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MICRO-X

Relentless pursuit of commercial outcomes

FINANCIAL RESULTS & OPERATIONAL UPDATE

Half Year ended 31 December 2023

KINGSLEY HALL
CHIEF EXECUTIVE OFFICER
[ASX.MX1]

28 February 2024



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CREATING REVOLUTIONARY IMAGING TO BETTER LIVES

Commercialisation | Technology | People



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OVERVIEW

Key commercial and operational milestones delivered in 1H 2024

1

Record product revenues – Improved gross margin

2

Positive operating cash flows achieved

3

Argus completed & available for purchase

4

First images taken with Micro-X mini tube

5

\$21m DHS contract extension + first prototype baggage scanner completed

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THE FUTURE OF X-RAY

Smaller, lighter, reliable – enabled by our proprietary generator

MICRO-X



Lighter



Cold cathode



Fast pulse



Smaller



Long life



Reliable and robust



Micro-X proprietary CNT technology

- carbon nanotube emitter made of millions of nanotubes emitting digitally controlled electrons
- generate high quality x-ray images

Nano Electronic X-ray (NEX) Technology tube increases portability and is more energy efficient.

Micro-X proprietary high-power generator delivers up to 160KvA

- enabling the range of applications

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FOUR INNOVATIVE APPLICATIONS

Each product drives a different utilisation of Micro-X's world leading technology

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Mobile Digital Radiology

Lightweight and ultra-mobile x-ray systems delivering high quality images in any treatment area – hospital, out of hospital & humanitarian uses



Argus X-ray Camera

World first high-definition bomb imaging without a separate detector – enables remote / stand-off use, keeping an operator away from the threat



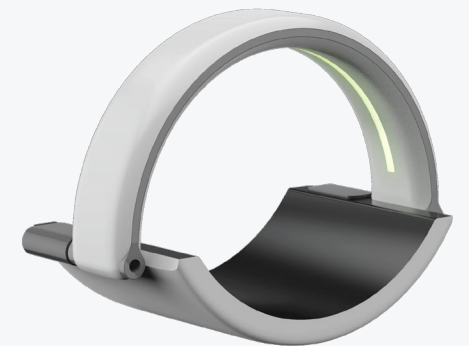
Checkpoints & Baggage Scanner

Baggage scanner for security checks in a range of environments
- Integrated airport checkpoint for passport, body and baggage scanning



Head CT

Mobile CT unit enabling out of hospital stroke diagnosis - delivering diagnostic quality images from the ambulance



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PILLARS FOR FUTURE SUCCESS



World leading CNT x-ray technology

Internationally recognised x-ray technology platform is next generation and market leading – strong product advantages and new offerings



Proven development capabilities

World leading engineering, design and software team – track record of product innovation and managing development programmes with sophisticated external partners and providers



High quality manufacturing and delivery

Vertically integrated design and production facility in Adelaide with capacity for a range of x-ray tubes and generators - supported by exceptional quality systems – ISO, FDA, TGA



Partner ecosystem & industry validation

Strong and growing partner ecosystem provides strong validation – Varex Imaging, Fuji, US Dept of Homeland Security, Aust Stroke Alliance, SAAB, Aust Dept of Defence

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OUR STRATEGY

Creating a profitable business with our world class technology

01

Commercial skills - Commercially driven

Building commercial skills - prioritising commercial outcomes in all decision making. Building a business not just a technology

02

Sweat the asset - Leverage our technology

Created significant value in our current unique technology – actively exploring ways to monetise this investment

03

Target larger and less competitive markets

Focusing on products in larger markets with limited competition – greater upside and margin opportunities

06

Create recurring revenue streams

New sales model to pivot from CAPEX only products – software, upgrades, servicing

05

Commercialise through effective partnerships

Reduce risk and cost by leveraging existing infrastructure of partners - capturing large addressable markets in Checkpoints and Head CT

04

De-risk the business - Reduce the cost base

Scaling costs to match commercial progress. Minimising unfunded development expenditure

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RESULTS & HIGHLIGHTS

1 H F Y 2 4 - H a l f Y e a r t o 3 1 D e c e m b e r 2 0 2 3

OPERATIONAL HIGHLIGHTS

New leadership delivering on strategic objectives

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Major Aus Govt orders

\$1.5m for Ukraine military assistance package
\$1.3m units for Aust Defence Forces JP2060



Argus product now for sale

Production ready Argus unit passed internal tests and external technical verification



\$21m DHS contract ext.

