

QUARTERLY ACTIVITIES & CASHFLOW REPORT QUARTER ENDED 30 SEPTEMBER 2024

Investor Conference Call at 9.00am AEDT on 6 November 2024

Adelaide, Australia, 31 October 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 September 2024 (the **Quarter**). All financial results are in Australian dollars and are unaudited.

Highlights

- **Varex technology transfer complete – unlocking milestone payment of US\$1.0m (A\$1.5m)**
- **Initial purchase order for \$100k to supply Varex with high-voltage generators**
- **Micro-X Rover Plus in second stage of evaluation with major US medical and buying group**
- **Second Baggage CT Scanner prototype completed – delivered to Micro-X US headquarters**
- **Closing cash balance at 30 September 2024 of \$3.02M – with R&D Rebate expected in December quarter**

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

"During the September Quarter we continued our work progressing various commercial initiatives across the organisation with an ongoing emphasis on execution. As we look to the future and our strategy to identify and build strategic partnerships to assist to take our Checkpoints and Head CT development products to market, I am pleased to report we have had strong engagement with a number of prospective international parties this Quarter.

Along with the ongoing development activities, our commercial teams remain intensely focused on driving further product sales of both Argus and Rover Plus units. More broadly, we were pleased to complete the final milestone under the Varex license agreement. The achievement of this milestone completes the technology transfer and creates a pathway to continue the excellent working relationship that we have established with Varex. The creation of this ongoing relationship was a key consideration in the genesis of this agreement, and it should be noted that the multi-beam technology that we have now licensed is enabled by the Micro-X high-voltage generator, of which we have received an initial order to supply multi-emitter variants of and discussions are progressing for additional and ongoing supply".

Commercialisation Activities

Varex Technology Transfer Completed

During the Quarter, Micro-X successfully completed the technology transfer to Varex for high-voltage multi-beam x-ray tubes with the achievement of the final milestone under the License Agreement. The Licence Agreement included a work programme for Micro-X to transfer the licensed technology to Varex across five milestones, equipping Varex to design and manufacture multi-beam NEX Technology tubes for their customers which are ultimately enabled by our proprietary high-voltage generator. The recently completed fifth and final milestone under the Licence Agreement triggered a payment of US\$1.0M (A\$1.5M) and subsequent to this Varex has ordered \$100,000 of Micro-X high power generators to support their high-voltage multi-beam x-ray tubes, with discussions advanced for additional orders by Varex of Micro-X high power generators, by the end of 2024.

Mobile digital radiology – Rover x-ray systems

Following the performance exhibited in FY2024, the Mobile DR sales team is seeking to build on this foundation by targeting larger scale opportunities with key hospital and defence buyer groups in the US. This approach is headed by Chief Sales Officer Scott Bryant, with discussions for multiple large-scale opportunities underway. Since mid-2024, the

Micro-X Rover Plus has been involved in a multi-stage evaluation with a major US Corporation which owns hospitals and operates a large U.S. medical device buying group. This Corporation and the trial being undertaken are commercial in confidence. Following a successful first stage evaluation of the Rover Plus in two US medical facilities, Micro-X has now moved to the second stage of the evaluation involving multiple Rover Plus units in use in their hospital system. The overarching objective is to be selected as the lead provider for future procurement.

The Mobile DR business unit continued converting inventory into cashflow with overall product receipts for the Quarter of \$0.8M. In line with our continued push to diversify revenues and empower other non-competing companies to leverage Micro-X's market leading technology a number of imaging chains were sold and delivered, notably to DMS Imaging.

In early October 2024, DMS Imaging, a French digital radiology developer, unveiled their mobile radiology unit, the "Onyx" which leverages Micro-X's NEX technology. Micro-X has entered into a supply agreement with DMS Imaging for the supply of a minimum yearly number of imaging chains for use in this key mobile x-ray product. Additionally, there is also a further \$0.5M of orders in hand for delivery and invoicing in the near term, including \$0.3M relating to the design and delivery of imaging chains.

Security & Bomb detection - Argus X-ray Camera

Since launching Argus in early 2024, it has been exhibited and demonstrated to a large range of potential customers including law enforcement, military and civilian organisations across the US, Australia and other countries. Customer feedback on Argus has been consistent, with users appreciating the unique technological and deployment capabilities of the unit, however also acknowledging that Argus' value proposition could be enhanced when used in conjunction with transmission X-ray capability.

