

QUARTERLY ACTIVITIES & CASHFLOW REPORT QUARTER ENDED 31 MARCH 2024

Investor Conference Call at 9.00am AEST on 1 May 2024

Adelaide, Australia, 29 April 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 March 2024 (the **Quarter**). All financial results are in Australian dollars and are unaudited.

Highlights

- **First Argus commercial order – for use in national security applications in the UAE**
- **\$4m Placement completed to further drive Argus commercial launch and engagement with strategic partners – all four Micro-X substantial shareholders including Varex participated in placement**
- **Share Purchase Plan targeting \$1m – launched for eligible shareholders to invest up to \$30,000 each**
- **Mobile DR customer receipts of \$0.8m and \$1.1m backlog orders to be delivered in June quarter**
- **US Department of Homeland Security (DHS) Under Secretary, Dr Kusnezov, visits MX1 headquarters**
- **Miniature Baggage Scanner contract further extended by DHS to integrate automated threat detection using artificial intelligence software**
- **\$6.85m Pro Forma Cash balance at 31 March 2024 following \$4m Placement and \$1m SPP**

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

"This quarter saw the launch of our Argus X-ray camera and our first purchase order received. The feedback from police and security customers following the early demonstrations has assisted us in identifying more use cases for the unit, which we believe expands the customer value proposition.

In order to build our planned Argus commercial activities with more sales specialists and demonstration units, we were very pleased to secure additional capital in April, with a \$4m placement now completed and a \$1m share purchase plan launched for eligible shareholders. This capital raising will also support our other key strategic focus as a technology innovator and developer, as we seek to secure strategic partners who can provide us with market access, funding and scale. In all three of our Checkpoints, Baggage Scanner and Head CT products, there are significant market opportunities as they complete their development in the coming years and we are planning now to be well positioned for their successful commercial launches.

This quarter, our broader business had a number of operational successes while financially we continued to fund our activities from sales, inventory and contract payments. Our Mobile DR team delivered a further \$0.8m in customer receipts while further reducing inventory on hand, and we expect sales to continue to grow steadily, especially in Europe where we are adding distributors in a number of European countries. Our Checkpoints team continued to progress their work with the DHS and we were honoured to host the Under Secretary of the DHS, Dr Dimitri Kusnezov, at our Adelaide facilities, who has overall responsibility for DHS technology programmes.

Commercialisation Activities

Security & Bomb detection - Argus X-ray Camera achieves first order

This Quarter the Argus team ramped up their commercial launch activities, leading to the first commercial order for an Argus unit in March 2024, from a UAE company who promote themselves as an early adopter of innovative technology for national security applications. This first Argus will be shipped from the Tonsley factory shortly, once final safety compliance certification is received in the coming weeks.

The main activities to build the sales pipeline for Argus have been focused on one-on-one demonstrations of the unit with police and security organisations in a number of markets, combined with Trade Shows to expand the awareness of the Argus and its unique capabilities.

Moving forward, the Argus commercial activities will be bolstered with the funds from the capital raise, which will be used to expand the sales team and equip them with a pool of Argus units for customer trials. By enabling more customers to be targeted in more locations and in more countries, we intend to grow sales towards a large and repeat customer base in the next 12 months.

The first key hire for accelerating the Argus launch was made in April with the appointment of Scott Bryant as Chief Sales Officer. Scott spent six years at ADS Inc, one of the largest providers of operational equipment and procurement solutions for the United States Department of Defence, culminating in his role as Director of Medical and Counter Weapons of Mass Destruction. Prior to this Scott had a successful 27 year career in the US Military.

Mobile digital radiology – Rover Plus and Rover x-ray systems

Following a record-breaking December quarter the Mobile DR team continued to make progress converting inventory into cashflow and delivering on the backlog of units that accumulated during the previous quarter. Overall customer receipts for the Quarter were \$0.8 million. There is also a further \$1.1 million of orders in hand for delivery and invoicing in the near term, including \$0.8 million of Rover orders and \$0.3 million orders for imaging chains. These latest orders for imaging chains are part of the Company's strategy to expand Mobile DR sales into new markets by customising its core imaging chain technology to be used in the customers' products.

