

## QUARTERLY ACTIVITIES & CASHFLOW REPORT QUARTER ENDED 31 DECEMBER 2024

*Investor Conference Call at 9.00am AEDT on Wednesday 5 February 2025*

**Adelaide, Australia, 31 January 2025:** 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 December 2024 (the Quarter). All financial results are in Australian dollars and are unaudited.

### Highlights

- Strategic realignment announced to focus on Medical CT
- ARPA-H US Government contract up to \$25m of non-dilutive funding – develop portable Full Body CT scanner with \$12.5m over next two years plus option for further \$12.5m over three years
- Key Head CT milestone achieved - first full 3D CT images delivered and accepted by the ASA
- Micro-X Rover Plus progressing through the final evaluation with major US hospital operator and buying group
- Partnering and monetisation discussions ongoing for Checkpoints and Miniature Baggage Scanner
- Argus operations to be discontinued - \$0.7m annual cost savings
- Patrick O'Brien replaced David Knox as Chair of Micro-X Board – effective 15 January 2025
- Closing cash balance as at 31 December 2024 of \$2.39m – capital raising activities underway

Micro-X Chief Executive Officer Kingsley Hall commented:

*"The December quarter was pivotal in shaping Micro-X. Medical imaging, with a focus on CT, is the future of Micro-X and success in winning the development contract with ARPA-H underpins our commitment in that regard. Together with Head CT and Rover Plus, Micro-X aims to be a leading image technology provider in the medical space. We will continue to focus on the Checkpoints development project through to completion, while we engage with various parties in accessing the right commercial outcome which recognises the value we have created in our security applications."*

### Strategic Reset

The Company announces today a realignment of its strategy based on a strong focus on medical imaging consistent with the significant opportunities Micro-X is developing in this space. In order to achieve and resource this focus on medical imaging, the Company's current security applications will be monetised via strategic partnerships with third parties.

The Company's focus on medical imaging is underpinned by its recently announced ARPA-H development contract, which provides up to \$25m in non-dilutive funding over the next five years to enable the Company to develop a lightweight, ruggedised Full Body medical CT device. This contract will build upon the Company's proprietary technology platform and leverage the development of the Head CT.

Discussions with multiple potential strategic partners for the Company's security applications are ongoing. The Company believes this is the right time to realise the value created through the development of its security applications as it focuses on medical imaging.

These discussions will not impact the Company's development contracts with DHS and TSA which remain on track and are discussed further below.

The Company is in advanced stages of preparing to execute a capital raising to fund its operations in line with these revised strategic initiatives. These capital raising activities are currently incomplete, and details will be announced to the market as appropriate.

## **Argus operations**

The Argus IED x-ray camera was originally conceived with support and input from the Australian military to enable bomb technicians to safely detect potential explosive devices from a distance and without exposing the technician to potential harm.

The Argus was first launched commercially in March 2024 with the first sale and the specialist Micro-X sales team of former military bomb disposal experts have conducted a large number of customer demonstrations in the US, Australia and Asia, over the last 12 months. The product was further enhanced with the Pexray transmission capability in late 2024, to provide potential customers with a broader range of imaging techniques and this upgrade generated better customer engagement with a number of customer proposals issued during the Quarter.

However, based on the slow sales ramp up and the evolution in the macro environment covering global warfare and threat detection, Micro-X does not believe the Argus, in its current format, represents a viable commercial opportunity. The Company has therefore decided to discontinue Argus operations, to reduce further cash outflows which have limited near term prospects of a return. This will involve a reduction in direct staff, with an estimated cost saving of \$0.7m per annum, following one-off costs.

Moving forward, Micro-X is seeking opportunities to commercialise or partner the Argus imaging chain, software and kit with other partners. Any work to secure or support partners will be on a cost neutral basis.

## **Commercialisation Activities**

### ***Mobile Digital Radiology – Rover Plus x-ray systems***

The second and final stage of an evaluation of Rover Plus by a major US Corporation (owner and operator of hundreds of hospitals and treatment clinics) progressed positively during the Quarter. The final stage of the evaluation involves the assessment of multiple Rover Plus units which are currently in use with patients in their hospital system. Whilst the identity of the US Corporation and the trial arrangements are commercial in confidence, Micro-X is pleased to be included in the final stage of evaluation. An outcome from this opportunity is expected in 1H 2025 and, while there is no guarantee of being successful, this is a significant commercial opportunity for Rover Plus sales with a highly regarded hospital operator in the U.S.

Micro-X has also progressed commercial discussions with a significant US Group Purchasing Organisation, in parallel with the ongoing evaluation mentioned above. Group Purchasing Organisations are seen as critical in establishing material sales volume into larger US hospital and clinical networks.

Elsewhere in the Mobile DR business unit, the sales team continued to execute on its considered approach to diversify product revenues through the sale of proprietary imaging chains.

Overall products receipts for the Quarter were \$0.33m with a further \$0.90m of orders in hand for delivery and invoicing in the near term.