Customers noted that while Argus' backscatter technology provides a unique early threat triage capability, the use of transmission x-ray imaging remains the standard for detailed analysis and disruption of Improvised Explosive Devices.

After considering this feedback from potential customers, Micro-X has commenced coupling Argus with transmission X-ray capability through an agreement with Pexraytech, a transmission x-ray manufacturer from Finland. Micro-X believes that the combination of the two imaging techniques provides further useful information to users and we expect this combination to add to Argus' value proposition.

The development of the Argus Transmission Kit, which combines Argus' unique backscatter imaging capabilities with additional transmission X-ray capabilities, continued as planned during the Quarter and is nearly complete. This included international exhibitions and demonstrations to key potential customers. This development has been a low cost exercise, has received promising feedback and the team remains on track to have a commercial version of the unit available for purchase later this calendar year.

Funded Development Programmes

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

During the Quarter we were pleased to complete the build of our second fully functional Baggage CT prototype for the Department of Homeland Security (DHS). The prototype, which was constructed in Tonsley, is currently in the Micro-X US headquarters in Seattle awaiting delivery to the DHS. The initial prototype was installed in May 2024 and is currently undergoing testing and extensive data collection in a DHS test laboratory. The second prototype was commissioned by the DHS to expand the range and speed of their testing of the prototype units across a range of potential airport threats. The completion of the second CT prototype build is a key step towards completing the CT contract, with the remaining contract focused on the Micro-X team developing deep learning algorithms to enhance the identification and detection of threats.

The Baggage CT product forms a fundamental element of the self-screening Checkpoint project, for which Micro-X is the prime contractor under a separate US\$14M contract with the DHS. The Checkpoint work has continued to progress as expected during the Quarter and the team remain on track to complete the first module later in CY2024. Recent progress has included the construction of a full-scale model to demonstrate passenger workflow along with a full-scale test bed to validate the system software and controls. Micro-X is now building the first full Checkpoint module in Seattle, which includes construction of a third CT baggage scanner in Adelaide.

Additional partnering initiatives are now a focal point of commercialisation efforts for both the Checkpoints and Baggage Scanner products, and we are progressing a number of discussions with interested parties. In line with the priorities identified during the recent capital raise, we are seeking strategic partners who can provide funded scale up implementation and market access to assist in the global roll out of our leading suite of products.

Head CT- bringing stroke imaging to the patient

During the Quarter, the team continued their work towards the next ASA milestone which requires the use of a test bench of the Head CT device to generate CT images on an x-ray phantom. The test bench is currently generating images as required in the Micro-X facility, with ongoing engineering and software work to further refine image quality and repeatability, as required for clinical acceptance.

Micro-X also exhibited the Head CT and 1/4 scale ambulance to over 600 leading figures in stroke and interventional neurology at the Asia Pacific Stroke Conference 2024 in Adelaide. Federal Health Minister The Honourable Mark Butler attended, where he launched the Economic Impact of Stroke Report 2024 published by the Stroke Foundation.

In a testament to the Company's world leading technology and development capabilities, Micro-X together with Monash University Health Collab won the prestigious gold award in the category of Design Research for the Micro-X Head CT at the Good Design Australia Design Awards 2024.

Corporate & Financial matters

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	September 24 Qtr	Notes
Operational cash inflows:		
Product sales - customers	926	Sales of Argus and Mobile DR units plus associated spare parts and components
Project work – ASA, DHS, Varex	4,278	Checkpoints & Varex Contract payments
Total	5,204	
Operational cash outflows	(8,166)	
Net cash from Operations	(2,962)	

Includes payments to Directors of \$0.25M

The Company ended 30 September 2024 with \$3.02M of cash on hand, following overall cash outflows for the Quarter of \$0.21M. During the Quarter the Company borrowed \$3.0M against the FY2024 R&D Rebate. The cash balance in the September Quarter was negatively influenced by several factors which, in addition to standard operations, are outlined below:

- Product manufacturing costs were higher than usual due to a considered inventory build ahead of anticipated demand for Argus and Rover Plus units;
- Staff costs were higher than usual due to \$0.18M of additional Director costs including payment to one Director in relation to services accrued over the previous two financial years; and
- The pending ASA milestone which, due to a timing delay, is now expected to be completed during the December Quarter, the completion of the milestone will trigger a \$0.5M payment.

