

## **BLUECHIIP LIMITED**

### **DECEMBER 2018 QUARTERLY CASH FLOW REPORT**

Bluechiip Limited (**Bluechiip** or the **Company**) (**ASX: BCT**) today released its quarterly cash flow report for the period ended 31 December 2018.

#### **ACTIVITIES REPORT FOR THE QUARTER ENDED 31 DECEMBER 2018**

##### **Highlights during the quarter**

- Commenced monthly delivery of readers and chips to Labcon with sales revenue of \$117k in the December quarter 2018 following Labcon's updated US\$11.9m development and supply agreement in prior quarter.
- Scaling to meet customer orders, including to Labcon.
- Continued expansion of the pipeline with 32 developer kits and agreements in market.
- Fully repaid \$0.6m R&D Advance Facility.
- Cash balance stands at \$5.670m as at 31 December 2018 with no borrowings.

##### **Business Progress Update**

In December the first of our ongoing monthly deliveries under the revised agreement with Labcon North America's (**Labcon**) purchase orders was made. This was following the updated development and supply agreement on 29 August 2018 for a three-year term to supply chips, readers, software and engineering services worth US\$11.9m (\$15.9m).

Bluechiip has progressed transfer to production of the multi vial reader and hand-held reader and continued scaling the Bluechiip supply chain. With Labcon's Coldpoint Bluechiip Enabled Range moving into full production, deliveries are expected to accelerate over the coming 2 quarters.

Bluechiip continued to progress and pursue partnerships with 32 developer kits and agreements with potential partners in North America, Europe and Asia increasing our pipeline of opportunities.

##### **Commentary on the Cash Flow Report**

Bluechiip recorded sales revenue of \$117,284 and sales receipts of \$98,712 for the quarter.

Net operating cash outflow for the December 2018 quarter was \$822,677, down from \$1,123,242 for the September 2018 quarter. This was mainly attributable to reduced R&D expenses arising from near completion of some R&D activities and also fewer purchases for the quarter.

The investing cash outflow for the December 2018 quarter of \$23,150 (September 2018: Nil) was related to the construction and fit out of laboratory at the Bluechiip's head office.

The net financing cash inflow for the quarter of \$1,302,748 arose from gross proceeds received of \$1,952,404 from the completed Share Purchase Plan (**SPP**) before payment of costs associated with the SPP, and the full repayment of R&D Advance Facility of \$600,000.

### Outlook

The Company remains focused on the following:

- Rapidly scaling production of chips and readers to fulfil the purchase orders received from customers, including Labcon, and the receipt of subsequent cash inflows arising from them.
- Scaling the production of chips with the aim of achieving economies of scale and bringing down the production cost.
- Advancing negotiations for the licensing of Bluechiip's technology and securing new licence agreements with other OEM partners.
- Research and development to meet our current and potential OEM partners' requirements, arising from the sales of developer kits in prior quarters. The developer kits enable potential OEM partners to integrate Bluechiip's technology into their own products.
- Progress work on registering further patents to add to our existing 25 confirmed patents.

**END.**

For more information, please contact:

### Corporate enquiries

Andrew McLellan  
Managing Director / CEO  
Ph: +61 457 823 470  
[andrew.mclellan@bluechiip.com](mailto:andrew.mclellan@bluechiip.com)

### Media

Richard Allen  
Ph: +61 3 9915 6341  
Oxygen Financial PR  
[richard@oxygenpr.com.au](mailto:richard@oxygenpr.com.au)

### **About Bluechiip Limited**

Bluechiip has developed 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).

The unique tag is based on MEMS technology and contains no electronics. The tag can either be embedded or manufactured into a storage product, such as vials or bags. Easy identification, along with any associated information from the tag such as temperature can be detected by a reader, which can also sense the temperature of the tagged items. The traditional identification technologies have significant limitations. Whereas a barcode requires a visible tag or line-of-sight optical scan, bluechiip® technology does not. Unlike labels, barcodes and RFID, the bluechiip® technology can sense the temperature of each item a tag is attached to, or embedded in.