The Mobile DR business unit has already recorded \$5.3 million in revenues for FY24, up 120% on the same period last year and 40% on the full year revenues for FY23, as the business unit continues to achieve its target to be self sustaining. During the Quarter the Company delivered the first European Rover Plus unit. This initial delivery forms the basis of continued penetration into markets that recognise CE marking and the commercial team are working to drive market awareness as well as sign up new distributors in a number of European countries.

Also in Europe, the Rover sales team attended the European Congress of Radiology (**ECR**) 2024 where a Rover Plus unit was on show. The week-long event was centred around the theme of "Next Generation Radiology" and was attended by over 18,000 medical professionals and industry participants from 127 countries. The sales team also attended Arab Health 2024 in January to showcase the Micro-X Rover at the largest healthcare event in the Middle East, which attracts over 130,000 visitors from global healthcare professionals and organisations.

Funded Development Programmes

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

In February, Micro-X welcomed the Department of Homeland Security (**DHS**) Under Secretary Dr Dimitri Kusnezov to the Adelaide headquarters for a briefing with the leadership team and a tour of the manufacturing facility. Dr Kusnezov heads the DHS Science and Technology Directorate (S&T) which has oversight of all their technology programmes, including the two contracts Micro-X, Inc. has with the DHS.

The work for the DHS in relation to the Miniature Baggage Scanner also progressed this Quarter, focused on data collection and development of algorithms in the Micro-X baggage scanner automatic threat detection system. The system is seeking to reduce false alarms and better identify contraband and weapons in the baggage checking process. This work commenced under a DHS contract extension worth US\$0.32M (A\$0.51M) and in February, Micro-X, Inc. was awarded the full US\$0.6M (A\$0.92M) contract extension by the DHS. This will now fund Micro-X to extend its data collection and software refinement into explosives detection, further demonstrating the continued strong working relationship with the DHS for this key project.

The ongoing Checkpoints project work, under the US\$14M DHS contract extension, also continued as planned this Quarter. The team remain on track to reach the next key milestone with the delivery of the first self-screening module expected to be delivered to the DHS later in 2024. This is distinct from the first MBS prototype completed in December 2023.

Additional partnering initiatives will be a focal point of future efforts for both the Checkpoints and Baggage Scanner products as Micro-X seeks to secure strategic partners who can provide funded scale up implementation and market access to bring these products to airports globally in the coming years, as each product is completed.

Head CT- bringing stroke imaging to the patient

The Head CT team progressed this Quarter towards the next ASA milestone which includes the production of a test bench that will house an array of 21 mini-tubes on a high voltage switching array. The delivery of this milestone will provide a key piece of the data required for the ethics submission to authorise human imaging trials to proceed as planned in 2024. Additionally, during March the Head CT team attracted global media attention with the unveiling of the virtual reality walkthrough of the world-first mobile stroke diagnosis technology.

The ongoing development of the prototype stroke imaging unit will also be strengthened by the recent capital raise. The committed capital will be utilised to build upon the three planned prototypes required under the ASA contract in 2024 and enable further units to be delivered under the two MoUs in place with European emergency services organisations Meytec GmbH and the Norwegian Air Ambulance Foundation. Moving forward, additional partnering initiatives will be a key consideration as the Head CT progresses through the regulatory process to commercialisation and launch in road and air ambulances globally.

Corporate & Financial matters

\$5m Capital Raising

Following the end of the March Quarter, the Company completed a \$4.0M placement in April 2024 and launched a \$1.0M Share Purchase Plan (**SPP**) to raise a total of \$5.0M. The placement shares were issued at a price of 9.5 cents per share and included a one for two attaching option at 13.5 cents, which will be unlisted and expire on 30 May 2026.

