

QUARTERLY ACTIVITIES & CASHFLOW REPORT QUARTER ENDED 30 JUNE 2024

Investor Conference Call at 9.00am AEST on 31 July 2024

Adelaide, Australia, 29 July 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 30 June 2024 (the **Quarter**). All financial results are in Australian dollars and are unaudited.

Highlights

- **Accelerating key commercial initiatives following completion of upscaled \$5.9M capital raise**
- **Full Year receipts of \$7.0M from product sales for FY24 - up 80% on FY23 total of \$3.9M**
- **Scott Bryant appointed as Chief Sales Officer – 34 years combined military and commercial sales leadership**
- **Argus kit development – enabling both backscatter and transmission x-ray imaging**
- **Rover sales pipeline building in elite sport applications and Europe following MDR certification**
- **Baggage Scanner prototype installed and operating at US DHS test laboratory**
- **Closing cash balance at 30 June 2024 of \$3.2M plus \$0.7M from DHS received 2 July - further \$2.0M contracted revenues expected in June 2024 now to be received in the September quarter**

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

"In the June quarter we focused on executing the commercial initiatives now funded through our recent capital raise – accelerating Argus activities to drive sales and adoption, as well as building engagement with strategic partners to work with us in bringing our Checkpoints and Head CT products into market. As one first step, I am very pleased to welcome Scott Bryant to our leadership team as Chief Sales Officer. Scott brings enormous experience and contacts and will be responsible to drive our sales function for Rover, Argus and future product opportunities.

We recognise that investors are eagerly awaiting Argus commercial traction and we were pleased to achieve the final safety testing for Argus, allowing us to ship our first sold unit to a customer. To build on this we aimed to have a further six Argus demonstration units out with customers for trialling, but we identified a minor componentry issue, which while now resolved, delayed the initiative. With units now scheduled to go to customers in the US and across the globe, our sales team is actively booking in demonstrations and building the pipeline.

The 2024 financial year also delivered our highest ever receipts from product sales of \$7 million, an increase of 80% on the prior year and pleasingly, we also reduced our Rover inventory by approximately \$2.4M. Our goal for FY 2025 is to keep delivering growth in Rover and adding Argus revenues to deliver on the huge potential of the Micro-X platform".

Commercialisation Activities

Security & Bomb detection - Argus X-ray Camera

As the second Micro-X commercial product, delivering on Argus sales remains our highest priority. Argus has now passed the final safety compliance certification to enable commercial sales, with official documentation due shortly. On the back of this, in early July, the maiden Argus unit was delivered to a customer in the UAE, resulting in our first Argus sale.

In order to drive Argus adoption and future sales, Micro-X has identified a need to increase the sales and business development team and equip them with a pool of Argus units able to be sent to customers to trial the product.

During April the first key hire was made with the appointment of Scott Bryant as Chief Sales Officer. Scott's role is to oversee Micro-X sales and specifically take the lead on the launch of Argus. Scott is uniquely qualified to lead these efforts, with over 34 years of combined military and senior sales expertise.

The roll out of Argus demonstration units was delayed due to a component issue that meant the Argus did not completely discharge current when operated. The team has rectified the issue with no impact on the cost of manufacture.

Following feedback from demonstrations with customers, our sales team has identified an opportunity to market Argus as part of a complete kit which includes a ruggedised transmission panel. This complements Argus by allowing a high-resolution X-ray image to be taken once the threat location and orientation of the suspect device has been quickly identified using Argus on a robot. As a kit it will provide customers a complete solution, by enabling threat identification using backscatter and threat triage using transmission x-ray.

An Argus kit, including transmission capability was on show in June in Las Vegas at the International Association of Bomb Technicians and Investigators International In-Service Training (IABTI IST), where it received strong interest for its versatility and applicability in the various stages of threat detection and served as the catalyst for a number of future demonstrations with civilian law enforcement bomb squads and Explosive Ordnance Disposal equipment distributors. The commercial version of the kit will be available for customer deliveries later this year.

