

Target Market Determination – Option Issue

- Made by:** Micro-X Limited ACN 153 273 735 of 'A14 6 MAB Eastern Promenade' 1284 South Road, Tonsley SA 5042 (**Company**)
- Product:** Unquoted free-attaching options (**New Options**) to be issued (subject to shareholder approval) in connection with:
1. the placement of new fully paid ordinary shares in the Company (**New Shares**) with Institutional Investors (as defined in the Prospectus) (**Placement**); and
 2. the share purchase plan to eligible shareholders (**SPP**),
- under a transaction specific prospectus dated 24 April 2024 (**Prospectus**)
- Effective Date:** 24 April 2024

1 About this document

This target market determination (**TMD**) has been prepared by the Company in relation to the offer to issue New Options made by the Company under the Prospectus pursuant to section 713 of the *Corporations Act 2001* (Cth) (**Corporations Act**).

In accordance with the Prospectus:

- (a) each Eligible Shareholder under the SPP is entitled to apply for one (1) New Option for every two (2) New Shares subscribed for under the SPP; and
 - (b) each participant in the Placement is entitled to apply for one (1) New Option for every two (2) New Shares subscribed for under the Placement and SPP,
- (together, the **Offers**).

Each New Option issued under the Offers will be exercisable at \$0.135 per New Option and expire two (2) years from the date of issue. The issue of New Options is subject to shareholder approval to be obtained by Company at an extraordinary general meeting of shareholders on or about 29 May 2024.

This TMD sets out the class of consumers for which the New Options would likely be consistent with their financial objectives, the distribution conditions and restrictions imposed on the distribution of the New Options as well as reporting requirements for distributors in accordance with the requirements of section 994B of the *Corporations Act*.

A copy of the Prospectus is available on the Company's website at the following link: <https://micro-x.com>.

The Offers will be made under, or accompanied by, a copy of the Prospectus. Any recipient of this TMD should carefully read and consider the Prospectus in full and consult their professional adviser if they have any questions regarding the contents of the Prospectus. Any recipient of this TMD who wants to acquire New Options under the Placement or SPP will need to follow the instructions set out in the personalised entitlement and acceptance form provided to that recipient, which also contains a copy of the Prospectus. There is no cooling off period in respect of the issue of the New Options. This TMD is not a disclosure document for the purposes of the *Corporations Act*, and therefore has not been lodged, and does not require lodgement, with the Australian Securities and Investments Commission (**ASIC**).

This TMD does not take into account what you currently have, or what you want and need, for your financial future. It is important for you to consider these matters and read the Prospectus

before you make an investment decision. The Company is not licensed to provide financial product advice in relation to the New Options.

Unless otherwise defined in this TMD, capitalised terms have the meaning given to them in the Prospectus.

2 Product information

Key features of the New Options are as follows:

	SPP	Placement
Offer	One (1) New Option for every two (2) New Shares issued under the SPP.	One (1) New Option for every two (2) New Shares issued under the Placement.
Eligibility	<p>Eligible Shareholders will be those Shareholders that satisfy all of the below:</p> <ul style="list-style-type: none"> (a) who were registered as a holder of Shares as at 7:00pm (AEST) on 16 April 2024 (Record Date); (b) who were recorded on the Register with an Australian or New Zealand address; (c) who are not resident or located in the United States, and not acting for the account or benefit of persons in the United States; and (d) who are not resident or located in any other jurisdiction in which an offer of SPP Securities would be unlawful. 	Participants in the Placement.
Exercise price / expiry date	\$0.135 per New Option, expiring two (2) years from the date of issue	
Exercise period	Each New Option is exercisable at any time prior to the date which is two (2) years from the date of issue. After this time, any unexercised New Options will automatically lapse.	
Shares issued on exercise	Shares issued on exercise of the New Options will rank equally with the then Shares of the Company and are free of all encumbrances, liens and third-party interests.	
Transferability	The Company will not apply for official quotation of the New Options on the ASX. The New Options are transferrable subject to compliance with the Corporations Act and the ASX Listing Rules.	

