and marketing	(137)	(417)
(d) leased assets	-	-
(e) staff costs	(992)	(3,373)
(f) administration and corporate costs	(198)	(730)
1.3 Dividends received (see note 3)		
1.4 Interest received	1	5
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	931
1.8 Other (provide details if material)	(5)	55
1.9 Net cash from / (used in) operating activities	(1,404)	(4,007)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(77)	(91)
(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	(77)	(91)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	2,138	3,770
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	(155)	(287)
3.5	Proceeds from borrowings	200	550
3.6	Repayment of borrowings	-	(650)
3.7	Transaction costs related to loans and borrowings	(15)	(83)
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	2,168	3,300

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	238	1,723
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,404)	(4,007)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(77)	(91)

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)	2,168	3,300
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	925	925

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	925	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)	925	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	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> <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	39
7.4	Total financing facilities	680	489
7.5	Unused financing facilities available at quarter end		191
7.6	<p>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> <p>Item 7.1 \$600,000 R&D Tax Incentive Prepayment Loan facility from Asymmetric Innovation Finance Pty Limited secured by R&D tax incentive 2023/2024 expected to be received. As at 31 March 2024, \$450,000 was fully drawn down. An interest rate of 16% 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)	(1,404)
8.2	Cash and cash equivalents at quarter end (item 4.6)	925
8.3	Unused finance facilities available at quarter end (item 7.5)	191
8.4	Total available funding (item 8.2 + item 8.3)	1,116
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	0.79
<p><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></p>		
8.6	<p>If item 8.5 is less than 2 quarters, please provide answers to the following questions:</p> <p>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> <p>Answer: No The current net operating cash flows are not indicative of operating cash flows over the next two quarters. 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.</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 regularly assesses its funding options in support of its ongoing operations. The Company is expected to drawdown the balance of the R&D Advance via R&D Tax Prepayment Loan facility. The Company has also the ability to issue further shares during the quarter from the shortfall that arose from the recent completed Non-Renounceable Entitlement Offer on 7 March 2024 ("NREO").

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.

Based on item 8.6.1 and 8.6.2, the Company is expected to continue its operations which is supported by the proceeds from expected sales to be made and drawdown the balance of the R&D Advance facility in June 24 quarter. Cash proceed is also expected to come from shares to be issued from the shortfall of the NREO.

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 April 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.