Looking ahead, the Company has:

- **\$0.5M** in Mobile DR and Imaging Chain orders in hand to be delivered and invoiced;
- **Approximately \$5.8M** of inventory on hand and available for Rover (\$3.9M) and Argus (\$1.9M) units, further improving the cash position moving forward;
- An estimated R&D Rebate of **\$6.4M** to be received by December 2024. Of this, \$3.0M has been accessed using an advance funding facility at quarter end, with the net amount expected to be received in the December quarter being \$3.4M, including \$1.5M drawn down in the December quarter.

Brand Refresh - New Website Launched

During September, Micro-X launched an updated new website which is designed with a commercial focus to both build brand awareness and improve ease of use for Micro-X customers. In line with our broader operational approach, innovation is at the heart of everything we do, and the new Micro-X website and brand refresh is designed to better reflect our cutting-edge technology and vision for the future.

The new website can be visited at the following link – www.micro-x.com

Quarterly Investor Call

The Company's Chief Executive, Kingsley Hall will host a Quarterly Investor Call at 9.00am AEDT on 6 November 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/10043147-hgy76t.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: 10043147

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 September 2024

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	926	926
1.2 Payments for		
(a) research and development	(1,372)	(1,372)
(b) product manufacturing and operating costs	(1,605)	(1,605)
(c) advertising and marketing	(112)	(112)
(d) leased assets	(40)	(40)
(e) staff costs	(4,204)	(4,204)
(f) administration and corporate costs	(808)	(808)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	11	11
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Engineering Consulting, Government grants and tax incentives		
(a) ASA CT Brain Scanner	-	-
(b) DHS Checkpoints Contracts	2,809	2,809
(c) Varex Technology Transfer	1,469	1,469
(d) Research & Development Tax Incentive	-	-
(e) Other	-	-
1.8 Other		
(a) AASB 16 Lease interest payments	(36)	(36)
1.9 Net cash from / (used in) operating activities	(2,962)	(2,962)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 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	(54)	(54)
	(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	(54)	(54)

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	(52)	(52)
3.5	Proceeds from borrowings	2,998	2,998
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	(135)	(135)
3.10	Net cash from / (used in) financing activities	2,811	2,811

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 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	3,228	3,228
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,962)	(2,962)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(54)	(54)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	2,811	2,811
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	3,023	3,023

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	2,779	2,995
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	244	233
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	3,023	3,228

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	(253)
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 <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>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	3,000	3,000
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	<p>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.</p> <p>The Company has a \$3.0M secured loan with Radium Capital in relation to a prepayment loan on the financial year 2024 R&D tax refund from the ATO. No principal repayment is due until the R&D tax refund is received or 31 December 2024, whichever is earlier. Interest is paid at 1.33% per month on repayment.</p> <p>Subsequent to the end of the quarter the Company has drawn down an additional \$1.5M under the above facility. The current principal amount outstanding is \$4.5M.</p>		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(2,962)
8.2	Cash and cash equivalents at quarter end (item 4.6)	3,023
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	3,023
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	1.02
	<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	<p>If item 8.5 is less than 2 quarters, please provide answers to the following questions:</p> <p>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> <p>Answer: No</p> <p>The Company is carefully managing its expenditure and its quarterly outflows for the December quarter are expected to be lower than September. Payments related to the purchase of inventory and research and development expenditure in the September quarter are expected to be monetised in future quarters as development milestones are achieved and inventory is sold. This includes \$1.1M of milestone receipts that were previously forecast for the September 2024 Quarter.</p> <p>In addition, the Company is expecting to receive the remainder of an estimated \$6.4M R&D Tax Rebate in the December Quarter. Of this, \$3.0M had been drawn down at quarter end using an advance funding facility, with the net amount expected to be received in the December quarter being \$3.4M, including \$1.5M drawn down in the December 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 progressed its stated strategy of seeking partners to assist in bringing the Checkpoints and Head CT products to market, through market access and funding support. This process has been accelerated since the April 2024 capital raising and confidential discussions are ongoing with a number of parties.

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 is carefully monitoring its cash and taking steps to reduce its net operating cash outflows in future periods. This includes targeting Mobile DR and Argus products to be self sustaining on a cash basis, including converting current inventory on hand into cash through product sales.

The Company estimates \$10.4M development project payments to be received from current and prospective partners through to June 2025 subject to meeting milestones. In addition, the Company expects to receive the estimated balance of \$3.4M R&D Tax Rebate 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: 31 October 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.