

## APPENDIX 4E

**Micro-X Limited**  
**Appendix 4E**  
**Preliminary final report**

**1. Company details**

Name of entity:	Micro-X Limited
ABN:	21 153 273 735
Reporting period:	For the year ended 30 June 2023
Previous period:	For the year ended 30 June 2022

**2. Results for announcement to the market**

				\$'000
Revenues from ordinary activities	up	67%	to	15,005
Loss from ordinary activities after tax attributable to the owners of Micro-X Limited	down	37%	to	(10,754)
Loss for the year attributable to the owners of Micro-X Limited	down	37%	to	(10,754)

*Dividends*

There were no dividends paid, recommended or declared during the current financial period.

*Comments*

The loss for Micro-X Limited and its controlled entities (the **Group**) after providing for income tax amounted to \$10,754,000 (30 June 2022: \$17,089,000).

Refer to the Directors' report in the 2023 Annual Report for additional information in the results during the Financial Year.

**3. Net tangible assets**

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	3.33	4.15

The Group has treated the Right of Use asset as an intangible asset when calculating the Net tangible assets per ordinary security.

**4. Control gained over entities**

Not applicable.

**5. Loss of control over entities**

Not applicable.

**6. Dividends***Current period*

There were no dividends paid, recommended or declared during the current financial period.

*Previous period*

There were no dividends paid, recommended or declared during the previous financial period.



# APPENDIX 4E CONT'D

Micro-X Limited  
Appendix 4E  
Preliminary final report

## 7. Dividend reinvestment plans

Not applicable.

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## 8. Details of associates and joint venture entities

Not applicable.

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## 9. Foreign entities

*Details of origin of accounting standards used in compiling the report:*

All foreign entities are applying IFRS for reporting purposes.

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## 10. Audit qualification or review

*Details of audit/review dispute or qualification (if any):*

The financial statements have been audited and an unqualified opinion inclusive of an emphasis of matter regarding Going Concern has been issued.

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## 11. Attachments

*Details of attachments (if any):*

The Annual Financial Report of Micro-X Limited for the year ended 30 June 2023 is attached.

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## 12. Signed

Signed

David Knox

David Knox  
Non-Executive Chair

Date: 29 August 2023

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MICRO-X

D R I V I N G  
C O M M E R C I A L  
F O C U S

Annual Report 2023

## Who is Micro-X?

Micro-X creates revolutionary x-ray imaging to better lives.

We are pioneers of a global revolution in medical and security imaging using cold cathode x-ray sources. Our proprietary technology removes barriers to traditional x-ray imaging and creates new opportunities for industries across the world. We are re-imagining the world of imaging and changing lives for the better.

Our world-leading Nano Electronic X-ray (NEX) Technology is the common platform for all our products, delivering reliability and quality digital images through a small cold cathode x-ray tube.

With a vertically integrated design and production facility in Adelaide, Australia, and a global technical and commercial team, we are focused on delivering exceptional innovative products to underpin our commercial growth.

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# MICRO-X CREATES REVOLUTIONARY X-RAY IMAGING TO BETTER LIVES.

We have a proven technology platform using proprietary Nano Electronic X-ray Technology that is world-leading.

Micro-X is more focused than ever on building advanced commercial capabilities to accelerate our growth into new and established markets and increase shareholder value.



2023

## ACHIEVEMENTS

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## Mobile DR

- Sales of \$3.8m in FY2023.
- Expanded into sports medicine market including debut at Australian Grand Prix.
- Rover Plus approved for sale in Australia and US.
- Humanitarian and defence applications – Ukraine and Australian Defence Force.

## Argus X-ray Camera

- Successful technical and customer demonstrations.
- System integration and verification underway.
- Exhibited at major international events.
- Internationally recognised with iF Design Award.