3 Target Market

The table below summarises the overall class of consumers that fall within the target market for the New Options, based on the product's key attributes and the objectives, financial situation and needs that it has been designed to meet.

Factor	Target Market
Investment Objective	<p>The Company expects that an investment in the New Options will be suitable to investors who have the right, but not the obligation, to gain exposure to equities in a small market capitalisation manufacturer and supplier of x-ray technology products listed on the Australian Securities Exchange (ASX), and for those who:</p> <ul style="list-style-type: none"> • seek to profit from an appreciation in the market price of Shares in the Company, and/or who have a medium to long-term view on the Shares or the underlying assets of the Company; • who are accustomed to investing in speculative investments in products for the security and healthcare sectors; <p>who see potential additional value from the New Options given the price and term of the New Options.</p>
Investment Timeframe	<p>The target market of investors will take a short to long term outlook in relation to their investment in the Company and are in a financial position that is sufficient for them to invest their funds over the 2-year period from the issue of the New Options to their expiry, should they wish to exercise their New Options.</p> <p>The Company will not apply for official quotation of the New Options on the ASX. The New Options are transferrable subject to compliance with the Corporations Act and the ASX Listing Rules.</p> <p>New Option holders will also have an ability to exercise their New Options and trade the underlying Shares issued on exercise, however investors should be aware that such dealing is only likely to be commercially viable in the event that the trading price of the Shares exceeds the exercise price of the New Options both at the date of exercise and at the date of sale.</p>
Investment Metrics	<p>While the Company does not have an established eligibility framework for investors based on metrics such as age, expected return or volatility, it is expected that the target market of investors will be able to withstand potentially large fluctuations and the potential for losses in the value of their investment. The New Options offer no guaranteed income or capital protection.</p> <p>An exercise price is required to be paid to acquire Shares on exercise of New Options. As such, the capacity to realise the underlying value of the New Options would require that they be exercised on or before the relevant expiry date. Investors in the target market will need to be in a financial position to have sufficient funds available so as to facilitate an exercise of the New Options prior to the relevant expiry date. Prior to the relevant expiry date, investors' ability to liquidate the New Options may be limited by a lack of liquidity in the trading of Shares and the price of the Shares.</p>

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Risks

The Company considers that an investment in the New Options will have a different risk profile to a direct investment in Shares, including due to the fact that there is no obligation to exercise the New Options prior to the relevant expiry date.

Investors should consider the risk that there is no guarantee that the Company's Share price will exceed the exercise price of the New Options. Investors should take this into consideration in subscribing for Shares and taking up their right to the New Options.

The Company considers that an investment in the Options is high risk and highly speculative, such that an investment in the Company is not appropriate for an investor who would not be able to bear a loss of some or all of the investment.

Investors should also have a sufficient level of financial literacy and resources (either alone or in conjunction with an appropriate adviser) to understand and appreciate the risks of investing in the New Options as an asset class generally and the high risks of investing in the Company.

Specific risks relating to the Company and an investment in the Shares are set out in the Prospectus and investors should review those risks carefully before deciding whether to invest.

The Company has assessed the New Options and formed the view that the New Options, including the key attributes set out in section 2, are likely to be consistent with the objectives, financial situation and needs of investors in the target market described above in this section 3.

4 Distribution Conditions**4.1 SPP**

Existing shareholders of the Company who subscribed for New Shares under the SPP who:

- (a) who were registered as a holder of Shares as at 7:00pm (AEST) on the Record Date;
- (b) who were recorded on the Register with an Australian or New Zealand address;
- (c) who are not resident or located in the United States, and not acting for the account or benefit of persons in the United States; and
- (d) who are not resident or located in any other jurisdiction in which an offer of SPP Securities would be unlawful,

will be entitled to participate in the offer of New Options under the Prospectus in respect of the SPP.

