

## QUARTERLY ACTIVITIES & CASHFLOW REPORT QUARTER ENDED 31 DECEMBER 2023

*Investor Conference Call at 9.00am AEDT on 1 February 2024*

**Adelaide, Australia, 30 January 2024:** 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 release its Appendix 4C – Quarterly Cashflow report and Activities Update for the quarter ended 31 December 2023 (the **Quarter**). All financial results are in Australian dollars and are unaudited.

### Highlights

- **Production ready Argus now being demonstrated**
- **\$3.7m in Mobile DR customer receipts – best quarter in Company’s history and includes major orders delivered for Aust. Defence and Aust. Govt.**
- **First Rover unit sold in Europe – expanding the global footprint**
- **First images taken with proprietary mini tube – key Brain CT commercialisation milestone**
- **First baggage CT scanner prototype in Seattle for delivery to DHS/TSA to commence testing**
- **\$0.5m additional contract extension with the DHS to commence AI software development to automate threat detection in baggage scanner**
- **\$11.5m Quarterly cash inflows - \$3.7m from customers - \$1.6m project income - \$6.2m R&D Rebate**
- **Cash balance at end of December 2023 of \$5.3m**

Micro-X’s Chief Executive Officer, Kingsley Hall commented:

*“The past quarter has seen us meet technical and commercial milestones across the business while delivering record revenues. We are excited to be finally out in the market demonstrating a production ready Argus unit to potential customers and distributors in domestic and international security markets – with consistent feedback around the ease of use and high quality images. With compliance testing close to being finished, we are ramping up our marketing and customer engagement as we build towards our first Argus sales and the official market launch.*

*Our Brain CT team produced our first mini-tube and X-ray images this Quarter, which significantly de-risks our MRFF program. The team is now building the first 21 tube array that is planned for human imaging studies with the ASA this year.*

*Our Checkpoints and Baggage Scanner projects also progressed well and have attracted international industry and media attention, with the first baggage scanner now in Seattle ahead of US Government lab testing.*

*With improved sales of Rover this quarter and a significantly reduced cost base, we believe Rover can continue to be a valuable contributor to our business as we prepare for our first sales and market launch of Argus, which remains our highest priority for 2024.”*

### Commercialisation Activities

#### *Mobile digital radiology*

In line with Micro-X’s renewed commercial focus, the streamlined Mobile DR business unit continued to make progress converting inventory into cashflow with the team delivering a number of orders and securing a landmark first sale of Rover Plus in Europe. Overall product receipts for the Quarter were \$3.7m, a record for the Company. There is also a further \$0.6 million of Rover Plus orders in hand for delivery and invoicing in the near term.

During the Quarter the Company delivered the final shipment of Rover Plus systems for the Australian Defence Force’s deployable hospital programme, as well as the Australian Government’s \$1.5m order of Rover systems for

Ukraine.

With Micro-X granted CE marking for both the Rover and Rover Plus mobile x-ray systems last quarter, the European based sales team and distributors continue engaging with potential customers across Europe and the Middle East, where CE marking is recognised. These efforts saw the first European sale of a Rover Plus during the Quarter and the sales team is working to drive market awareness and sales in these markets in coming quarters.

In late November, the Micro-X commercial team, alongside its distributors MXR Imaging and Medlink Imaging, attended the Radiological Society of North America (**RSNA**) 2023 Conference, where industry professionals had another opportunity to view the Rover Plus.

### *Security & Bomb detection - Argus X-ray Camera*

One of the key achievements this Quarter was the commencement of customer trials of the Argus as the team works to build market awareness and a sales pipeline. Supporting these efforts, the engineering team completed the internal technological validation of Argus and its transfer into production. Argus has now commenced safety compliance testing with an independent certifier as a final step towards market entry.

With the United States arguably the largest security and defence market globally, early sales efforts there commenced in October 2023 with an Argus shipped to the Micro-X US based sales team. The team commenced a concerted demonstration program across the US to potential customers including state and federal police agencies, as well as other defence and security organisations, who can all benefit from our market-leading technology. The Argus was featured at the United States Bomb Technician Association (USBTA) Critical Skills Challenge & Emerging Technology Event, showcasing the latest in bomb disposal equipment. Along with showing the unique performance of Argus to bomb technicians in Defence and Police, mounting to a Peraton Remotec robot showcased the opportunity for remote threat screening.