The SPP shares will be offered on the same terms as the placement, including the attaching options. The SPP offer as well as the offer of attaching options, will be made in accordance with a Prospectus lodged with ASIC and the ASX on 24 April 2024. All attaching options will only be issued, subject to shareholder approval at a meeting of shareholders planned to held on or about Monday 29th May 2024.

The support of all four substantial shareholders, including Varex, in the placement, indicates strong shareholder support and Micro-X directors will also invest approximately \$0.17 million in the Placement and SPP.

Summary of Cashflows for the Quarter

During the Quarter, the cost reduction initiatives implemented in CY23 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 | March 24 Qtr | Notes |
|---------------------------------|--------|----------------|--|
| Operational cash inflows: | | | |
| Product sales - customers | | 819 | Sales of Mobile DR units and associated spare parts and components |
| Project work – ASA, DHS, Varex | | 3,328 | Completion of Varex milestone 4 + Checkpoints Contract payments |
| Total | | 4,147 | |
| Operational cash outflows | | (6,984) | |
| Net cash from Operations | | (2,837) | |

Includes payments to Directors of \$0.07M

The Company ended 31 March 2024 with \$2.23M of cash on hand, following overall cash outflows for the Quarter of \$3.08M. Following the completion of the Placement and the SPP (assuming \$1M is raised under the SPP), the Company will have a pro forma cash balance of \$6.85M.

Looking ahead, the Company also has:

- a backlog of approximately **\$1.1M** in Mobile DR orders waiting to be completed and invoiced;
- **\$5.3M** of inventory on hand and available for Rover and Argus units, further improving the cash position;
- **\$14.2M** contracted project payments through to June 2025, subject to successful achievement of milestones under the respective ASA, DHS and Varex contracts and contract option extensions; and
- An estimated R&D Rebate of **\$4.0M** to be received by December 2024

Quarterly Investor Call

The Company's Chief Executive, Kingsley Hall will host a Quarterly Investor Call at 9.00am AEST on 1 May 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.conf.com/diamondpass/10038657-jmwkar.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: 10038657

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 spans four, high margin, product applications in health and security. The first commercial mobile digital radiology products are currently sold for diagnostic imaging in global healthcare, military and veterinary applications and the Argus X-ray Camera for security and defence is now commercially available. The US Department of Homeland Security has contracted Micro-X to design a next-generation Airport security checkpoint. 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

CONTACTS

| Micro-X Limited | Investor Enquiries |
|---|--|
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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 March 2024

| Consolidated statement of cash flows | Current quarter \$A'000 | Year to date (9 months) \$A'000 |
|--|------------------------------------|--|
| 1. Cash flows from operating activities | | |
| 1.1 Receipts from customers | 819 | 5,710 |
| 1.2 Payments for | | |
| (a) research and development | (1,399) | (3,907) |
| (b) product manufacturing and operating costs | (1,035) | (3,011) |
| (c) advertising and marketing | (140) | (380) |
| (d) leased assets | (47) | (126) |
| (e) staff costs | (3,747) | (11,341) |
| (f) administration and corporate costs | (561) | (2,099) |
| 1.3 Dividends received (see note 3) | - | - |
| 1.4 Interest received | - | 41 |
| 1.5 Interest and other costs of finance paid | - | (2) |
| 1.6 Income taxes paid | - | - |
| 1.7 Engineering Consulting, Government grants and tax incentives | | |
| (a) ASA CT Brain Scanner | - | 1,608 |
| (b) DHS Checkpoints Contracts | 1,770 | 3,458 |
| (c) Varex Technology Transfer | 1,558 | 1,558 |
| (d) Research & Development Tax Incentive | - | 6,232 |
| (e) Other | 10 | 324 |
| 1.8 Other | | |
| (a) AASB 16 Lease interest payments | (65) | (178) |
| 1.9 Net cash from / (used in) operating activities | (2,837) | (2,113) |