US Dept of Homeland Security for Airport Check-in to live testing

CE Mark & EU Launch

Rover & Rover Plus units receive CE Mark - now approved in key global markets



Argus live demonstrations

Multiple demonstrations to police, security & defence customers - building product awareness and an international sales pipeline

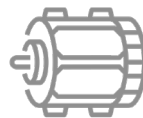


Baggage Scanner prototype

First fully functional prototype completed and tested - in Seattle office for US Dept of Homeland Security

Inventory into cash

\$2.1m inventory converted into cash - record customer receipts in Half Year



High Power generator

Production ramp up of proprietary generators to support Argus launch, Rover Plus units and direct generator sales



Head CT first images

First images with Micro-X mini tube completes \$2.1m MRFF milestone - Human imaging trials planned in 2024

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FINANCIAL HIGHLIGHTS

Growing commercial momentum driving tangible results

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Market Cap¹

\$59.7m

Inventory²

\$5.4m

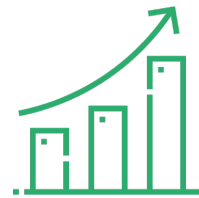
Cash²

\$5.3m

Debt

Nil

Total Revenue²



\$8.2m

▲ **2.1%**
vs 1H FY23

▲ **17.5%**
vs 2H FY23

Product Revenue²



\$4.4m

▲ **177.8%**
vs 1H FY23

Product Gross Margin



32%

▲ **from 19%**
vs 1H FY23

Operational Cashflow²



\$0.7m

▲ **\$6.2m**
vs 1H FY23

¹ Closing price on 27th February 2024

² Financial results based on the Half Yearly Report lodged with the ASX on 28 February 2024

