

The Manager  
Company Announcements Office  
ASX Limited

## CHAIRMAN'S ADDRESS – 2019 AGM

**Melbourne, Australia, 29 November 2019:** On behalf of the Micro-X Board, I'm pleased to welcome all shareholders who have made it here today to our *2019 Annual General Meeting*. In addition to the formalities of the meeting there will also be a short presentation by our Managing Director, Peter Rowland on our progress and key developments over the past year. First though, I want to make some opening remarks on what has been a truly transformational last 12 months for Micro-X.

The most significant aspect for the Company this year has been the transition from a technology developer into a commercial stage business with early sales from our first product, the *Carestream DRX Revolution Nano*. Other key achievements included a major insourcing project which secures our future by delivering our own proprietary X-ray tube and a manufacturing capability to ensure we can meet the planned sales demand. We also formed a new airport security partnership with global technology giant, Thales combined with a \$10 million funding facility and in the lead up to the AGM, we considerably strengthened our balance sheet with a \$16.5 million private placement. These two financings, if approved by shareholders, will allow us to continue commercialising the Nano and Rover for the healthcare markets as well as developing our MBI product for future security applications.

Turning to our commercial efforts, we recognise that these have started more slowly than shareholders might have hoped, due in part to some unexpected challenges and delays over the past year. While frustrating, as many of you will appreciate, such challenges and delays are not unusual when bringing a truly breakthrough technology into a mature medical market such as mobile medical X-ray. I consider it a testament to the quality and depth of our team that they established such effective workarounds and solutions to these issues. We set out to broaden our own manufacturing capability with a two-year project to insource our own carbon nanotube emitter and X-ray tube and the completion of this project sees us not only having overcome the supply challenges that we faced but also achieving improved margins and quality. More importantly again, we now own and control our core technology, have removed our reliance on third party vendors, and have the capability to scale production as required. We can currently produce around 85 Nano or Rover units per month at Tonsley before we look to add additional day or weekend shifts to our manufacturing.

Working in partnership with our global distributor Carestream, I am pleased to say that we have achieved sales in more than 10 countries and only this week we announced our first hospital placement in Australia, at The Alfred Hospital here in Melbourne which is trialling a Nano unit with a view to purchase. Carestream has also been ramping up its efforts, engaging 4 additional, dedicated specialist sales staff to set up and run product demonstrations of the Nano in reference-

site hospitals where we repeatedly hear reports of Nano winning head to head comparisons against other mobile medical X-ray units.

We remain confident of the strong value proposition and technological advantages that the Nano can offer our target hospital customers and we are reassured by their growing interest and positive voice of customer feedback. While there is more to be done to build adoption I can advise shareholders that a concerted effort is underway on that front.

We also have a clear future product roadmap as we press ahead with the near-term developments of Rover and MBI. We are now planning to launch the Rover mobile X-ray for military deployments in the first half of 2020, around 6 months ahead of plans, in response to strong customer interest from the U.S. Defence Health Agency which is the procurement arm for all arms of the United States armed services. We have had our team conduct two successful demonstrations to this Agency in the last 6 weeks at Fort Detrick, Maryland and this underpins our aim of achieving a sales contract with the U.S. Army in mid 2020. To achieve this we will seek FDA regulatory clearance with a filing in early 2020.

In Australia, we are now in the final stages of completing pricing of the Rover for the successful JP2060 tender with the Australian Defence Force with the aim of delivering Rover sales to the ADF by the end of 2020.

As a strong technology-focused business, Micro-X has formed strong strategic relationships with French multinational Thales and both the US and Australian defence agencies, accelerating our momentum for our lead products. During the year we established a strategic relationship with Thales to collaborate on new X-ray tube designs and counter-terrorism and airport security products, including our MBI product which we are on track to deliver in prototype by the end of 2021. As part of the collaboration, Thales committed to a \$10m investment in Micro-X to accelerate the development of our product roadmap. In July I had the pleasure to join with Thales Australia CEO, Mr Chris Jenkins at an event hosted by the Premier of South Australia, the Honourable Stephen Marshall MP, to mark the initiation of this important partnership.

Thales brings considerable expertise and resources to a small company like Micro-X and they also provide third party validation of the proprietary technology we have developed and our opportunities with regard to future security products.

We understand the importance of delivering near term commercial success from our lead products and are committed to a focused approach to our technology efforts and management of financial resources. In connection with that, last week we announced a \$16.5m private placement with \$2.5 million completed this week and a further \$14 million subject to shareholder approval at our EGM on 19 December 2019. In addition to funding the ongoing commercialisation of the Nano product and the launch of the Rover, we have also tidied up our balance sheet redeeming approximately \$2.9 million convertible notes on top of repayment of our \$3 million R&D facility from the proceeds of our R&D tax rebate. We will also use these new funds continuing our development of the MBI product which I see as a strategic focus for us in

establishing ourselves in the security market where we have an outstanding value proposition, huge opportunities and limited competition.

Following the announcement of the \$16.5 m capital raising a number of shareholders have reached out and expressed strong disappointment at the fact that we did not offer a share purchase plan (SPP) for our existing retail shareholders. Unfortunately, while we had intended to incorporate an SPP, once we were suspended from trading on the ASX for more than 5 days, we were not able to issue a cleansing notice, and accordingly were not able to satisfy one of the key conditions required in order for us to offer securities under an SPP.

We do appreciate the support of our retail shareholder base and will continue to seek to improve our engagement with you. One step towards this was our inaugural Investor Open Day in September, attended by a number of our retail as well as larger investors. This was a fabulous opportunity to see our facility first hand and for a number of our employees to showcase our achievements. We plan to repeat this event in 2020 and I would encourage you to attend if possible.

In conclusion, we are firmly committed to delivering on our commercial plans for the Nano and the Rover this coming year and the development of the MBI and our product roadmap. We need to grow and adapt to this evolution from technology development to sales and marketing activities and we will be adding capability to our leadership and broader team.

I believe we have an exciting future ahead of us and we plan to make the necessary investments into commercialisation and innovative solutions to advance our global position. I look forward to working with the Board and management in the coming year to build long term shareholder value as we continue to establish Micro-X as a global leader in innovative X-ray technology.

I wish to thank you for your continued and much valued support as a fellow Micro-X shareholder. I will now hand over to your Managing Director, Peter Rowland, who will provide an update on operational matters and our goals for the coming year.

– 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 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.

## CONTACTS

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