| Consolidated statement of cash flows | | Current quarter \$A'000 | Year to date (9 months) \$A'000 |
|--------------------------------------|---|----------------------------|---------------------------------------|
| 2. | Cash flows from investing activities | | |
| 2.1 | Payments to acquire or for: | | |
| | (a) entities | - | - |
| | (b) businesses | - | - |
| | (c) property, plant and equipment | (70) | (353) |
| | (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) | - | - |
| 2.6 | Net cash from / (used in) investing activities | (70) | (353) |
| 3. | Cash flows from financing activities | | |
| 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 | (172) | (529) |
| 3.10 | Net cash from / (used in) financing activities | (172) | (529) |

| Consolidated statement of cash flows | Current quarter \$A'000 | Year to date (9 months) \$A'000 |
|--------------------------------------|----------------------------|---------------------------------------|
|--------------------------------------|----------------------------|---------------------------------------|

| | | | |
|------------|--|--------------|--------------|
| 4. | Net increase / (decrease) in cash and cash equivalents for the period | | |
| 4.1 | Cash and cash equivalents at beginning of period | 5,307 | 5,223 |
| 4.2 | Net cash from / (used in) operating activities (item 1.9 above) | (2,837) | (2,113) |
| 4.3 | Net cash from / (used in) investing activities (item 2.6 above) | (70) | (353) |
| 4.4 | Net cash from / (used in) financing activities (item 3.10 above) | (172) | (529) |
| 4.5 | Effect of movement in exchange rates on cash held | - | - |
| 4.6 | Cash and cash equivalents at end of period | 2,228 | 2,228 |

| 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 | 1,995 | 5,074 |
| 5.2 | Call deposits | - | - |
| 5.3 | Bank overdrafts | - | - |
| 5.4 | Other (provide details) | 233 | 233 |
| 5.5 | Cash and cash equivalents at end of quarter (should equal item 4.6 above) | 2,228 | 5,307 |

| 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 | (74) |
| 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.

| 7. Financing facilities | Total facility amount at quarter end \$A'000 | Amount drawn at quarter end \$A'000 |
|---|---|--|
| <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 Total financing facilities | - | - |
| 7.5 Unused financing facilities available at quarter end | | - |
| 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. Estimated cash available for future operating activities | \$A'000 |
|---|----------------|
| 8.1 Net cash from / (used in) operating activities (item 1.9) | (2,837) |
| 8.2 Cash and cash equivalents at quarter end (item 4.6) | 2,228 |
| 8.3 Unused finance facilities available at quarter end (item 7.5) | - |
| 8.4 Total available funding (item 8.2 + item 8.3) | 2,228 |
| 8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1) | 0.79 |
| <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: No</p> <p>The Company expects up to \$0.9M of increased cash inflows in the June 2024 quarter from contracted project payments. In the current quarter, approximately \$3.3M was received from contracted project payments and the Company expects approximately \$4.2M in contracted project payments to be received in the June quarter, subject to the delivery of project milestones.</p> <p>The Company has reduced operating costs by approximately \$0.7M per annum from April 2024 as it seeks to manage its cash outflows.</p> <p>Further, the Company expects to receive approximately \$4M from the R&D tax rebate in the December 2024 quarter.</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: **Yes**

The Company announced a \$5M capital raise on 17 April 2024, including a \$4M institutional placement of which \$0.1M is subject to shareholder approval. The first \$3.9M of the placement was settled on 22 April 2024 and the Company has received those funds less applicable costs. In addition, on 24 April 2024 the Company launched a Share Purchase Plan (SPP) for eligible shareholders targeting \$1M, which is expected to close on 23 May 2024 with funds expected to be received by the Company on or about 30 May 2024.

In addition, the Board, in consultation with its external financial advisers, has a standing agenda item each month to consider and review various methods to continue to fund the business, This includes consideration of additional contracts for funded development, collaboration and partnering arrangements.

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 expects to receive \$4.65M in funds, on completion of the \$5m capital raising. The Company also estimates \$14.2M contracted project payments to be received through to June 2025, subject to the delivery of project milestones and contract options being exercised, plus an additional estimated \$4M R&D rebate to be received by December 2024.

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: 29 April 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.