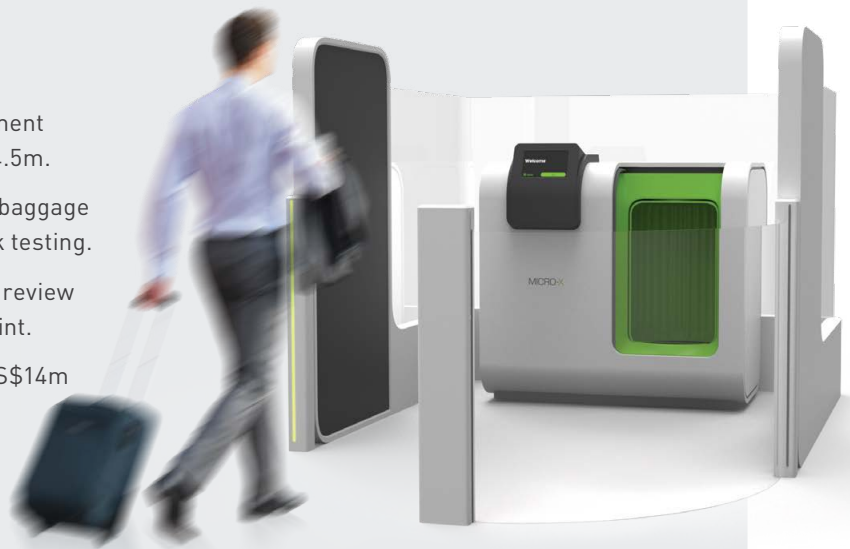


# US\$30B+

## ADDRESSABLE MARKETS

### Checkpoints

- Two contracts with US Department of Homeland Security for US\$4.5m.
- Contract extension for second baggage scanner prototype to fast-track testing.
- Completed DHS critical design review for the self-screening checkpoint.
- Subsequently awarded up to US\$14m contract extension to build and test in US airports.



### Brain CT Scanner

- MRFF funding of \$8m in collaboration with the ASA.
- Key milestones achieved include build and demonstration of imaging test bench.
- Presented phantom brain images and full-scale model in Australian Parliament House.
- International interest from multiple emergency services to be first adopters.