Mobile digital radiology – Rover x-ray systems

This Quarter, the customer receipts from Rover units were \$1.3M, resulting in \$7.0M customer receipts relating to Mobile DR for the full year, or an 80% increase on the prior year. The record receipts demonstrate execution of the Company's strategy to convert existing inventory into cash, with an approximate \$2.4M reduction in Mobile DR inventory during the year.

Overall revenue for the June quarter was \$1.1M. This brought the total sales from Rover for FY24 to \$6.4M (unaudited), an increase of 70% on the prior year. Additionally, there is also a further \$1M of orders in hand for delivery and invoicing in the near term, including \$0.4M relating to the design and delivery of imaging chains. The orders for imaging chains diversifies Mobile DR revenues by selling to customers who can leverage Micro-X's leading technology in their own range of non-competitive products.

As part of the continued European sales efforts, one of the recently appointed European distributors, Synapse Medical, showcased a Rover Plus unit at their stand at the UK Imaging & Oncology Congress in early June. This is the UK's largest imaging event including a scientific conference and technical exhibition attracting over 2,000 professionals involved in medical imaging.

Funded Development Programmes

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

Early in the Quarter, the first fully functional Miniature Baggage Scanner (MBS) prototype was installed at a US Department of Homeland Security test laboratory following the final internal testing at our Seattle office. While the ongoing work has strict security and confidentiality protocols, the informal feedback on the performance of the Baggage Scanner in a range of requirements has been very positive. Work on the second MBS prototype is ongoing and the unit will be ready for delivery later this calendar year.

The ongoing Checkpoints Portal work, funded under the US\$14M DHS contract extension, continued as expected this Quarter, with regular monthly work programmes and payment schedules to Micro-X. The team in Seattle continued to make strong progress developing the first self-screening module and is on track to deliver the module to the DHS later in 2024.

These projects both continue to receive strong industry and partnering interest, due to the recognised ability to revolutionise the travel experience. In line with the priorities outlined during the capital raise, additional partnering engagement has occurred with the goal to secure strategic partners who can provide funded scale up implementation and market access as these key products are commercialised.

Head CT- bringing stroke imaging to the patient

The Head CT team progressed this Quarter towards the next ASA milestone of using a test bench of the Head CT device to generate CT images of an x-ray phantom. This will trigger a \$0.5M milestone payment. The Head CT test bench, with 21 high voltage mini-tubes controlled by proprietary high voltage switching technology, is close to completion. The delivery of this key milestone will provide the final piece of information required to submit an application for ethics approval before human imaging trials commence as planned in 2024.

During the Quarter our design partners at Monash University Design Health Collab participated in an exhibition at Melbourne Design Week 2024 themed "Health by Design: The Future of Healthcare" where the final design of the Head CT model was unveiled alongside a one third scale ambulance model.

To build awareness of the future product potential, a number of preliminary marketing and media activities also took place in the Quarter including a product and development showcase at Monash University which featured both Rover and Argus alongside full-scale models of both the Head CT and Airport Checkpoint Portal.

Corporate & Financial matters

\$5.9m Capital Raising – Placement & Oversubscribed Share Purchase Plan

In April, the Company completed a \$4.0M Placement and launched a \$1.0M Share Purchase Plan (**SPP**) to raise a target of \$5.0M. The SPP closed 1.9x oversubscribed raising \$1.9M to bring the total raised to \$5.9M. The Placement included strong support from existing substantial financial shareholders as well as industry partner, Varex Imaging. Further, the SPP and Placement also included participation from Micro-X directors totalling \$0.17M. An Extraordinary General Meeting took place on 29 May 2024, where shareholders approved and ratified a number of aspects of the Placement and SPP, including director participation and the issue of the New Options.