A copy of the Prospectus and access to this TMD will be made available to Eligible Shareholders before they apply for New Options.

The Company considers that these distribution conditions will ensure that persons who invest in New Options fall within the target market in circumstances where personal advice is not being provided to those persons by the Company.

4.2 Placement

Participants in the Placement will be entitled to participate in the offer of New Options under the Prospectus in respect of the Placement.

A copy of the Prospectus and access to this TMD will be made available to participants in the Placement before they apply for New Options.

The Company considers that these distribution conditions will ensure that persons who invest in New Options fall within the target market in circumstances where personal advice is not being provided to those persons by the Company.

5 Review Triggers

The New Options offered under the SPP and the Placement are being offered for a limited offer period, details of which are set out in the Prospectus, after the conclusion of which the New Options will no longer be available for investment.

It follows that the TMD in respect of the New Options, will only apply in the period between the commencement of the offer of the New Options and the issue of the New Options shortly after the close of the closing date of the SPP and shareholder approval for the issue of the New Options is obtained (**Offer Period**).

No New Options will be issued on the basis of the Prospectus any later than 13 months after the date of the Prospectus (being the expiry date of the Prospectus).

The TMD will be withdrawn on the earlier of:

- (a) the date of completion of the issue of the New Options the participants in the Placement and the SPP; and
- (b) 13 months after the date of the Prospectus.

To allow the Company to determine whether circumstances exist that indicate this TMD is no longer appropriate to the Offers and should be reviewed, the following review triggers apply:

- (a) there is a material change to the New Options' key attributes that make it no longer consistent with the likely objectives, financial situation and needs of clients in the target market;
- (b) the Company lodges with ASIC a supplementary or replacement prospectus in relation to the Prospectus;
- (c) the occurrence of a significant dealing in New Options that is not consistent with this TMD;
- (d) the Company identifies a substantial divergence in how the New Options are being distributed and purchased from this TMD;
- (e) an unexpectedly high number of complaints are received from customers that indicate the New Options are not suitable for the target market or that the product is not being distributed to the target market;
- (f) ASIC raises concerns with the Company regarding the adequacy of the design or distribution of the New Options or this TMD; and
- (g) material changes to the regulatory environment that applies to an investment in the New Options.

The Company may also amend this TMD at any time.

6 Review Period

If a review trigger occurs during the Offer Period, the Company will undertake a review of the TMD in light of the review trigger (as applicable) as soon as reasonably practicable and, in any case, within five business days of the review trigger occurring.

The Company will otherwise complete a review of the TMD immediately prior to the issue of New Options under the SPP or Placement (as applicable).

The Company will conduct periodic reviews of the TMD during the Offer Period on a monthly basis until the TMD is withdrawn in accordance with section 5.

7 Information Reporting

The reporting requirements of all distributors is detailed in the table below:

Reporting requirement	Period for reporting to the Company by the distributor	Information to be provided
Whether the distributor received complaints about the New Options.	<ul style="list-style-type: none"> For such time as the Offer Period remains open, within five business days after the end of each quarter. Within five business days after the end of the Offer Period. 	<ul style="list-style-type: none"> The number of complaints received. A summary of the nature of each complaint or a copy of each complaint.
A significant dealing of the New Options that is not consistent with this TMD.	As soon as reasonably practicable after the significant dealing occurs, but in any event no later than five business days after the significant dealing occurs.	<ul style="list-style-type: none"> Details of the significant dealing. Reasons why the distributor considers that the significant dealing is not consistent with this TMD.
A summary of the steps taken by the distributor to ensure that its conduct was consistent with this TMD.	Within five business days after the end of the close of the offer of Offer Period in accordance with the Prospectus.	A summary of the steps taken by the distributor to ensure that its conduct was consistent with this TMD.

8 Contact Details

Contact details in respect of this TMD for the Company are:

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