

## AMENDED QUARTERLY ACTIVITIES & CASHFLOW REPORT QUARTER ENDED 30 JUNE 2022

**Adelaide, Australia, 1 August 2022:** 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, filed its Appendix 4C – Quarterly Cashflow report and Activities Update for the quarter ended 30 June 2022 (the **Quarter**) to the ASX platform on 29 July 2022. All financial results are in Australian dollars and are unaudited.

In the Appendix 4C at Item 8.5, the Company reported that it had 2.0 quarters of funding available at 30 June 2022 based on its long standing practice of rounding this calculation to the nearest 1 decimal point. This has been amended to 1.977 quarters in the revised Appendix 4C attached, along with additional disclosure at Item 8.6.

The Company is also pleased to report that it has now received the additional \$1.6 million from the ASA.

### Highlights for the Quarter

- **Mobile DR revenues of \$3.8M for FY2022 (6% increase on prior year) and \$0.5M for this Quarter**
- **Mobile DR US sales network expanded with the top two independent distributors MXR and Medlink now appointed; Medlink Imaging adds 100 sub-distributors and commitment to \$1m sales annually**
- **IED X-ray camera 'Argus' imaging system integration complete – pre-launch activities well underway**
  - Pre-production prototypes being built for customer trials in coming months
  - Responded to RFP for project 'Land 154' for X-ray Equipment for IED Search
- **Passenger Self-Screening Checkpoint conceptual design accepted by the US Department of Homeland Security**
- **Closing cash balance on 30 June 2022 of \$10.3M with a further \$1.6M to be received from the Australian Stroke Alliance in July 2022**
- **On a "like for like" basis, non Contract Revenue related costs have been reduced by 23%.**
- **R&D Rebate of approximately \$3.3M is expected in Q2 2023.**

### Commercialisation & Development Activities

During the Quarter, Micro-X achieved significant progress across all of its Business Units and as usual these are reported below in the order of commercial maturity.

#### ***Mobile DR Business Unit – Expanded sales network including key US distributor appointments,***

The Mobile DR business unit continued to establish and build up its global network of distributors for long-term sales success. Following the Company's attendance at RSNA last December the sudden growth in brand recognition in the radiology market has enabled Micro-X to engage with much larger and more capable distributors than was previously possible.

Overall revenue for this Quarter was \$0.5M (June 2021 quarter: \$0.4M) and total Mobile DR revenue for the year was \$3.8M (FY2021: \$3.6M). The Company is confident in the long term success of its new and growing distribution network which is a mixture of OEMs selling under their own brand and a number of high-profile, independent distributors selling the Micro-X branded product. The sales velocity for mobile x-ray units in North

America is typically six to nine months, so revenue growth should build as more distributors sign up and start to build their pipelines.

In North America, MXR, the largest independent radiology distributor in the US which signed with Micro-X last quarter, has progressed a number of opportunities to the quotation stage and major demonstration roadshows in California, Texas, South Carolina, Ohio and New Jersey during July should further build their sales funnel. Micro-X has also initiated summer promotions for both customers and distributor sales personnel. During the Quarter, Micro-X also enlarged distribution with the appointment of Medlink Imaging, Inc. (**Medlink**), the second largest independent and nation-wide distributor of digital radiology equipment in the USA. Medlink's parent company, Vieworks Co. Ltd is a global manufacturer of X-ray imaging detectors and, based in South Korea, is listed on the Korean stock exchange [100120.KQ]. The Medlink appointment adds over 100 sub-distributors to Micro-X's network and includes a commitment to acquire \$1.0m of Rover mobile systems for each of the initial three years of the contract term once FDA clearance is received for the Rover cart integrated with Vieworks' proprietary software and digital detectors.

Three smaller but capable distributors, Centura, Associated and Turnkey were also added to Micro-X's North American distribution team during the Quarter and Micro-X is well progressed in discussions with two other large distribution organisations which will complete a very high-quality distribution capability in North America.

During the Quarter, Micro-X's OEM partner, Carestream Health, continued to flow sales at a steady rate for the Carestream Revolution Nano.