Summary of Cashflows for the Quarter

As described in detail in the attached Appendix 4C, the key cash inflows and outflows for the Quarter were as follows:

A\$000	June 24 Qtr	Notes
Operational cash inflows:		
Product sales - customers	1,279	Sales of Mobile DR units and associated spare parts and components
Project work – ASA, DHS, Varex	1,518	Checkpoints Contract payments
Total	2,797	
Operational cash outflows	(7,119)	
Net cash from Operations	(4,322)	

Includes payments to Directors of \$0.07M

The Company ended 30 June 2024 with \$3.23M of cash on hand, following overall cash inflows for the Quarter of \$1.0M. In July 2024, a further \$0.65M was received from the DHS, that was budgeted to be received in June. There are two additional milestones which were contracted and expected to be received in the June Quarter totalling \$0.5M with the ASA and \$1.5m with Varex, which are now expected to occur in the September quarter. This reflects a timing delay and not an issue on achieving the milestones.

Looking ahead, the Company also has:

- **\$1.0M** in Mobile DR orders in hand to be delivered and invoiced;
- **Approximately \$5.5M** of inventory on hand and available for Rover (\$3.7M) and Argus (\$1.8M) units, further improving the cash position as these units are sold;
- **\$12.7M** development contract payments through to June 2025, subject to successful achievement of milestones under the respective ASA, DHS and Varex contracts; and
- An estimated R&D Rebate of **\$5.5M** 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 Wednesday 31 July 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/10040873-maitb0.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: 40873

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 Head 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

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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")

30 June 2024

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	1,279	6,989
1.2 Payments for		
(a) research and development	(1,316)	(5,223)
(b) product manufacturing and operating costs	(1,154)	(4,165)
(c) advertising and marketing	(138)	(518)
(d) leased assets	(61)	(187)
(e) staff costs	(3,664)	(15,005)
(f) administration and corporate costs	(734)	(2,833)
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	1,410	4,868
(c) Varex Technology Transfer	-	1,558
(d) Research & Development Tax Incentive	-	6,232
(e) Other	108	432
1.8 Other		
(a) AASB 16 Lease interest payments	(52)	(230)
1.9 Net cash from / (used in) operating activities	(4,322)	(6,435)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 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	(16)	(369)
	(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	(16)	(369)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	5,921	5,921
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	(396)	(396)
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	(187)	(716)
3.10	Net cash from / (used in) financing activities	5,338	4,809

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
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4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	2,228	5,223
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(4,322)	(6,435)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(16)	(369)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	5,338	4,809
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	3,228	3,228

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	2,995	1,995
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)	3,228	2,228

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	-
<i>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.</i>		

7.	Financing facilities <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>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
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)	(4,322)
8.2	Cash and cash equivalents at quarter end (item 4.6)	3,228
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	3,228
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	0.75
	<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 \$5M of cash inflows in the September 2024 quarter from contracted project payments (compared to \$1.4M this quarter). This includes \$2.65M of receipts originally forecast for the June 2024 quarter and now expected in September quarter (\$0.65M already received).</p> <p>The Company has also reduced operating costs by approximately \$0.7M per annum from April 2024 as it seeks to manage its cash outflows. There is further remaining inventory, excess to requirements, which as it is sold, will continue to generate additional cash inflows. In the December quarter, the Company is expecting approximately \$5.5M from the R&D tax rebate.</p> <p>The Company notes that had the \$2.65M of project payments been received in June, then the number of quarters of funding remaining in 8.5 above would have been 3.5 quarters. With \$0.65M already received, the remaining \$2.0M is expected to be received within the September 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 has a stated strategy of seeking strategic partners to assist to bring the Checkpoints and Head CT products to market, through market access and funding support. This process is ongoing and activities have been accelerated since the April 2024 capital raising.

Additionally, the Company is exploring a number of non dilutive funding options to support its development and commercial activities.

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 estimates \$12.7M contracted project payments to be received through to June 2025, subject to meeting milestones, plus an additional estimated \$5.5M R&D rebate to be received by December 2024.

Product sales of the Rover and Argus units will also increase cash receipts.

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 July 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.