

MICRO-X SIGNS BAGGAGE X-RAY DEVELOPMENT CONTRACT WITH US DEPARTMENT OF HOMELAND SECURITY

Micro-X Inc will develop the x-ray scanner for the next generation of checkpoint security in US airports

Adelaide, Australia, 29th September 2021: Australian hi-tech company Micro-X Ltd (ASX:MX1) (**Micro-X** or the **Company**), a leader in cold cathode x-ray technology for health and security markets globally, is pleased to announce that it's US subsidiary, Micro-X Inc, has signed a contract with the U.S. Government's Department of Homeland Security (**DHS**) for the design of a Miniature X-Ray Baggage Scanner which may become the key component in an Airport Passenger Self-Screening Portal to be developed under a separate contract. This second contract signing follows on from Micro-X's earlier contract with DHS for the integrated Portal Design and similarly flows from the two Micro-X proposals which were selected for award under Broad Agency Announcement (BAA) Call 70RSAT20RB00000002.

Key Points

- **Micro-X Inc. executes its second contract with DHS related to Airport Checkpoint Portal - up to approximately US\$1.5m**
- **Micro-X will develop a prototype of the new miniature, self-service x-ray scanner**
- **Image Reconstruction and Automated Threat Recognition software for carry-on baggage screening will be developed at Micro-X's new Software Center of Excellence in Seattle**
- **Micro-X investing beyond the contract requirements to develop the scanner for broader applications in government and commercial buildings, public transport systems and public events**

Contract with DHS for X-Ray Scanner Development

Micro-X, Inc. has formally signed a contract with U.S. Department of Homeland Security's (**DHS**) Science and Technology Directorate (**S&T**) for up to US\$1,569,059 for a period of 18 months, subject to satisfactory delivery against milestones (the **Scanner Contract**). This Scanner Contract is for the second of the two proposals selected for award to Micro-X under BAA Call 70RSAT20RB00000002.

Micro-X Inc. has been contracted to design and manufacture a robust prototype of a miniaturized, x-ray CT baggage scanner for the self-screening portal. Micro-X Inc. will deliver the prototype scanner to S&T for independent testing and evaluation.

Background to the X-Ray Scanner

Aviation security globally is moving toward increased use of CT baggage scanners for screening of passengers' carry-on luggage. This move reflects the advantages of three-dimensional images produced by CT which leads to improvements in security and the potential to deploy more advanced automated threat detection software. This also may remove the need for passengers to divest large electronic devices and liquids from their carryon bags. Currently, conventional CT baggage scanners are large, complex, and expensive to deploy at the checkpoint, so these systems may struggle to address the key checkpoint challenges of passenger throughput, passenger experience, and available floor space at the checkpoint.

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An airport passenger self-screening checkpoint concept has the potential to solve many of the current limitations of the conventional checkpoint, potentially increasing passenger throughput at the airport, improving their passenger experience, reducing security floor-space requirements, and reducing through-life operational costs. However, a self-screening checkpoint is only possible when the method of scanning the passengers' carryon bags is at least the same level of security as current, conventional x-ray checkpoint screening.

Micro-X believes that its unique CNT x-ray technology can deliver a miniaturised CT baggage scanner that enables a full-scale passenger self-screening checkpoint while also providing a three-dimensional baggage scanning solution for the smaller or older airports where space constraints prevent the current, large conventional CT screening units.

Micro-X will work with S&T's Screening at Speed Program to define a prototype specification and design to this specification. S&T will then test the prototype to evaluate the potential of the scanner to achieve the necessary security requirements.

Broader market opportunities

Micro-X will be investing beyond the requirements of this Scanner Contract to deliver a more advanced prototype scanner which is closer to a final product. This is to enable the rapid development of a simplified variant of the scanner unit which leverages the same basic system architecture and components as used in the core S&T design, but which is optimized for commercial security applications outside the airport.

Micro-X sees potential applications of the Miniaturized Baggage Scanner to meet many different commercial security needs such as stadiums, public events, government and commercial buildings, as well as public transport systems. To that end, Micro-X Inc has recently signed a technical and marketing collaboration agreement with Liberty Defense Holdings Ltd (TSXV: SCAN, OTCQB: LDDFF, FRANKFURT: LD2). Liberty Defense has developed HEXWAVE, a next generation, high throughput, contactless threat detection system, for concealed metallic and non-metallic objects, using AI to provide automated decisions to the security operators to process people at speed. Micro-X Inc and Liberty Defense will explore a potential combined technology offering with Liberty's HEXWAVE walk-through screening portal for enhanced body and baggage screening in commercial security settings by undertaking market research and collecting customer feedback.

Micro-X's Managing Director, Peter Rowland, commented:

"The genesis of this contract award can be traced back to the work which Micro-X did for the UK Government's Department for Transport at Heathrow airport, under the Future Aviation Security Solutions program in developing an x-ray scanner to meet the challenge of "Finding Explosives Hidden in Electronic Items". In meeting the far-sighted requirements under these contracts Micro-X was able to show the imaging power of its CNT technology in the miniaturised unit we demonstrated to stakeholders in London. From that demonstration the idea of its application to a self-service checkpoint was born.

We're very excited that now this unique miniaturised scanner technology has become the enabler for a radical new approach to airport checkpoint security in the United States which will hugely benefit travellers once it is in place. The small size of this unit opens up many other applications as well where conventional x-ray screening lanes are not practical"

This ASX Announcement is authorised by the Board of Micro-X

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About Micro-X

Micro-X Limited (the **Company**) is an ASX listed hi-tech company developing and commercialising a range of innovative products for global health and security markets, based on proprietary cold cathode, carbon nanotube (CNT) emitter technology. The electronic control of emitters with this technology enables x-ray products with significant reduction in size, weight and power requirements, enabling greater mobility and ease of use in existing x-ray markets and a range of new and unique security and defence applications. Micro-X has a fully vertically integrated design and production facility in Adelaide, Australia. A growing technical and commercial team based in Seattle is rapidly expanding Micro-X's US business.

Micro-X's product portfolio is built in four, high margin, product lines in health and security. The first commercial mobile digital radiology products are currently sold for diagnostic imaging in global healthcare, military and veterinary applications. An X-ray Camera for security imaging of Improvised Explosive Devices is in advanced development. The US Department of Homeland Security has selected Micro-X to design a next-generation Airport Checkpoint Portal with self-service x-ray. A miniature brain CT imager for pre-hospital stroke diagnosis in ambulances, is being developed with funding from the Australian Government's Medical Research Future Fund.

For more information visit: www.micro-x.com

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