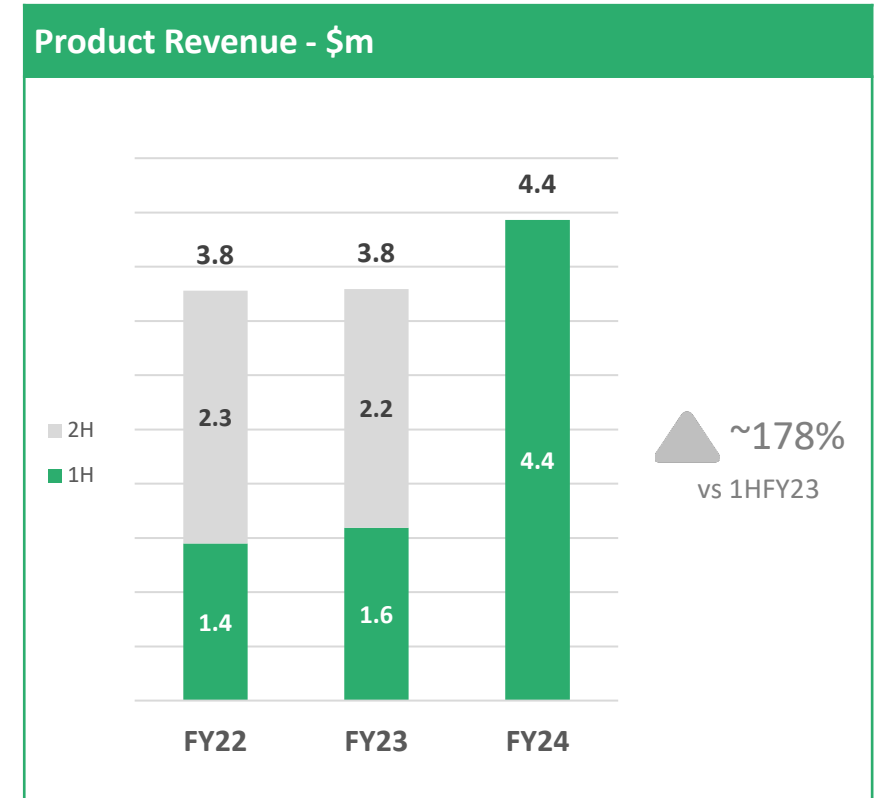
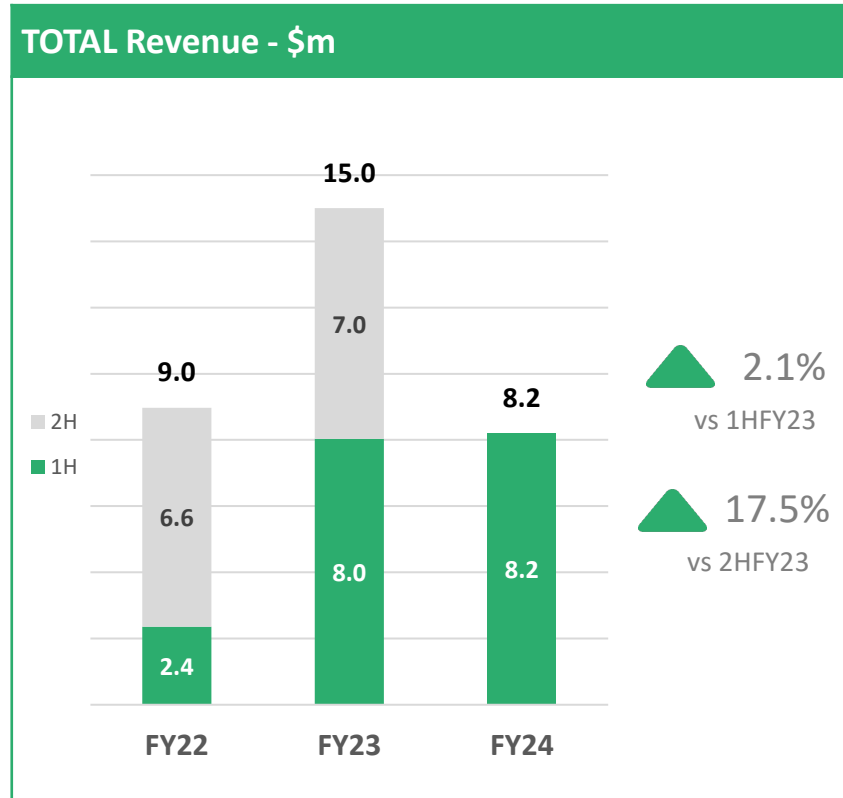
REVENUE GROWTH

Improved product sales and growing engineering services to fund development work

\$8.20m

Total revenue for Half Year FY24

- Delivered \$1.3m Micro-X Rover rugged units to SAAB for Australian defence Forces
- Delivered \$1.5m Micro-X Rover Plus units to Aust. Govt. for Ukraine Aid package
- First EU sale of Micro-X Rover Plus
- Multiple Micro-X Rover sales to professional sporting teams & distributors
- Closed out initial DHS Checkpoint contract + first revenues under \$21m extension - \$1.4m from DHS
- Head CT Development project achieved various milestones - \$0.9m from ASA



PROFIT & LOSS

Enhanced product margins and overhead savings

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Drivers of EBITDA

- **Project revenue** reduced due to the timing of milestone achievement.
- **Gross Product margin** increased with higher value Govt. orders
- **Total Expenses** reduced by \$1.63m inclusive of \$2m annual overhead reduction from May 23
- **Underlying NPAT** of (\$7.66m) is down (\$0.44) in line with the timing of project milestone achievements
- **R&D Rebate**: While a R&D incentive amounting to \$2.42m has been calculated in 1H24, the incentive has not been recorded as a receivable (1H 23: \$3.31m) as at this time, there is uncertainty that the company will be below the \$20m revenue threshold required in FY24 to receive the rebate as cash, and the Company has taken the conservative position of recognising a tax offset instead.
- **Unfunded development**: Completion of Argus and the high power generator has reduced unfunded development costs. Ongoing work in Checkpoints and the Head CT are funded by the DHS and ASA contracts.