In Europe, despite the on-going delays which all medical device manufacturers are experiencing with Notified Bodies processing MDR applications, Micro-X has been successful in signing up five new distribution channels for the EMEA region and training of these has already commenced. A further seven distributors are ready to commence once CE Mark is granted and it is expected that many of these will purchase a demo unit immediately importation is permitted. Micro-X believes it is the final stages of the MDR approval and that CE Marking for Rover can be expected during the September quarter.

In the United Arab Emirates, the Micro-X Rover will now be distributed by Leader Healthcare Group, one of the largest medical imaging equipment suppliers across the Middle East and sales activity here can now commence based on the USA's FDA clearance. In APAC, Micro-X have signed new distribution partners in Thailand and Vietnam and are exploring new distributor options in Australia.

Marketing and technical sales support by Micro-X for this growing distribution network is critical for success and in mid July 2022, Micro-X featured Rover on its stand at the European Congress of Radiology in Vienna, one of the largest medical meetings in Europe and second-largest radiological meeting globally. Micro-X's UK distributor featured Rover on their stand at the UKIO congress in Liverpool to stimulate awareness and demand ahead of regulatory approval.

Future product evolution for the Micro-X Rover centres on the new x-ray tube and in-house developed generator, which extends the Rover's imaging capability into the more demanding x-ray exams required in emergency departments and operating theatres. To be launched as the 'Rover Plus', this product is now in the final stages of manufacturing validation and preparations are underway building stocks of the new generators and tubes in order to transition the production line to this new model.

### ***X-Ray Camera Business Unit – Imaging integration in progress***

Pre-production prototypes of the 'Argus' IED X-ray camera are close to completion following delays in recent weeks caused by technical issues in commissioning manufacturing equipment for the new 'Columbus' x-ray tube and some high voltage component supplier quality issues. With these challenges now successfully

resolved, the first imaging testing by the integrated, pre-production Argus unit has been achieved with pleasing results in line with imaging performance expectations.

Further integration of all the Argus sub-systems and refinement of the high-voltage components will now be followed by verification and validation testing of the product. Argus units are expected to be available for first customer demonstrations with potential distributors and end-users in coming weeks and the product launch is expected during the December Quarter.

Commercial activity this Quarter was focused on the submission of a full and compliant response to the Australian Department of Defence's Request for Tender (RFT) for project 'Land 154' for X-ray Equipment for IED Search'. This RFT calls for 64 lightweight, robot-deployable stand-off backscatter x-ray imaging units and the published acquisition schedule for the project is for source selection at the end of 2022 and contract award early in 2023 with product deliveries during 2023.

Micro-X was pleased to receive advice during the Quarter that its patent application for the Argus' backscatter imaging architecture has been approved in the USA.

## ***Checkpoints Business Unit – Baggage scanner on track for completion within 12 months***

During the Quarter both of Micro-X's Checkpoints programmes for the US Department of Homeland Security (DHS) achieved their planned milestones and remain on-budget and on-schedule.

The CT Baggage Scanner development team has now commenced detailed design of the prototype following the formal acceptance of the Design Review by DHS last quarter. With less than a year before the first prototype CT scanner is due to be delivered to DHS for testing, work has begun to build customer awareness of the CT Scanner's capabilities in standalone airport checkpoint screening and identify other potential applications outside of the aviation industry. To this end Micro-X was invited during the Quarter to present the CT Scanner and Self-Service Checkpoint concept at a restricted international aviation security workshop in Europe attended by government regulators and airline and airport security managers where it created great interest and many potential customer leads.

Micro-X's initial design concept for the Passenger Self-Screening Checkpoint was also delivered and accepted by DHS during this Quarter. This major milestone with a payment of US\$0.6M from DHS was achieved on-time and on-budget and also secures the remainder of the DHS contract to completion, worth a further US\$1.3M. The next phase of development, worth US\$0.7M over six months, will see Micro-X working with its partners to initially model the system using simulations and then prove the concept with hands-on testing of a mock-up in the Seattle office with volunteer passengers and representatives of airlines, airports and DHS.