During December, the Rover Plus was on show, with demonstrations by the Micro-X commercial team at the Radiological Society of North America (RSNA) Annual Meeting in Chicago. The RSNA annual meeting is the world's largest radiology conference and in 2024 hosted 39,000 registrants, featuring various key decision makers from industry and government who are intimately involved in purchasing decisions. This year, Micro-X continued to showcase its range of medical imaging products including the Head CT which has now successfully produced images, as announced in December 2024. The response from industry participants to this world leading CNT technology with its small size, low power and highly portable features, was very positive.

## Funded Development Programs

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

During the Quarter, the team continued to progress through the final stages of the Baggage CT contract which is focused on the development and refinement of deep learning algorithms to enhance the identification and detection of threats. In parallel to this development, the Department of Homeland Security (DHS) continued their testing and data collection on the first of the two baggage scanner prototypes in their specialist laboratory. The second baggage scanner prototype, which was completed and delivered to the Micro-X US headquarters in Seattle during the September Quarter, is awaiting delivery to the DHS which we expect to occur soon.

Additionally, the development efforts under the separate US\$14m self-screening Checkpoint project with the DHS continued during the Quarter. The first module, which was originally expected to be completed in late CY2024, is in the advanced final stages of its development and is now expected to be ready for delivery to the DHS in early 2025.

Micro-X also advanced discussions with several parties regarding partnering and monetisation initiatives for both the Checkpoints and Baggage Scanner products. There are a number of ongoing discussions taking place with interested parties which at this stage remain commercial in confidence.

### *Medical CT – Head CT to bring stroke imaging to the patient – Portable, Full Body CT Scanner*

The Medical CT development team made excellent progress during the Quarter, with the team successfully using a Head CT test bench to generate the first full 3D CT images. The images, which show the skull and soft tissue structure of the brain of a head phantom which mimics a human brain, were reviewed by the clinical leads at the Australia Stroke Alliance (ASA) who determined that they were of sufficient quality for the milestone and showed good detail and visualisation of brain anatomy. This acceptance represents a key milestone in the Head CT project, unlocking a \$0.5m milestone payment. The team is now building the hospital test benches for use in human imaging studies by ASA commencing in the Royal Melbourne Hospital in early to mid-2025, subject to ethics approvals.

In a major milestone this quarter, Micro-X is now fulfilling its long-held ambition to expand its range of medical CT products from the Head CT product to a small, portable, full body CT scanner. This vision to extend the product range has been enabled through the award of a development contract worth up to US\$16.4m (A\$25m) with the US Advanced Research Projects Agency for Health (ARPA-H) to develop a Full Body CT scanner.

Our US subsidiary, Micro-X Inc, has executed a US\$8.2m (A\$12.5m) contract to develop the first prototype CT scanner over a 2-year program. There is a further US\$8.2m (A\$12.5m) contract to develop the portable Full Body CT through to FDA 510(k) submission over an additional 3 years which is subject to ARPA-H option.

This full body solution will leverage Micro-X's core technology advancements made through both the US Department of Homeland Security (DHS) Baggage CT and Australian Medical Research Futures Fund (MRFF) Head CT programs, building on these developments to enable a Full Body CT equivalent to conventional diagnostic CT scanners. The development contract will fully fund development and be completely non-dilutive with all rights retained by the Company. This key development work commenced with a kick-off meeting during the Quarter, with the first \$0.7m invoice for work performed also received prior to the end of December.

## Corporate & Financial Matters

### *Discontinuing Argus Operations – positive cashflow effect*

Following the strategic decision to reduce commercial activities related to Argus made in early 2025:

- the Company expects to reduce headcount and annual operating overheads by \$0.7m per annum after modest one-off costs; and

- it is anticipated that the Company will write-off a portion of its Argus inventory, subsequent to a recoverability review.

### **Summary of Cashflows for the Quarter**

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

A\$000	December 24 Qtr	Notes
Operational cash inflows:		
Product sales - customers	328	Sales of Rover Plus & Imaging Chains plus associated spare parts and components
Project work – ASA, DHS, ARPA-H	1,822	DHS, ASA and ARPA-H contract payments
R&D Tax Incentive	6,414	
<b>Total</b>	<b>8,564</b>	
Operational cash outflows	(7,516)	
<b>Net cash from Operations</b>	<b>1,048</b>	

Includes payments to Directors of \$0.07m

The Company ended 31 December 2024 with \$2.39m of cash on hand, following overall cash outflows for the Quarter of \$0.63m. During the Quarter the Company received a Research & Development (R&D) Tax Incentive, net of income tax payable, of \$5.83m for the financial year ended 30 June 2024 and an additional \$0.58m relating to an amendment to the Company's FY22 R&D tax incentive. The total of \$6.41m received is consistent with the Company's previous guidance. The Company previously accessed \$4.57m using an advance funding facility which was repaid in full as part of the receipt.

Additionally, during December the Company accessed \$1.5m of the estimated FY2025 R&D Tax Incentive using an advance funding facility.