	Consolidated		Change \$'000	Change %
	31-Dec-23 \$'000	31-Dec-22 \$'000		
Revenues				
Product Revenue	4,431	1,595	2,836	178%
Costs of Goods sold	(3,356)	(1,336)	(2,020)	151%
Gross Margin	1,075	259	816	315%
<i>Product Gross Margin %</i>	32%	19%		
Project Revenue	3,765	6,434	(2,669)	-41%
Total Expenses	11,489	13,123	(1,634)	-12%
Operating EBITDA	(6,649)	(6,430)	(219)	3%
Non Operating Income & Costs				
Grant income and Other	300	405	(105)	-26%
Depreciation & Amortisation	(791)	(775)	(16)	2%
Finance & Non-Cash share expense	(523)	(425)	(98)	23%
Underlying Net Profit after Tax	(7,663)	(7,225)	(438)	6%
R&D Rebate	-	3,314	(3,314)	-100%
Statutory Net Profit after Tax	(7,663)	(3,911)	(3,752)	-94%

FINANCIAL POSITION

Robust capital management strengthened by contracted project income



Cash of \$5.3m – bolstered by ability to utilise \$5.4m of current inventory in Rover & Argus sales



Order backlog of \$1.2m – \$0.6m orders at December + \$0.6m orders since then



Reduced Overheads – \$2m costs out of the business in May 2023, 100% preserved



\$7.5m Contracted Project Receipts in 2H FY24¹ – key upcoming milestone achievements



~\$3.8m – Various small milestones related to furthering the design and manufacture of the first checkpoint portal for delivery in Q1 FY25



~\$0.5m – Key milestone to further develop test bench housing an array of 21 mini-tubes – enabling human imaging trials in 2024



~\$2.9m – Milestones 4 and 5 under Technology Transfer Agreement

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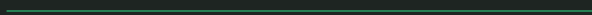
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DRIVING COMMERCIAL SUCCESS



Building a business not just a technology



KEY PRIORITIES & MILESTONES

Key near-term operational objectives

Commercial products

Argus

> Commercial launch in security & defence

- First sales with key security & police agencies
- Distribution agreements in key global markets
- Expand customer base and applications

Mobile DR

> Sales growth in current and new markets

- Grow European presence and customers
- Expand direct sales of tubes & generators
- Continue to convert & manage inventory

Products In Development

Checkpoints

> Deliver prototypes to demonstrate capability

- Second Baggage Scanner prototype delivered
- First Checkpoint Portal prototype delivered
- Refinement of threat detection capabilities

Head CT

> Development to commence imaging trials

- CT Test bench developed and images taken
- Delivery of hospital prototypes
- Commence human imaging trials

Corporate & Financial





Corporate

> Build and manage resources

- Continue to enhance commercial capabilities & leverage technology
- Pursue partnership opportunities to support funding & market entry
- Manage capital resources prudently

REVENUE TIMELINE

Commercialising four revenue generating product lines by 2026

Division	Sector	Products	Commercial Status	Revenue Timeline				Next major milestone
				2023	2024	2025	2026	
Mobile DR	Healthcare	 <p>Rover / Rover Plus</p>	<p>\$4.4m Revenue – 1H FY24 FDA and TGA 350+ units sold to date</p>	CE Mark Sales in Europe				Growing European presence
Argus X-Ray Camera	Security & Defence	 <p>Argus</p>	<p>Customer trials Launching 2023</p>	Completing development – transfer to manufacturing	First Sales			First sales Marquee organisations
Checkpoints	Security & Airports	 <p>Checkpoint Portal Baggage Scanner</p>	<p>Design accepted Up to \$28m DHS contract through to live testing</p>	Checkpoint Portal Up to A\$21m Contract Extension –	Baggage Scanner – TSA lab testing Checkpoint Portal – TSA lab testing	Prototype sales Checkpoint Portal – Build 6 module lane	Live US Airport testing	<p>Baggage scanner prototype Delivered to TSA for testing</p>
Head CT	Healthcare	 <p>Head CT Scanner</p>	<p>Design Accepted \$8m MRFF funding through to regulatory approval</p>	Brain images using prototype test bench	Human Imaging trials	Regulatory submission	Regulatory approval	<p>Head CT prototype Delivered to ASA for testing</p>

