

MARKET UPDATE - NANO PRODUCTION & DELIVERIES RAMPING UP

Progressing on all three strategies for capital raising with Nano production and inventory being scaled

Adelaide, Australia, 13th May 2020: 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, provides the following Market Update on progress of production and shipping of the *Carestream DRX Revolution Nano* (the **Nano**).

Key Points

- **COVID-19 continuing to drive strong global demand for mobile x-ray with short delivery times critical for new orders**
- **Ramp up in Nano production and inventory well advanced following successful \$15.0M Offer**
- **April 2020 - \$0.5m of Nano units shipped. Additional \$1.5m of Nano units in production of which \$0.5m are already substantially complete**
- **Prioritising rapid reduction in backlog of existing orders and shortening delivery for new orders**

In the month of April 2020, \$0.5 million of Nano units from existing purchase orders were completed and shipped to the end customers. In addition, a further \$1.5 million of Nano units are at various stages of production with \$0.5 million of these already substantially completed. The remaining components are now arriving which will enable these Nano partially and substantially complete units to be completed, tested and shipped this Quarter. Once Nano units are completed and shipped they are invoiced and treated as revenue for Micro-X.

Additionally, following the completion of the \$15.0 million offer (the **Offer**), the ramp up strategy for Nano production is being implemented on an urgent basis. This ramp up includes \$0.6 million in capital equipment which has now been largely ordered and is expected for delivery this Quarter. There is also an additional investment of \$3.4 million in inventory in the form of components and once built, semi complete or complete Nano units. This ordering has taken place and components will arrive progressively this Quarter.

In total since January 2020, \$1.7 million of Nano units have been built, shipped and invoiced.

Attached is a short presentation illustrating the activity and recent changes in manufacturing and production.

Micro-X's Managing Director, Peter Rowland, commented:

"We set out to capture COVID-19 demand for our Nano when we raised funds and with the Placement component completed 2 weeks ago we have been working very hard on this initiative. I am pleased to report that we've been successful in ramping Nano production with the rate of units being built and shipped increasing rapidly. We have worked through some supply chain challenges due to recent global trade disruption and above all else our priority is to reduce our backlog of existing orders and therefore the delivery times for future orders."

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 the global health and security markets, based on proprietary cold cathode, carbon nanotube 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

MICRO-X

existing x-ray markets and a range of new and unique security and defence applications. The Company has its core R&D, engineering and production capability at its facility in Adelaide, Australia.

The Company's first product, the *Carestream DRX Revolution Nano*, is an ultra-lightweight digital medical x-ray system for the rapidly expanding mobile x-ray market in hospitals and healthcare. The *Carestream DRX Revolution Nano* holds 510(k) and CE Mark certifications and is sold commercially in a number of global markets by the Company's exclusive distributor, Carestream Health, Inc. The Company has a portfolio of innovative products in development, aimed at customer solutions where there is little or no competition. This includes the Mobile Backscatter Imager or MBI which will image Improvised Explosive Devices for airport security, defence and counter-terrorism applications. The MBI is being jointly developed in partnership with Thales, a global supplier of defence and security technology systems, who are providing technical support and \$10 million of funding.

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Nano Production Update

Micro-X responding to
significant market demand
from COVID-19 pandemic

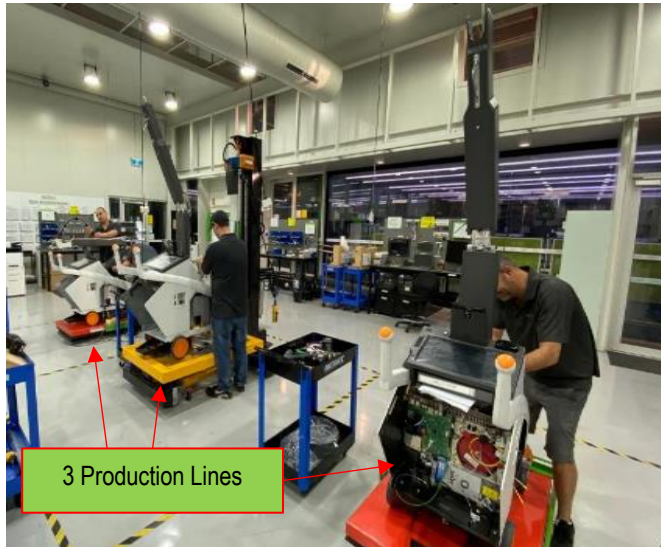
13 May 2020

Peter Rowland,
Managing Director & CEO



Added Production Lines and Capacity for Nano

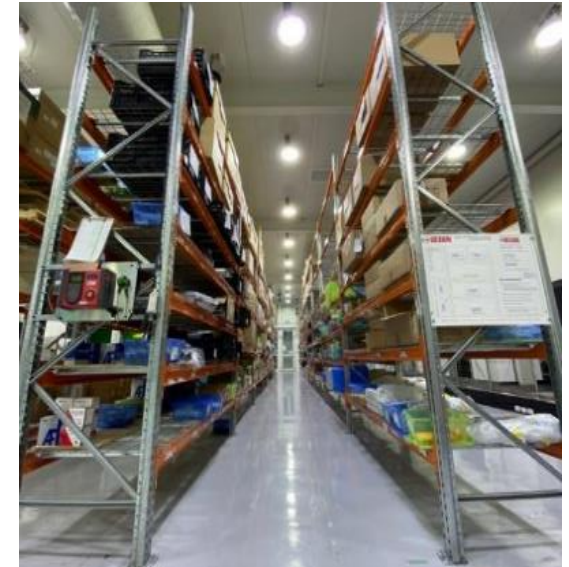
Rapidly accelerating all areas of Production with funding from recent Placement



TOP LEFT: Three production lines

TOP RIGHT: Major \$3.4 m investment to increase in parts and inventory

BOTTOM: Recent doubling of floor area for Nano assembly has allowed space for more production lines



Maintaining Production and Clearing Supply Chain Shortages

Production can be switched between partially building units and sub-assemblies



TOP: Partially completed Nano units quarantined awaiting parts



TOP LEFT: Completed drive handles & energy chains



TOP RIGHT: Completed monitor cages in inventory

BOTTOM: Nano units in early stage of assembly



New Nano X-Ray Tube Facility – Now Fully Operational

Relocated to new purpose designed X-Ray Tube facility - increased production team



TOP LEFT: Emitter wet lab and tube component cleaning and out-gassing
BOTTOM: New X-Ray Tube facility at Tonsley adjacent to Micro-X main assembly facility

TOP RIGHT: CNT Emitter assembly in clean room



Increased X-Ray Tube Production

Invested \$0.6m in additional processing stations for a major production rate increase



LEFT: Expanding automated X-Ray Tube Conditioning cells from 3 to 4

RIGHT: Doubling of automated X-Ray Tube bakeout cells from 2 to 4



Nano Production – Improved packaging

New smaller, lighter and cheaper packaging



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