## ***CT Business Unit – Milestone payment recognises development progress***

The development of Micro-X's Brain CT scanner for mobile, pre-hospital stroke imaging in conjunction with the Australian Stroke Alliance (ASA) achieved planned progress during the Quarter and remains on-budget and on-time. This Quarter's priority was the creation of an automated imaging test platform to gather x-ray data for imaging algorithm development. The team continues to work towards the major Preliminary Design Review milestone next quarter and in recognition of the progress to date, Micro-X is due to receive an interim \$1.6M milestone payment from the ASA in July 2022.

During the Quarter, the lead investigator at The Johns Hopkins University gave a presentation on the Brain CT image reconstruction work it is doing for Micro-X at the prestigious global scientific CT Meeting 2022 in Baltimore.

Micro-X is in discussions with Norsk LuftAmbulanse (NLA), the Norwegian Air Ambulance service similar to Australia's Royal Flying Doctor Service, about fitting a prototype of Micro-X's Brain CT imager to one of their Airbus 145 helicopters to create an airborne Mobile Stroke Unit. NLA invited Micro-X to participate in a recent international aeromedical conference in Austria, fitting a Micro-X demonstration scanner in their display helicopter. The Brain CT imaging technology received significant attention at the show and Micro-X is now engaging with a number of European Helicopter Emergency Medical Service organisations who expressed interest in acquiring the capability once developed.

## Corporate Activities

Following the easing of COVID restrictions Micro-X was pleased to re-instate its annual Investor Open Day for shareholders and the public at its Tonsley facility. Well over 100 attendees, many from interstate, toured the site to see first-hand the Company's innovative technology and manufacturing and additionally enjoyed the opportunity to interact with management, engineering and manufacturing teams. Management has also been actively engaging with current and potential shareholders in recent months with in-person presentations in the United States and Australia.

The schedule of future engineering development required under our contracts with the US DHS and Australian Stroke Alliance highlights the importance of acquiring talented engineering staff. Micro-X has conducted a recruitment campaign in Europe during the Quarter to source the talent needed for this future growth.

## Financial Summary & Cashflows

### *Cost Reduction Programme*

During the Quarter, Micro-X completed a strategic realignment of resources across all business units and operations to best manage its cash resources in the current market conditions. Overall, Micro-X has sought to better align and reduce its cash expenditure in its Mobile DR business unit to more closely match the level of sales being forecast for the upcoming year, in addition to making cost reductions in its Corporate Overheads. One element is a reduction in headcount of 15 positions from original plans for FY2023, which after one-off redundancy payments in July 2022, will be EBIT accretive from September 2022.

Micro-X has also re-allocated some cash expenditure to the development work in its Checkpoints and CT divisions which is matched by contracted funding due to be received.

In FY2023, cash expenditure before any product sales on a "like for like" basis has been reduced by \$4.5M (23%), net of Contracted Revenue due to be received for the Checkpoints and CT projects. This is seen as a prudent refocus of cash expenditure which will be improved by the gross margins received on all sales of Rover and Argus systems and the annual R&D tax rebate.

Accordingly, from July 2022, Micro-X is now budgeting for:

- Mobile DR business unit to reduce cash expenditure by approximately 40%. This has been achieved through fewer technical staff and associated costs following completion of the high-powered generator project; a reduction in technical and manufacturing headcount to better align with current production levels; and a shift to a distribution only model in Australia and reduction in direct sales staff. In addition, a large number of skilled technical and manufacturing staff in the Mobile DR division have been redeployed to the Argus, CT and Checkpoints business units as they begin to ramp up, in lieu of new hires by each of those business units;

- Argus division to transition from development to the commercialisation phase, with cash expenditure levels of \$3M, similar to FY2022 rather than increasing as originally planned. This has been achieved by the reduction in technical staff and the reallocation of expenditure to sales, marketing and associated commercial activities;
- Checkpoints and CT divisions to increase expenditures from FY2022 levels, with the objective to be largely cash flow neutral, with the majority of this increased cash expenditure to be matched by the ongoing ASA and DHS contracts;
- Corporate overheads to reduce by \$1.1M from FY2022 levels with savings related to compensation, travel and entertainment, marketing, and general overheads.