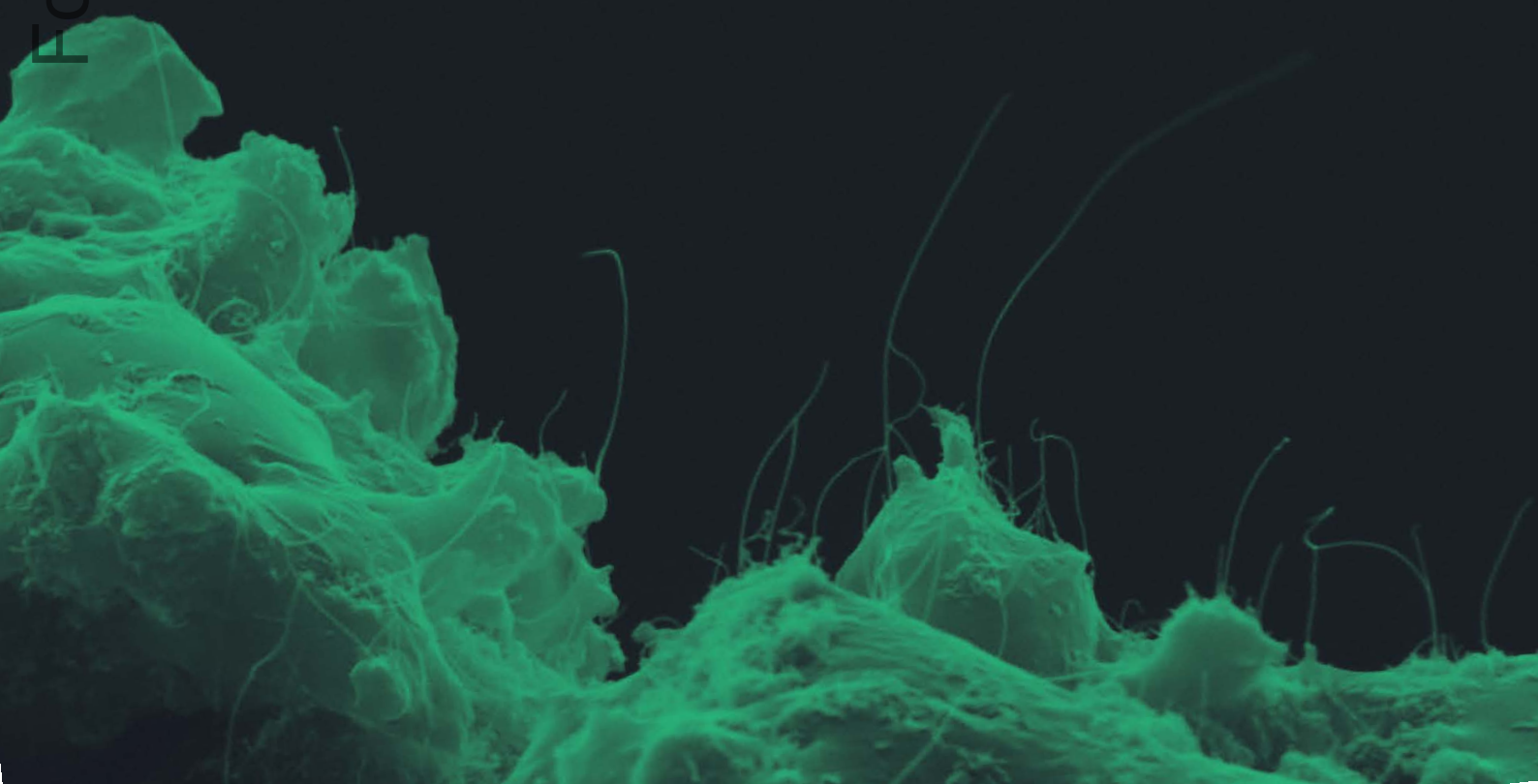
# MICRO-X AT A GLANCE

**Micro-X has a proven technology platform in our proprietary carbon nanotube electronic x-ray tubes. Known as NEX Technology, the tubes form the centre of our innovations, delivering a world of possibilities across industries.**

Our patented emitter contains millions of carbon nanotubes that deliver a precisely controlled current of electrons into an anode, making x-rays without the heat of a filament electron source. NEX tubes have instant electrical switching on and off and a controllable focal spot size for imaging. Our NEX Technology allows us to move beyond large conventional oil encased filament tubes, making Micro-X tubes smaller, simpler, and lighter without compromising performance. The smaller size opens new ways to solve problems, such as miniaturising a CT scanner to enable stroke imaging outside of hospitals.

Micro-X's first NEX Technology tubes were commercially produced in 2019. This technology has been significantly advanced by shrinking the x-ray tube, increasing its capability and combining it with backscatter x-ray technology.

2023 also saw Micro-X commercialise its in-house manufactured high-voltage generator platform for use across Micro-X products. Using a bespoke epoxy resin to provide solid state high-voltage encapsulation allows the compact generator to deliver 160,000 Volts DC.







Micro-X NEX Technology produces electrons with a narrower and more controllable energy spectrum, allowing tubes to be miniaturised, with lower voltages required.

**Micro-X is pursuing large addressable markets with limited competition, combining technological prowess with commercial excellence.**

We continue to look for ways to further commercialise our core technology, and in 2022 signed a \$7.5m collaboration agreement with Varex Imaging Corporation for an exclusive licence to produce multi-beam x-ray tubes. This agreement is a testament to the value of our technology and takes us one step closer to our goal of global recognition as the future of x-ray imaging.

## PILLARS FOR SUCCESS

- › World leading carbon nanotube x-ray technology platform offering strong product advantages.
- › Quality manufacturing and delivery with vertically integrated design and production facility in Adelaide, South Australia.
- › Proven development capabilities with a world-class engineering, design and software team.
- › Strong and growing partner ecosystem providing industry validation.



NEX Technology enables a more precisely controlled imaging system through the use of millions of electronically switched carbon nanotubes to generate x-rays.



# CHAIR'S LETTER



## Micro-X's purpose is to create revolutionary x-ray imaging to better lives.

The past year has been one of significant change for Micro-X. The Company has met these challenges as it continues to develop ground-breaking ultra-light x-ray technology. For the first 12 years Micro-X has been led by Peter Rowland who drove the value of the technology. He has taken the technology of high-voltage carbon nanotube x-rays from the lab bench to fully operational Nano Electronic X-ray Technology deployed in all our products. This is a fantastic achievement, made all the more so by the robustness of the tubes and supporting generators once in service. The Rover mobile x-ray carts perform outstandingly whether in hospitals, in support of top sports teams or on the battlefield in Ukraine.

One of the hardest challenges of growing companies is to recognise when different leadership skills are required to successfully transition into a fully functioning and self-funded business. Peter recognised the need for new leadership skills, and in handing over to Kingsley, underpinned Micro-X's future.

Micro-X is a company with a clear purpose; we seek to better lives as we apply our technology in healthcare settings, bomb disposal and airport passenger screening. The future is exciting. It is based on the technological foundations put in place under Peter's leadership and will now be relentlessly driven forward with a commercial edge by Kingsley. In Kingsley's first few months he has simplified the organisation, been clear on the purpose and reduced costs.

