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ASX Announcement

For immediate release

Thursday 28 October 2021

BLUECHIIP LIMITED
SEPTEMBER 2021 QUARTERLY CASH FLOW REPORT

Bluechiip Limited (**Bluechiip** or the **Company**) (**ASX: BCT**), a developer and leader in wireless tracking solutions for the healthcare and life science, security, defence and manufacturing industries, is pleased to release its Appendix 4C - Quarterly Cashflow report and update for the quarter ended 30 September 2021.

ACTIVITIES REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2021

Corporate and Business updates for the Quarter

- Signed a two-year Licence and Development Agreement with California based FUJIFILM Irvine Scientific, Inc.;
- Successful progress towards global release of Bluechiip's direct to market portfolio of products for the Biobanking market including a range of Bluechiip Enabled and Bluechiip-branded range of cryogenic consumables;
- Received formal CE Marking (**CE IVD**) registration for Bluechiip Enabled cryovials providing Bluechiip direct access to the European Union market;
- Initial purchase orders received from local and overseas customers for Bluechiip's new range of consumables, readers and software. including delivery and installation in October 2021;
- Optimisation stage of the chip commercial production well in progress; and
- Closing cash and cash equivalents of $4.89m as at 30 September 2021, with no borrowings.

Additional information

On 26 October 2021 the company signed a two-year Licence and Development Agreement with FUJIFILM Irvine Scientific, Inc. (**FISI**) based in California, USA. Under the agreement FISI will pay Bluechiip initial licence and development fees over the next 18-24 months. Bluechiip and FISI will negotiate and seek to agree a supply agreement for the sale and distribution of the customised Bluechiip Enabled products including minimum volumes, pricing and detailed commercial terms.

The Company received formal CE IVD registration for the Bluechiip Enabled cryovial range, providing direct access to the European Union market. The progressive development of Bluechiip-branded range of consumables and associated products for the Biobanking market is expected to see Bluechiip registering with the US Food & Drug Administration (**FDA**) in the coming month.

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The Company's sales and marketing team both in Australia and the US continue to make progress with potential direct end customers and OEM partners. The recent relaxation of COVID-19 restrictions in the US has seen the sales team resume face-to-face product demonstrations and has allowed Bluechiip to add an additional sales resource in the US market. The teams in Australia, the US and our distributors in Europe have also installed evaluation systems into customer sites including delivery to initial orders in Australia and Europe in October.

The Company continues to make successful progress towards global release of its Bluechiip branded range of cryogenic consumables as part of its strategy to market Bluechiip's portfolio of consumable products. The Company is expected to continually channel its resources into R&D of its branded range of cryogenic consumables.

The production improvement to the quality, performance and scalability of the Company's chips are well in progress. This optimisation stage of the chip commercial production is attaining higher quality and yield, economies of scale and lower production costs.

During the quarter, staff costs and commercial production costs of chips continue to dominate cash outflow items $498k (Q4 Jun 21: $478k) and $256k (Q4 Jun 21: $471k) respectively. The Company is financially well supported with closing cash and cash equivalents of $4.89m as at 30 September 2021, with no borrowings.

Outlook

The Company continues to respond to market conditions, including:

- Resuming in-person meetings and product demonstrations with potential opportunities in the US, including evaluation systems into customer sites through our US-based sales and marketing team;
- Working on in-person meetings and product demonstrations with potential OEM partners where possible;
- Conducting development activities pursuant to the recently executed Licence and Development Agreement with California, US-based FUJIFILM Irvine Scientific, Inc.;
- Progressing towards OEM partner agreements with potential OEMs including in the Cell Therapy and target Biobanking space, sectors that have experienced significant market interest for the Company's products and solutions;
- Focusing on R&D of a Bluechiip branded 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;
- Managing its existing cash reserves and allocating to evaluated R&D activities and prioritising expenditure in line with the Company's overall strategy;
- Building sufficient on-hand inventory with the expectation of responding to market needs when market normalises; and

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- Managing patent applications with patent advisers to add to Bluechiip's portfolio of nine patent families comprising 30 granted patents.

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, we have significantly developed our technology. Today it 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

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Name of entity	
BLUECHIIP LIMITED	
ABN	**Quarter ended ("current quarter")**
79 104 795 922	30 SEPTEMBER 2021

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (3 months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	22	22
1.2	Payments for		
	(a) research and development	(62)	(62)
	(b) product manufacturing and operating costs	(256)	(256)
	(c) advertising and marketing	(39)	(39)
	(d) leased assets	-	-
	(e) staff costs	(498)	(498)
	(f) administration and corporate costs	(231)	(231)
1.3	Dividends received (see note 3)		
1.4	Interest received	9	9
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other (provide details if material)	29	29
1.9	**Net cash from / (used in) operating activities**	**(1,026)**	**(1,026)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire or for:		
	(a) entities		
	(b) businesses		
	(c) property, plant and equipment		
	(d) investments		
	(e) intellectual property		
	(f) other non-current assets		

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Consolidated statement of cash flows		Current quarter $A'000	Year to date (3 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**	**-**	**-**

3.	**Cash flows from financing activities**		
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)		
3.10	**Net cash from / (used in) financing activities**	**-**	**-**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	5,919	5,919
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,026)	(1,026)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-

Consolidated statement of cash flows		Current quarter $A'000	Year to date (3 months) $A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	**Cash and cash equivalents at end of period**	**4,893**	**4,893**

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	2,893	3,919
5.2	Call deposits	2,000	2,000
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)**	**4,893**	**5,919**

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	-

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.

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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.*	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	80	11
7.4	**Total financing facilities**	80	11

7.5	**Unused financing facilities available at quarter end**	69

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.

8.	**Estimated cash available for future operating activities**	**$A'000**
8.1	Net cash from / (used in) operating activities (item 1.9)	(1,026)
8.2	Cash and cash equivalents at quarter end (item 4.6)	4,893
8.3	Unused finance facilities available at quarter end (item 7.5)	69
8.4	Total available funding (item 8.2 + item 8.3)	4,962
8.5	**Estimated quarters of funding available (item 8.4 divided by item 8.1)**	4.84

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.

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:

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:

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:

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.

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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 OCTOBER 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.

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