PARTNERS FOR GROWTH

De-risking development and unlocking value from our Technology

Development Partner



Checkpoints - \$28m funding

Transform the passenger security experience in US airports

Development Partner



Head CT - \$8m funding

Taking stroke diagnosis from the hospital to the ambulance

Licensing Partner



Multibeam Emitters - \$15m

Licence Micro-X's proprietary technology in multi-beam x-ray tubes



Licensing technology

New revenue from licensing core technology and selling imaging components
– *The Intel inside strategy*

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Leading technology



Multiple applications



Validated

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EXPERIENCED LEADERSHIP

Commercially focused to accelerate growth



Kingsley Hall – Chief Executive
25+ years exp in senior operational and finance roles



David Knox – Non-Exec Chair
Chair Snowy Hydro, former CEO Santos (ASX Top 20)



Anthony Skeats – COO
25+ years exp R&D, Program and Engineering management in high technology products



Brian Gonzales, PhD – CEO Americas
Recognised industry leader in x-ray physics, CNT technology and x-ray imaging



Ilona Meyer, Non Exec
General Counsel Nuix, former Boehringer Ingelheim, ResMed, Medtronic



Patrick O'Brien , Non Exec
Former Director Macquarie Group, McKinsey and Minter Ellison



Jim McDowell, Non Exec
Defence Deputy Sec, former CEO Nova, Former CEO of Dept Premier & Cabinet SA



Andrew Hartmann, Non Exec
Senior VP Varex Imaging, former Phillips, Carestream and Siemens



Alexander Gosling, AM , Non Exec
Founding Director Invetech and formerly of Capstone Partners

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WRAP UP

Five key take aways

1

World class Nano Electronic X-ray technology unlocks new applications
- four innovative X-ray based products for health, security and defence

2

Record Product revenues and positive Operating cashflows with stronger margins
- Major Rover orders and locked in Project revenues funding development work

3

Argus completed and available for purchase – multiple customer demonstrations
- highest priority to launch second product – inventory and scale up in place

4

Airport development work funded with DHS \$28m contract - Baggage scanner prototype completed – Checkpoint Portal prototype targeted for 2024

5

Head CT scanner successful first images – human imaging trials in 2024
- development of the final test bench then approvals prior to delivering hospital units



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APPENDICES

MICRO-X PRODUCTS



ARGUS X-RAY CAMERA

Saving lives by redefining bomb detection

Unique product advantages and range

- Stand-off detection of potential bomb threats or IEDs – removes operator from threat
- One sided imaging enables imaging of otherwise inaccessible targets
- Only robot deployable system to capture backscatter images remotely
- self-contained Argus < 20kg with range 1,500m+

Simple and scalable – award winning

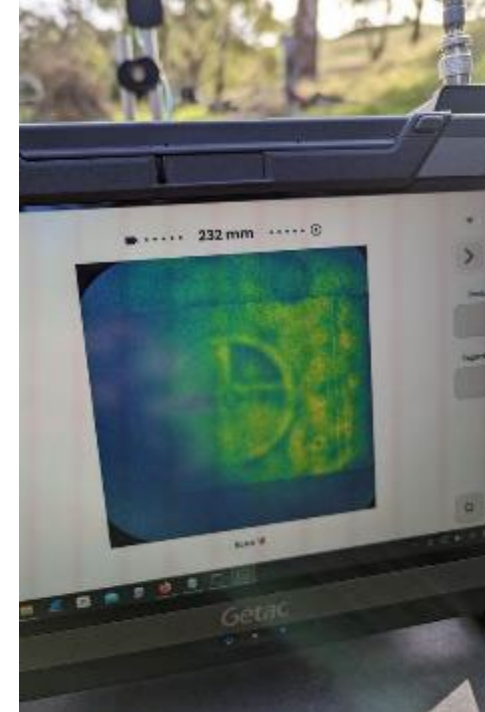
- NEX x-ray tube - high current and long duration
- Proprietary backscatter x-ray imaging
- In-house manufactured oilless generator up to 160kV

Commercial stage - customer demonstrations

- \$1.8b market - 3,000 counter IED military units > 500 bomb squads
- Production ready Argus currently being demonstrated in key global markets
- Commercially launched with growing pipeline of marquee customers