Looking ahead, following the wind-down of Argus operations, the Company has:

- \$0.90m in Mobile DR and Imaging Chain orders in hand to be delivered and invoiced; and
- Approximately \$4.3m of inventory on hand and available for Rover Plus, further improving the cash position moving forward.

In December 2024, to assist in extending the cash runway of the Company, the Board resolved to not receive Board Fees and senior members of the Leadership Team volunteered to reduce their salaries by 10% with these measures to be reviewed periodically.

### **Board retirements - Patrick O'Brien appointed as Chair**

Following the end of the Quarter, the Company announced that Non-Executive Director, Patrick O'Brien will replace David Knox as Chair effective from 15 January 2025. Mr O'Brien previously served as Chair from 2015 to 2021.

As announced at the AGM, Mr Knox has now retired from the Board after nearly five years as a director and Chair and will relocate to Scotland to pursue personal interests. Dr Alexander Gosling also retired at the AGM after nine years on the Board, as part of a Board renewal process underway.

## Quarterly Investor Call

The Company's Chief Executive, Kingsley Hall will host a Quarterly Investor Call at 9.00am AEDT on 5 February 2025, 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/10045200-6tadn2.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: 10045200

**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 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 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 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 a number of high margin, product applications in health and security. The first mobile digital radiology products are currently sold for diagnostic imaging in global healthcare, military and veterinary applications. 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. In November 2024, US Government agency ARPA-H contracted Micro-X to develop a full-body CT.

For more information visit: [www.micro-x.com](http://www.micro-x.com)

## Contacts

Micro-X Limited	Investor Enquiries
<b>Kingsley Hall</b> , Chief Executive Officer <b>Rebecca Puddy</b> , Head of Corporate Communications Tel: +61 8 7099 3966 Email: <a href="mailto:media@micro-x.com">media@micro-x.com</a>	<b>David Allen / John Granger</b> Hawkesbury Partners Tel: +61 2 9103 9494 Email: <a href="mailto:dallen@hawkesburypartners.com">dallen@hawkesburypartners.com</a> <a href="mailto:jgranger@hawkesburypartners.com">jgranger@hawkesburypartners.com</a>

## 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 December 2024

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	328	1,254
1.2 Payments for		
(a) research and development	(1,073)	(2,445)
(b) product manufacturing and operating costs	(1,112)	(2,717)
(c) advertising and marketing	(272)	(384)
(d) leased assets	(56)	(96)
(e) staff costs	(4,272)	(8,476)
(f) administration and corporate costs	(539)	(1,347)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	51	62
1.5 Interest and other costs of finance paid	(195)	(195)
1.6 Income taxes paid	-	-
1.7 Engineering Consulting, Government grants and tax incentives		
(a) ASA CT Brain Scanner	514	514
(b) DHS Checkpoints Contracts	591	3,400
(c) Varex Technology Transfer	-	1,469
(d) Research & Development Tax Incentive	6,414	6,414
(e) ARPA-H Full Body CT	717	717
(f) Other	-	-
1.8 Other		
(a) AASB 16 Lease interest payments	(48)	(84)
<b>1.9 Net cash from / (used in) operating activities</b>	<b>1,048</b>	<b>(1,914)</b>

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
<b>2.</b>	<b>Cash flows from investing activities</b>		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	(12)	(66)
	(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)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(12)</b>	<b>(66)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	(52)
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	3,090	6,088
3.6	Repayment of borrowings	(4,568)	(4,568)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other		
	(a) AASB 16 lease principal repayments	(189)	(324)
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>(1,667)</b>	<b>1,144</b>

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
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<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	3,023	3,228
4.2	Net cash from / (used in) operating activities (item 1.9 above)	1,048	(1,914)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(12)	(66)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(1,667)	1,144
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>2,392</b>	<b>2,392</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	2,148	2,779
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	244	244
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>2,392</b>	<b>3,023</b>

<b>6.</b>	<b>Payments to related parties of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1	Aggregate amount of payments to related parties and their associates included in item 1	(75)
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.*



<b>7.</b>	<b>Financing facilities</b> <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>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
7.1	Loan facilities	1,520	1,520
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	<b>Total financing facilities</b>	-	-
7.5	<b>Unused financing facilities available at quarter end</b>		-
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.		
	The Company has a \$1.5M secured loan with Radium Capital in relation to a prepayment loan on the financial year 2025 R&D tax refund from the ATO. No principal repayment is due until the R&D tax refund is received or 31 December 2025, whichever is earlier. Interest is paid at 1.33% per month on repayment.		

<b>8.</b>	<b>Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1	Net cash from / (used in) operating activities (item 1.9)	1,048
8.2	Cash and cash equivalents at quarter end (item 4.6)	2,392
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	2,392
8.5	<b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	N/A
	<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?	
	Answer: <b>N/A</b>	
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: <b>N/A</b>	
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: <b>N/A</b>	
	<i>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.</i>	

## 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 January 2025.....

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.