

VAREX IMAGING A\$15M STRATEGIC INVESTMENT & TECHNOLOGY COLLABORATION

*Largest global manufacturer of x-ray components licences Micro-X technology for multi-beam x-ray tubes
– commercialising carbon nanotubes outside Micro-X current and planned product range*

Adelaide, Australia, 19th September 2022: Australian hi-tech company Micro-X Ltd (ASX:MX1) (**Micro-X** or the **Company**), a leader in carbon nanotube based x-ray technology for health and security markets globally, is pleased to announce a strategic collaboration with Varex Imaging Corporation (**Varex**), the world's largest independent manufacturer of x-ray technology components. The collaboration comprises an exclusive global licence for a non-refundable fee of \$7.5M (US\$5M), enabling Varex to use Micro-X's NEX technology in the field of multi-beam x-ray tubes, and an equity subscription to achieve a 9.9% Micro-X holding totalling \$7.5M at a 10% premium to the 15-day VWAP.

Key Points

- Long-term strategic relationship formed with Varex Imaging Corporation, the largest independent manufacturer of x-ray components globally with annual sales over US\$0.8B in 2021.
- Micro-X to provide exclusive global licence to Varex to use proprietary NEX technology in multi-beam x-ray tubes – not used in the Company's current four business units – for US\$5M (AUD\$7.5M).
- Varex to take 9.9% strategic stake in Micro-X - investing AUD\$7.5M at a 10% premium, subject to 12-month escrow
- Initial 4.9% placed immediately with remainder subject to FIRB approval.
- A\$15M funding strengthens Micro-X balance sheet and extends runway into 2024 – supports planned launch of Argus in 2022 and completion of Checkpoints development in 2023.

Investor call 9.00am AEST on Tuesday, 20th September 2022 – details below.

Overview

Micro-X has signed agreements to form a long-term strategic collaboration with leading global supplier and manufacturer of x-ray components Varex Imaging Corporation (Nasdaq:VREX).

Under the terms of the ongoing agreements, Varex can design, manufacture, and sell multi-beam x-ray tubes using Micro-X's proprietary NEX Technology. Varex will pay Micro-X a once-off fee for this licence of US\$5M (A\$7.5M), payable in five milestones commencing on the date of signing and over coming months as the technology transfer is achieved from Micro-X's Adelaide team to Varex's facility in Salt Lake City. The Licence is limited to x-ray tubes with multiple beams - an area of application not currently used in any of Micro-X's four business units. The termination provisions within the agreements are for any uncured, material breach of the agreements including use of Micro-X IP outside this limitation and failure to pay any amounts due.

The money to be received under the collaboration consists of five equal milestone payments of \$1.0M each, with the initial payment due on execution of the contract. The following four milestones, which are expected to be achieved approximately evenly across the following 12 month period, relate to staged technical achievement of goals validating the technology transfer to Varex for manufacturing of multi beam tubes in Salt Lake City.

Varex is a globally leading independent supplier of x-ray tubes and associated components which are sold to x-ray imaging system manufacturers world-wide for a range of medical and industrial applications. Each year Varex produces over 25,000 x-ray tubes and 20,000 x-ray detectors. In 2021 Varex reported over US\$818M in revenue with their top five customers for that year being: Canon Medical, General Electric, Elekta, United Imaging and Varian Medical.

Strategic Partnership & Benefits

Varex has a stated mission to be an industry leader in technology innovation. The strategy for the collaboration is to enable Varex to offer multi-beam x-ray tubes to their global radiology systems customers for incorporation into new imaging products across a range of imaging applications. The collaboration will provide Varex with the right to use Micro-X's intellectual property under an exclusive licence to commercialise multi-beam emitter technology. This represents a commercial opportunity for Micro-X to monetise an area of its core technology without impacting Micro-X's existing or future plans.

The global medical imaging market is forecast to continue to grow in value as a result of the rising incidence of lifestyle-related diseases, rising demand for early detection tools, technological advancements to speed up turnaround times, increased government investment, and the expansion of new facilities in developing countries. Varex's credibility as a trusted supplier and its scale of manufacturing opens the potential to accelerate global market uptake of Micro-X technology across a range of industries.

Micro-X's commercialisation strategy remains unchanged as a supplier of high-value imaging products and, as such, a collaboration with a leading edge, high technology x-ray component supplier has many strategic benefits in maintaining product innovation. As part of the collaboration Micro-X will investigate how Varex's photon-counting detectors might extend the performance of its emerging CT products.

Equity Investment & Funding

Under the Subscription Agreement, Varex has also agreed with Micro-X to subscribe for a placement of 50,709,000 ordinary shares at a price of A\$0.147 per share, representing a 10% premium to today's 15-day VWAP (and also a 9% premium to the last closing price), giving Varex a 9.9% shareholding in the Company on completion. Varex has also entered an escrow agreement restricting dealing in or disposing of its shares in Micro-X for a period of 12 months.

The placement shares will be issued in two tranches under the Company's available placement capacity, with 23,780,000 shares representing 4.9% of Micro-X, for an amount of A\$3.5M, to be issued within three days. The balance of the placement shares for A\$4M will to be issued at the same price, upon Varex receiving approval from the Australian Government's Foreign Investment Review Board (FIRB). FIRB approval is being sought due to Micro-X's activities being considered a defence industry and is expected to be received by 31 December 2022.

As part of Varex's equity investment, a nominee will be invited to join the Micro-X board, bringing international commercial radiology market experience, and expanding the Board's global reach and expertise.

The total funds of A\$15M to be received by the Company will significantly strengthen the Company's balance sheet. This funding will be critical to support ongoing activities including final preparations to launch the Argus product in coming months and continue significant developments in the Checkpoints programme with the DHS.

Micro-X Managing Director Peter Rowland commented:

"This investment recognises the value of Micro-X's world-leading technology with Varex, one of the world's most innovative x-ray technology companies, validating the future importance of cold-cathode x-ray technology. This long-term investment will continue to promote Micro-X on the world stage, as a leader in innovative products and technology that is designed to make lives better. This collaboration contributes hugely to our future growth and allows us to continue to focus on future medical and security imaging applications for our proprietary NEX Technology."

Varex Imaging Chief Executive Officer Sunny Sanyal commented:

"Varex has long believed in the future importance of cold-cathode x-ray technology. We are pleased to continue to invest in nanotube technology to not only diversify but also deepen our expertise in this area. With several hundred carbon nanotube-based systems in the field, Micro-X is an ideal company to collaborate with and further advance adoption of these technologies."

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, 20th September 2022** to discuss the announcement and the broader collaboration with Varex. Micro-X's Managing Director, Peter Rowland, and CFO Kingsley Hall will host the call and there will be an opportunity for participants to ask questions. 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/10025495-dscm33.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: 10025495**. Dial in numbers are as follows:

Australian Toll Free: 1800 809 971

New Zealand callers: 0800 453 055

Other callers: +61 2 9007 3187

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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, NEX 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

About Varex

Varex Imaging Corporation is a leading innovator, designer and manufacturer of x-ray imaging components, which include x-ray tubes, digital detectors and other image processing solutions that are key components of X-ray imaging systems. With a 70+ year history of successful innovation, Varex's products are used in medical imaging as well as in industrial and security imaging applications. Global OEM manufacturers incorporate Varex's x-ray sources, digital detectors, connecting devices and imaging software in their systems to detect, diagnose, protect and inspect. Headquartered in Salt Lake City, Utah, Varex employs approximately 2,100 people located in North America, Europe, and Asia. For more information visit vareximaging.com.

CONTACTS

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