### **Quarterly Cashflows**

During the Quarter, the Company:

- built, shipped, and invoiced \$0.5 million of Mobile DR units and associated parts;
- received \$0.9M in customer receipts from sales, a further \$1.5M from its contracts with DHS and ASA and \$0.1M in Other Income;
- had cash outflows from Operations of \$7.7M, resulting in net operating cash outflows of \$5.2 M. These outflows included payments to Directors of \$0.15 M relating to the salary of the Managing Director and fees for Non-Executive Directors;
- had cash outflows of \$0.4M from Investing Activities, for buying additional capital equipment;
- had cash outflows of \$0.2M from Financing Activities, representing the principal component of operating lease repayments as calculated under AASB 1016;
- had overall net cash outflows of \$5.8 million and a cash balance of \$10.3 M as at 30 June 2022. In addition to its June 30 cash balance, in July 2022, a further \$1.6m is due to be received in July from the Australian Stroke Alliance.

In addition, the Company is expecting to receive approximately \$3.3M in R&D tax rebate when it lodges its tax return with the Australian Tax Office. The Company continues to manage cashflows carefully and will explore multiple options for funding. Adopting a conservative sales forecast, the Company remains funded into the first half of CY 2023, without reducing any planned commercial or development activities.

### **Future Outlook**

Looking ahead, commercial launch of the Argus IED X-ray Camera remains the biggest priority in the upcoming quarter as the focus shifts from final development to commercialisation activities. The sales team has been active in building market awareness and a growing list of influential organisations are anxious to trial prototypes as soon as they are available. A number of these have expressed an interest in early procurement following successful demonstration of the capability. Success in the ADF's procurement in Land 154 by the end of 2022 would then be an ideal validation and launch platform for building global sales for Argus.

In the Mobile DR division, continued support for the growing distribution network is critical as they build sales opportunities. The introduction and transition to the new Rover Plus with the extended capability is expected to add increased interest from potential customers and the recently onboarded distributors. While it is understood that Micro-X is close to achieving MDR approval for Rover in Europe the timing is difficult to predict.



There is a growing team of distributors in place in EMEA to take advantage of that market opportunity, once CE marking is received.

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

*"As the 2022 financial year comes to a close, I am very pleased with what we have achieved this year in what has been a volatile period in markets globally, but obviously impatient for more rapid sales growth. Its frustrating that we were not able to engage with the quality independent distributors we needed prior to our RSNA debut last year but we really do believe that now we have the right partners and the right strategy to deliver the long-term results for Rover.*

*In this coming quarter we will be introducing our second commercial product, the Argus IED X-ray camera into a security market where it has no direct competitor. Based on market feedback we expect Argus to be a game changer in the counter-terrorist domain and success in the Australian procurement project has the potential to accelerate international adoption. Excitingly, we are also less than 12 months away from a prototype of our third commercial product, the Miniaturised CT Baggage Scanner.*

*While we have a tremendously exciting future, we are also mindful of the realities of carefully managing our cashflows and for this reason, we believe the cost cutting we have initiated is both prudent and measured, whilst not impacting our ability to deliver on our four key products."*

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

## Investor Conference Call

The Company will hold a conference call at **9.00am AEST on Tuesday, 2nd August 2022** to discuss the Company's activities and financial results for the Quarter and the business outlook. Micro-X's Managing Director, Peter Rowland, and CFO Kingsley Hall will host the call as usual and there will be an opportunity for participants to ask questions. We have been advised by our conference facility provider that due to heavy call volumes at this time, participants are encouraged to use the link below to pre-register and obtain a unique PIN to access the call.

To pre-register for the call, please follow the link below. A unique PIN will be provided for use when dialling into the call, which will bypass the operator and provide immediate access to the event. A recording of the call will be available on the Investor Centre section of the Company's website for 60 days after the call.