In his report he discusses the technical challenges. Anyone who has developed disruptive technology will recognise these challenges and I am confident that under the technical leadership of Anthony and Brian, Micro-X will continue its track record of success.

This year we have also welcomed the partnership with Varex, based in Salt Lake City, United States. They are the largest supplier of x-ray technology components in the world. Through the deal to licence our multi beam technology, Varex has invested in Micro-X and we have been pleased to welcome Andrew Hartmann onto the Board. The Varex relationship is strategically important to us. It has brought funding but more importantly the opportunity to collaborate with a world-class partner who works in the field.

I would like to take the opportunity to thank Peter and Micro-X staff for their support of the transition to Kingsley and the reshaping of the organisation. I would like to acknowledge our long-standing shareholders who have supported the company through the peaks and troughs. The Board is committed to spending shareholder funds wisely and rewarding your long-term support.

David Knox

**David Knox**  
Chair

# CEO'S REPORT



**It is my pleasure to be providing shareholders with my first CEO Report, having been appointed in May with a vision to drive strong commercial outcomes from our world-leading technology.**

Since taking the reins it has been an incredibly busy time as our new leadership team has undertaken a deep operational review. We have examined every aspect of our business – from our strategic priorities and product plans, to our customers and partners, our future priorities and capital allocation.

Management has met with key stakeholders, including our shareholders, as we continue to outline the vision for Micro-X. As a truly innovative company, we at Micro-X are always looking to learn and improve what we do, and I feel the outcome of this process has been extremely positive.

Our company has strong, proprietary technical foundations upon which we can build and leverage value through a significantly enhanced commercial focus on everything we do.

During this year we reduced our overheads and simplified our operating model, allowing us to focus resources on the key drivers of value within our business – delivering on our development milestones and bringing our technology to market. Over the coming year we will continue to improve our commercial profile, through organic development but also via appropriate partnering opportunities.

Turning now to the financial year just completed, we were met with several challenges including a difficult radiology market and technical hurdles in the development of our first security product, the Argus. Despite these challenges, we still achieved key commercial and development milestones across our four groundbreaking products, and we look forward to continuing to deliver value and accelerate our growth into new markets in the coming year.

Over the year we faced some unexpected development challenges with Argus, including the insulation of high-voltage components which required our development team to create a custom-made resin that is cured in a vacuum environment. These challenges unfortunately pushed back the commercial launch however we are now manufacturing pre-production units at Tonsley which we have been showcasing with future customers at key international defence and security events.

We were delighted to complete Argus' first field tests in May, successfully transmitting high-definition backscatter images to the operator who was more than 1,500m from the target. Argus has exceeded our expectations in testing, with impressive images of shallow-buried anti-personnel mines and targets imaged through car doors demonstrating the broad potential use of our technology.



# “We were delighted to secure a contract extension with the DHS for up to \$21m.”

This is providing our commercial team with valuable insights as our development and manufacturing teams work tirelessly to deliver the product to launch.

Our shift towards a distributor-based sales model for Mobile DR resulted in slower than expected sales growth for the division which lead us to conducting a comprehensive review of the sales process and pipeline for the Rover Plus. Going forward we will be placing greater emphasis on addressing our end customers' requirements and supporting our distributors to ensure the Rover Plus stands out amongst their suite of radiology products.

On a positive note we were pleased with the growing applications for the Rover Plus in the elite sports field as we sold units to multiple leading professional sports teams in the US and were delighted to have our Rover Plus used to image patients in the temporary medical clinic at the Australian Formula 1 Grand Prix. From a humanitarian perspective, we have continued our support for Ukrainian citizens, with over a dozen Rover units being actively used in Ukrainian hospitals. I was heartened when a trauma doctor in Ukraine told us the Rovers are being used extensively, every day, to help save lives in front line surgical units.

We continue to work closely with the Department of Homeland Security (DHS) and, after the year ended, we were delighted to secure a contract extension with the DHS for up to \$21m, which funds us through to

developing a self-screening passenger checkpoint available for trial in live airport environments.

In parallel to this work stream we made strong progress in the design of the associated CT baggage scanner, and we will be submitting two prototypes to the DHS for testing in the coming months. Our technology's ability to strike a balance between safety and convenience positions Micro-X as a key player in the future of airport security solutions.

