

## **BLUECHIIP LIMITED**

### **DECEMBER 2020 QUARTERLY CASH FLOW REPORT**

Bluechiip Limited (**Bluechiip** or the **Company**) (**ASX: BCT**) today released its quarterly cash flow report for the quarter ended 31 December 2020.

### **ACTIVITIES REPORT FOR THE QUARTER ENDED 31 DECEMBER 2020**

#### **Corporate and Business highlights**

- Delivery of product including a Bluechip system each in People's Republic of China (**PRC**) and Czech Republic during the quarter;
- Despite international border closures, Bluechiip's sales and marketing team both in Australia and the United States (**US**) continued to make progressive negotiations with potential OEMs including in the IVF market, Cell Therapy and target Biobanking space with interest for the Company's products and solutions gaining traction;
- Progressed building a direct-to-market portfolio of products for the Biobanking market, including a range of Bluechiip Enabled and Bluechiip branded range of cryogenic consumables with end customer engagement progressing especially with our team based in North America;
- The Company is financially well supported with cash and cash equivalents of \$5.6m as at 31 December 2020, with no borrowings;
- The Company submitted registration for the R&D Tax Incentive 2019/2020 and expects to receive a refund of approximately \$1.5m on approval. Proforma 31 December cash on hand upon receipt of approximately \$1.5m in refund stands at \$7.1m;
- Since the lawsuit filed against Labcon North America on 29 July 2020, Bluechiip through its legal counsel in the US is progressing private mediation to seek a resolution; and
- The Company continues to receive grants from Federal Government through Cashflow Boost and JobKeeper Payment.

#### **Additional information**

Sales and marketing teams both in Australia and the United States continue to make progressive negotiations with potential OEMs especially in the IVF and Cell Therapy markets despite current COVID-19 travel restrictions. The Company successfully delivered sales of \$27K in developer kits through its distributor in China and Czech Republic and achieved sales of \$31K for the quarter ended 31 December 2020.

Ongoing improvements to the chip performance and efficiency activity continue to dominate the cash outflow over the last 2 quarters. During the quarter, R&D expenditure and staff costs continue to be

amongst the major cash outflow items - \$361K and \$513K respectively. The company expects to receive a refund for both activities of 43.5% in the form of 2020/2021 R&D Tax Incentive from the Australian Government. The current quarter outflows have been mitigated by customer receipts of \$31K and government grants of \$146K. Overall, the quarter saw net operating cash outflow come down from \$1,281K in the previous quarter to \$1,042K. Bank balances stand at \$3.6m and an additional \$2m is held in a bank term deposit.

### **Outlook**

The Company continues to respond to market conditions by progressively reviewing several measures implemented including:

- Executing on potential opportunities in the US, including evaluation systems into customer sites through our sales and marketing team based in the US;
- Progressing towards partner agreements with potential OEMs including in the IVF market, Cell Therapy and target Biobanking space, all of which have seen market interest for the Company's products and solutions;
- Focusing R&D activities on improving the quality, performance, and scalability of chips. This is expected to attain higher quality and yield with the aim of achieving economies of scale and lowering production costs as the Company approaches full volume production;
- Focusing on progressing the development of a Bluechiip Enabled range of consumables for the Biobanking market which Bluechiip intends to market directly in North America and Australia New Zealand and through distribution partners globally;
- Continuing from the previous quarters with reallocation of the technical sales team resources to R&D activities with the aim of further improving our products; for example, improving our multi vial readers' functionality by addressing market feedback to meet current and potential OEM partners' requirements arising from the sales of developer kits in previous quarters. The developer kits enable potential OEM partners to integrate Bluechiip's technology into their own products;
- Managing existing cash reserves and allocating to evaluated R&D activities expenditure in line with overall Company's strategy;
- Managing the scale of production in response to the slowdown in sales activity, while continuing to build stocks with the expectation that when markets normalise, Bluechiip is well positioned for a return to growth; and
- Working with patent adviser on further patent applications to add to Bluechiip's existing 9 patent families comprising 25 granted patents.

**END.**

Release authorised by Mr Andrew McLellan, CEO and Managing Director

For more information, please contact:

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**About Bluechiip Limited**

Bluechiip has developed a wireless tracking solution for the healthcare and life science, security, defence and manufacturing industries. The bluechiip® tag is based on MEMS technology and contains no electronics. In addition to functioning in extreme temperatures, the bluechiip® tag can survive autoclaving, gamma irradiation sterilization, humidification, centrifuging, cryogenic storage and frosting.

The bluechiip® tag can either be embedded or manufactured into storage products such as vials or bags. The bluechiip® reader can easily track and record the identity and temperature of the tag and associated samples.

bluechiip® technology represents a generational change from current methods. Labels (hand-written and pre-printed) and barcodes (linear and 2D) require a line-of-sight-optical scan which is interfered by frost and microelectronic integrated circuit (IC)-based RFID (Radio Frequency Identification), do not survive and operate in extreme conditions unlike bluechiip® technology.

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.

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 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 2020

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	31	78
1.2 Payments for		
(a) research and development	(361)	(1,109)
(b) product manufacturing and operating costs	(193)	(317)
(c) advertising and marketing	(25)	(43)
(d) leased assets	-	-
(e) staff costs	(513)	(1,049)
(f) administration and corporate costs	(192)	(411)
1.3 Dividends received (see note 3)		
1.4 Interest received	5	12
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	146	360
1.8 Other (provide details if material)	60	156
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(1,042)</b>	<b>(2,323)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(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 (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)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	-	-

<b>3.</b>	<b>Cash flows from financing activities</b>		
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	-	-
3.6	Repayment of borrowings	-	-
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>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	6,649	7,930
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,042)	(2,323)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-

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 period</b>	<b>5,607</b>	<b>5,607</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	3,607	4,649
5.2	Call deposits	2,000	2,000
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>5,607</b>	<b>6,649</b>

**6. Payments to related parties of the entity and their associates**

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

Current quarter \$A'000
39
-

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

**7. Financing facilities**

*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.*

	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	80	7
7.4 <b>Total financing facilities</b>	80	-

7.5 **Unused financing facilities available at quarter end** 68

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 7.3

Relates to credit card facilities.

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (Item 1.9)	(1,042)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	5,607
8.3 Unused finance facilities available at quarter end (Item 7.5)	73
8.4 Total available funding (Item 8.2 + Item 8.3)	5,680
8.5 <b>Estimated quarters of funding available (Item 8.4 divided by Item 8.1)</b>	5.45

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

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: N/A

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: N/A

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: N/A

## 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 JANUARY 2021**

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.