<https://s1.c-conf.com/diamondpass/10024047-pc3wye.html>

If participants choose to dial into the call directly, please allow additional time and dial in 10 to 15 minutes prior to the call time and enter the **Conference ID: 10024047**. Dial in numbers are as follows:

**Australian Toll Free: 1800 809 971**

**New Zealand callers: 0800 453 055**

**Other callers: +61 2 9007 3187**

– ENDS –

## 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](http://www.micro-x.com)

## CONTACTS

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## Appendix 4C

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

**Name of entity**

Micro-X Ltd

**ABN**

21 153 273 735

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

30 June 2022

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	856	4,099
1.2 Payments for		
(a) research and development	(1,340)	(3,462)
(b) product manufacturing and operating costs	(1,621)	(8,435)
(c) advertising and marketing	(229)	(847)
(d) leased assets	(19)	(81)
(e) staff costs	(3,466)	(12,647)
(f) administration and corporate costs	(830)	(2,948)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	20
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives		
(a) ASA MRFF Grant	-	1,413
(b) DHS Checkpoint Program	1,490	2,468
(c) Research & Development Tax Incentive	-	2,079
(d) Other	117	378
1.8 Other		
(a) AASB 16 Lease interest payments	(67)	(280)
(b) GST	(104)	137
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(5,212)</b>	<b>(18,106)</b>



Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
<b>2.</b>	<b>Cash flows from investing activities</b>		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	(339)	(1,056)
	(d) investments	-	-
	(e) intellectual property	(56)	(56)
	(f) other non-current assets		
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>(395)</b>	<b>(1,112)</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		
	(a) AASB 16 lease principal repayments	(158)	(612)
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>(158)</b>	<b>(612)</b>

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
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<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	16,068	30,133
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(5,212)	(18,106)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(395)	(1,112)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(158)	(612)
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>10,303</b>	<b>10,303</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	10,075	15,840
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	228	228
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>10,303</b>	<b>16,068</b>

<b>6.</b>	<b>Payments to related parties of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1	Aggregate amount of payments to related parties and their associates included in item 1	(152)
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<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>		

<b>7.</b>	<b>Financing facilities</b> <i>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.</i>	<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)	-	-
7.4	<b>Total financing facilities</b>	-	-
7.5	<b>Unused financing facilities available at quarter end</b>		-
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.		

<b>8.</b>	<b>Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1	Net cash from / (used in) operating activities (item 1.9)	(5,212)
8.2	Cash and cash equivalents at quarter end (item 4.6)	10,303
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	10,303
8.5	<b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	1.977
	<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>	
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?	
	<p>Answer:</p> <p>No. The Company completed a Cost Reduction Programme in July 2022 (refer Activities Statement for details) and the expected cash used in operations, excluding costs associated with Contracted Income for the next two quarters is expected to be approximately 20% below the current Quarter.</p> <p>In addition, the Company received \$1.6M from the ASA in July and has an additional \$2.0M due from Contracted Income sources over the next two quarters.</p> <p>The Company expects to receive approximately \$3.3M from its R&amp;D Rebate in the December quarter.</p> <p>This is all before cash receipts from customers for the sale of the Mobile DR and Argus products, both of which are expected to increase in the coming quarters and will further reduce cash outflows. This is expected as the Argus is launched commercially in late 2022 and as Mobile DR sales increase in line with the additional distributors appointed in the United States and in the EU once CE marking is achieved.</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:

In addition to the Cost Reduction Programme, the Company received \$1.6 million from the ASA (refer Item 1.7(a) of this 4C) in July 2022 for work completed and paid for by the Company in the June 2022 Quarter. That payment will further reduce cash expenditure in the September 2022 quarter and if that payment was received in the June 22 Quarter when much of the work was performed, the Net cash used in Operating Activities (Item 8.1) would have been \$3.612 million. The Company also estimates it will receive approximately \$3.3 million under the R&D tax rebate in the December 2022 quarter.

The Company is also exploring a range of funding options including ongoing but incomplete discussions with industry and strategic partners.

- 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, the Company remains funded until the first half of CY 2023 without reducing any planned commercial or development activities. This is based on current cash reserves, conservative sales forecasts which includes contracted revenues from the ASA and DHS programmes and the \$3.3 million R&D tax rebate. In addition, the Company has the ability to scale back some expansion expenditure if necessary.

*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.

Date: 1 August 2022

Authorised by: By the Board  
(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.