1,500m+
Range of
remote
operation

US\$1.8b
Addressable
Market



MOBILE DR

First product to market validating revolutionary technology

Distinct product advantages and range of uses

- Smaller, more mobile, full range of imaging applications
- Meets hospital mobile imaging requirements and military needs
- Applications in elite sports and veterinary clinics

Multi-channel commercial strategy

- Major Independent distributors in key US market
- OEM partnership with Carestream - global radiology company
- Core imaging chain – third party commercialisation

Access in key markets

- US - FDA certifications for Rover and Rover Plus support key distributors
- EMEA - UK base and regional distributors – CE Mark Certification received
- Australia - ARTG listed and distributor appointed

Demonstrated capability

- Over 350 units in service in 35 countries
- Rover Plus sold to Australian Defence Force - deployable hospitals
- Multiple units in Ukraine – actively supporting humanitarian needs

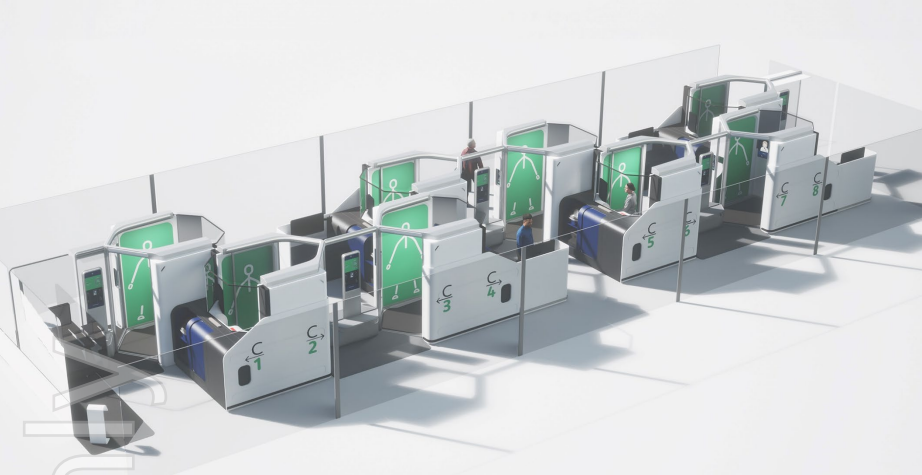
\$4.4m
1H FY24
Revenue

+350 units in
35
Countries



CHECKPOINTS

Next generation self-service security screening



Significant advantages for travellers + airports

- Faster – Passenger screening in 30 seconds, 8 passengers screened simultaneously.
- Safer – Passenger, baggage, and Identification combined with AI to increase detection and reduce false alarms
- Scalable – Modular design is applicable to any airport and can extend past to include events, buildings, and other screening applications.
- Cost effective – reduces number of officers per passenger.

\$28m DHS funding - live airport testing

- Checkpoint design accepted
- DHS \$28m contract to build and test 6 module lane checkpoint in US airport.
- Baggage Scanner design accepted – prototype completed.

~\$28m
DHS Contract
& Extension

Compelling value proposition

- TSA operates 2200 x-ray lanes across 440 airports in the US
- TSA staffing costs US\$4bn annually
- Potential to save TSA US\$10bn over 10 years of operations
- US\$24bn opportunity in global airports alone

\$24b
Global Airport
Market Size

HEAD CT

Taking stroke diagnosis from the hospital to the ambulance

Saving lives with stroke diagnosis in any ambulance

- Mobile – 70kg unit suitable for all road and air ambulances
- Accurate – 8 second scan for 3D imaging down to 2ml blood
- Enabler – Life saving response time
- Economical – improved patient outcomes reduces burden on healthcare system

\$8m funding pathway to regulatory approvals

- A\$8m partnership with the Australian Stoke Alliance
- Johns Hopkins Hospital and Fujifilm technical partners
- Design and test images prove concept

Growing global awareness

- 13.5 million strokes a year, 65% of survivors experience major disability
- Value proposition proven by current ultra large mobile stroke units
- Human imaging trials planned for 2024

\$8m
MRFF funding

100k
Ambulances
US + EU