The bluechiip® technology has initial applications in the healthcare industry particularly those businesses which require cryogenic storage facilities (biobanks and biorepositories). bluechiip® offers the only technology that enables accurate and reliable tracking of products including stem cells, cord blood, and other biospecimens. In addition to functioning in extreme temperatures, the bluechiip® tracking solution can survive autoclaving, gamma irradiation sterilization, humidification, centrifuging, cryogenic storage and frosting.

The bluechiip® technology has other healthcare applications in pathology, clinical trials and forensics. Several other key markets outside of healthcare include cold-chain logistics/supply chain, security/defence, industrial/manufacturing and aerospace/aviation. Further information is available at [www.bluechiip.com](http://www.bluechiip.com)

## Appendix 4C

### Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

**Name of entity**

BLUECHIIP LIMITED

**ABN**

79 104 795 922

**Quarter ended ("current quarter")**

31 DECEMBER 2018

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
<b>1. Cash flows from operating activities</b>			
1.1 Receipts from customers		99	171
1.2 Payments for			
(a) research and development		(161)	(430)
(b) product manufacturing and operating costs		(55)	(295)
(c) advertising and marketing		(65)	(94)
(d) leased assets		-	-
(e) staff costs (inclusive internal R&D)		(514)	(914)
(f) administration and corporate costs		(162)	(436)
1.3 Dividends received (see note 3)			
1.4 Interest received		6	8
1.5 Interest and other costs of finance paid		(7)	(29)
1.6 Income taxes paid		-	-
1.7 Government grants and tax incentives		-	-
1.8 Other (provide details if material)		37	74
<b>1.9 Net cash from / (used in) operating activities</b>		<b>(822)</b>	<b>(1,945)</b>
<b>2. Cash flows from investing activities</b>			
2.1 Payments to acquire:			
(a) property, plant and equipment		(23)	(23)
(b) businesses (see item 10)		-	-
(c) investments		-	-

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) property, plant and equipment	-	-
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) 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>(23)</b>	<b>(23)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares	1,952	7,452
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	(50)	(413)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(600)	(600)
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>1,302</b>	<b>6,439</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 quarter/year to date	5,213	1,199
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(822)	(1,945)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(23)	(23)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,302	6,439

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	<b>Cash and cash equivalents at end of quarter</b>	<b>5,670</b>	<b>5,670</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	5,643	5,186
5.2	Call deposits	27	27
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>5,670</b>	<b>5,213</b>

**6. Payments to directors of the entity and their associates**

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

**Current quarter  
\$A'000**

43

-

**7. Payments to related entities of the entity and their associates**

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

**Current quarter  
\$A'000**

-

-

**8. Financing facilities available**

*Add notes as necessary for an understanding of the position*

8.1 Loan facilities

8.2 Credit standby arrangements

8.3 Other (please specify)

8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
-	-
-	-
65	-

Item 8.3

Relates to credit card facilities.

**9. Estimated cash outflows for next quarter**

**\$A'000**

9.1 Research and development

246

9.2 Product manufacturing and operating costs

334

9.3 Advertising and marketing

66

9.4 Leased assets

-

9.5 Staff costs (inclusive internal R&D)

486

9.6 Administration and corporate costs

137

9.7 Other (provide details if material)

-

**9.8 Total estimated cash outflows**

**1,269**

Item 9.7

-

**10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)**

**Acquisitions**

**Disposals**

10.1 Name of entity

None

None

10.2 Place of incorporation or registration

Not applicable

Not applicable

10.3 Consideration for acquisition or disposal

Not applicable

Not applicable

10.4 Total net assets

Not applicable

Not applicable

10.5 Nature of business

Not applicable

Not applicable

**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.



Sign here: .....  
(Director/Company secretary)

Date: 30 January 2019

Print name: Andrew McLellan

**Notes**

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly 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 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.