Domestically, the Micro-X commercial team attended the Australian Industry & Defence Network Sovereign Capability Showcase at Parliament House in Canberra to engage directly with key decisionmakers in Government, industry and Defence.

Several emerging markets have been identified by the sales team for future focus, with distributors in Singapore and Vietnam expressing interest in the Argus. Following this, the Australian commercial team has planned a roadshow to Asia in the coming Quarter to meet multiple groups and demonstrate the Argus.

While a number of commercial discussions are now taking place, the sales cycle and timing of the first Argus order remains difficult to predict. However, commencement of meaningful sales of Argus in 2024 remains our highest priority.

## Funded Development Programmes

### *Checkpoints & Baggage Scanner – next generation airport passenger experience and security*

In late November, Micro-X delivered the first fully functional prototype of the baggage CT scanner to our Seattle office where it was put through final checks ahead of transport to the US Department of Homeland Security's test labs to commence their testing of the product. This process will also allow enhancements and design improvements to be identified. The second and final prototype is expected to be ready for delivery to DHS in March or April. Each of these baggage scanners uses core Micro-X carbon nanotube x-ray technology in six specially designed X-ray tubes, underpinning the next generation of airport self-service checkpoints being developed through the separate US\$14m DHS contract extension announced in July 2023.

The imminent delivery of the first prototype to DHS has prompted the award of an additional contract extension to provide up to US\$0.32m (A\$0.51m) over the next ten months. This will fund data collection and further development of the algorithms in the Micro-X baggage scanner automatic threat detection system, developed under the original DHS contract. The Micro-X engineers will then refine the algorithms based on feedback from the DHS ahead of further data gathering and testing in DHS & TSA laboratories. The contract extension has an additional US\$0.30m (A\$0.48m) of optional funding to extend the data collection and software refinement into explosives detection. This is expected to involve data collection on thousands of different pieces of hand luggage.

The work on the Checkpoints project under the US\$14m DHS contract extension also continued this quarter, with regular payment to Micro-X as work was completed. The next key milestone is the delivery of the first self-screening module due to be delivered to DHS in August 2024.

Finally, in January 2024 the public was given the first opportunity to experience the Micro-X Checkpoint through a virtual reality experience at the DHS and TSA booths at the world's largest technology event, the Consumer Electronic Show (CES) in Las Vegas. The CES is a leading annual trade show, attended by more than 135,000 people from over 150 countries. A Senior US Government official, DHS Under Secretary for Science and Technology Dr Dimitri Kusnezov visited the stand to meet with CEO Americas Dr Brian Gonzales to discuss the Checkpoint project. Micro-X's Checkpoints product gained international media coverage, including recognition as one of the most exciting new technology concepts at the trade show.

### *Brain CT- bringing stroke imaging to the patient*

This Quarter, the Brain CT team made strong progress and captured the first images using the Micro-X NEX technology mini tube. The mini tube was used to X-Ray an anthropomorphic phantom skull successfully. This breakthrough in mini tube development triggered the final stage of milestone 5 from the ASA and a payment of \$0.31m.

The Brain CT team is now working on the next ASA milestone which is a test bench that houses an array of 21 mini-tubes on a high voltage switching array, capable of imaging phantoms using Micro-X's head CT image reconstruction software. Acceptance of the imaging performance of this test bench by ASA clinicians is a key piece of data required for ethics submission at Royal Melbourne Hospital, to authorise human clinical imaging trials planned in 2024. As part of the ethics submission, the team has measured the effective patient dose that patients receive during an exam, using the Head CT. This is measured at 0.52mSv(millisieverts), approximately one third of the radiation dose that patients receive from a traditional CT.

Extensive work has also been completed on the design of the mounting system, electrical control and X-ray generator sub-systems, for the team to be ready to integrate the 21 tube array and perform verification testing when the tubes are available early in 2024.

Imaging research with collaboration partner John's Hopkins iStar Labs continues with significant progress made in the development of unique Adaptive Anti Scatter algorithms required for the cone beam CT head image reconstruction. These algorithms have been integrated into the Micro-X CT framework, which is now being refined in advance of the clinical imaging studies. The outcome of this research to date has been formally accepted for oral presentation at the upcoming SPIE and CT Meeting 2024 conferences.

## Corporate & Financial matters

### Summary of Cashflows for the Quarter

During the Quarter, several cost reduction initiatives continued to take effect as Micro-X takes a more prudent approach to managing cash outflows and driving returns on all investments. As described in detail in the Appendix 4C, the key cash inflows and outflows were as follows:

	A\$000	December 23 Qtr	Notes
<b>Operational cash inflows:</b>			
Product sales - customers		3,666	Sales of Rover and Nano units and associated spare parts and components
Project work – ASA, DHS, Varex		1,581	FY24 Project payments forecast to be \$13m, subject to milestones
R&D Tax Rebate		6,232	Received in October 2023
<b>Total</b>		<b>11,479</b>	
<b>Operational cash outflows</b>		<b>(7,166)</b>	Unfunded research and development costs have decreased with completion of the high power generator and Argus
<b>Net cash from Operations</b>		<b>4,313</b>	

Includes payments to Directors of \$0.1m

The Company ended 31 December 2023 with \$5.31m of cash on hand, following overall cash inflows for the Quarter of \$3.99m. This cash position continues to be carefully managed.

Looking ahead, the Company also has:

- a backlog of approximately \$0.6m in Rover Plus orders waiting to be completed and invoiced;
- \$5.4m of inventory on hand and available (\$3.9m relating to Mobile DR) for sale, further improving the cash position;
- \$3.1m in contract payments for the March 2024 quarter, subject to successful achievement of milestones under the respective ASA, DHS and Varex contracts; and
- \$5.1m in contract payments for the June 2024 quarter, subject to successful achievement of milestones under the respective ASA, DHS and Varex contracts (of which \$1.4M were previously forecast for the March 2024 quarter).

### Corporate

The Company continued its engagement with existing and new investors in Australia and the United States during the Quarter as it seeks to build further interest and new partnership opportunities.

The Company held its Annual General Meeting in November 2023, providing those shareholders in attendance with the opportunity to tour the Tonsley facility and see the next generation Micro-X technology. The AGM also saw the retirement of the Company's founder and former CEO, Peter Rowland.

## Quarterly Investor Call

The Company's Chief Executive, Kingsley Hall will host a Quarterly Investor Call at 9.00am AEDT on 1 February 2024, to discuss the Company's activities and results and the business outlook. A recording of the call will be available on the Investor Centre section of the Company's website for 60 days after the call.

### Details to Pre-Register:

<https://s1.c-conf.com/diamondpass/10036524-j0w72h.html>

Participants are encouraged to use the link above to pre-register and obtain a unique PIN to access the call. A unique PIN will be provided for dialling into the call, which will provide immediate access to the event.

### Direct Dial Details:

**Conference ID: 10036524**

**Australian Toll Free:** 1800 267 430

**New Zealand callers:** 0800 122 137

**Other callers:** +61 2 9008 9006

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

– 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")**

31 December 2023

<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	3,666	4,891
1.2 Payments for		
(a) research and development	(999)	(2,508)
(b) product manufacturing and operating costs	(1,049)	(1,976)
(c) advertising and marketing	(182)	(240)
(d) leased assets	(40)	(79)
(e) staff costs	(4,085)	(7,594)
(f) administration and corporate costs	(792)	(1,538)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	38	41
1.5 Interest and other costs of finance paid	(2)	(2)
1.6 Income taxes paid	-	-
1.7 Engineering Consulting, Government grants and tax incentives		
(a) ASA CT Brain Scanner	308	1,608
(b) DHS Checkpoints Contracts	1,199	1,688
(c) Varex Technology Transfer	-	-
(d) Research & Development Tax Incentive	6,232	6,232
(e) Other	74	314
1.8 Other		
(a) AASB 16 Lease interest payments	(55)	(113)
<b>1.9 Net cash from / (used in) operating activities</b>	<b>4,313</b>	<b>724</b>

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 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	(138)	(283)
	(d) investments	-	-
	(e) intellectual property	-	-
	(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>(138)</b>	<b>(283)</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	(181)	(357)
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>(181)</b>	<b>(357)</b>

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 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	1,313	5,223
4.2	Net cash from / (used in) operating activities (item 1.9 above)	4,313	724
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(138)	(283)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(181)	(357)
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>5,307</b>	<b>5,307</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	5,074	1,082
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	233	231
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>5,307</b>	<b>1,313</b>

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	(110)
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. <b>Financing facilities</b>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</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>		
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.		

8. <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)	4,313
8.2 Cash and cash equivalents at quarter end (item 4.6)	5,307
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	5,307
8.5 <b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	N/A
<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?	
Answer: <b>N/A</b>	
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: <b>N/A</b>	
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: <b>N/A</b>	
<i>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.</i>	

## 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: 30 January 2024

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.