Our CT Scanner for stroke imaging and diagnosis has shown significant promise in advancing early diagnosis and treatment of stroke. We have successfully demonstrated the imaging test bench to our partner, the Australian Stroke Alliance, simulating the array of our mini x-ray tubes. This gave us the first look at what raw images will look like in the final design and we were very pleased with the quality of the images that were delivered.

From a leadership perspective, this year has seen significant change with the retirement of Peter. I am honoured to have been appointed to succeed him as Chief Executive Officer, working closely with Anthony Skeats who has been promoted to Chief Operating Officer and Dr Brian Gonzales as CEO Americas. I wish Peter all the best in his retirement and thank him for his continued support for Micro-X.




We have continued to tighten cost management throughout the business, and in May reduced our cash burn by identifying annualised cost savings of \$2m which became effective on 1 July 2023. This represents 20% of company expenditure outside of the externally funded projects and will be a key strategy of mine as we seek to lower our cost base and focus our resources.

Our strategy going forward will include a renewed focus in leveraging the investment we have made in our technology and exploring partnerships to help us capture the large addressable markets we are targeting. This year we licensed our technology to Varex to produce multi-beam emitters. We do not plan to manufacture these at Micro-X and it does not compete with our four existing products. The deal delivered a welcome \$15m cash injection to the company and demonstrates the significant value in our unique technology.

While the past year has been challenging, I look forward to the coming year bringing greater success as we close in on launching Argus and advance the development of our Checkpoints and Brain CT Scanner products. I am confident that Micro-X will continue to lead the way in x-ray technology, driving positive change across the healthcare and security sectors.

Our entire team of very talented people continues to work towards its goal of bringing our world leading technology to market, and I take this opportunity to thank them for their commitment and persistence.

I also thank you for your continued trust in Micro-X.



**Kingsley Hall**  
CEO



# X - R A Y C A M E R A

**Argus is the only portable x-ray system in the world capable of capturing backscatter images while stationary, providing explosive ordnance disposal technicians with a tool to rapidly assess threats from a safe distance.**

Argus provides explosive ordnance disposal (EOD) technicians with the ability to 'see through' suspect packages without the need to place a separate imaging panel behind the object, enabling robot deployment which prevents the operator from putting their life at risk by needing to approach the threat. While traditional x-ray detects hard and soft materials by the variation in x-ray intensity transmitted through a target, Argus detects the radiation that reflects from a target, bouncing the x-ray back to the Argus unit and transmitting the image to a separate handheld tablet.

Our Nano Electronic X-ray (NEX) technology underpins Argus' unique capabilities, through the integration of Wide Area Scattered Projection (WASP) backscatter imaging capability into Micro-X's cold cathode x-ray tube technology. Our lightweight x-ray tube and generator mean Argus is small and light enough for hand carry or robot deployment.



**US\$1.8B**

**ADDRESSABLE MARKET**





# THE ARGUS X-RAY CAMERA PROVIDES WORLD-LEADING STAND-OFF IMAGING CAPABILITY

2023 has seen the Argus team overcome technical challenges to deliver on the integration of systems and refine the design of high-voltage components.

The first customer demonstrations were delivered at the International Association of Bomb Technicians and Investigators Expo in Florida in June.

Throughout the year, Micro-X has exhibited at major international

events, including partnering with Team Defence Australia at international expos, providing access to potential customers. This year, Argus was internationally recognised with an iF Design Award thanks to its unique capability.

The next major milestone will be the launch of Argus to global markets, facilitating sales of the unique system to law enforcement and defence EOD teams.

## Commercial Priorities

- > Commercial launch of Argus
- > Secure first sales with key customers
- > Scaling of production capacity



# MOBILE DR

**Micro-X is a leading innovator in medical imaging solutions, creating mobile x-ray systems that are lightweight and offer manoeuvrability without sacrificing image quality.**

The company's Mobile DR product range addresses medical, veterinary and OEM customer segments, with a fully integrated digital x-ray system for imaging in hospitals, private practices, home care and temporary medical facilities

Micro-X's Mobile DR systems are highly portable, allowing healthcare professionals to x-ray patients in any treatment area, reducing the need for patient transfers and minimizing the risk of infection transmission. This is particularly beneficial in emergency situations, aged care facilities or remote locations where access to medical facilities may be limited.

With their portability, high image quality, and emphasis on patient safety, these devices are reshaping the landscape of diagnostic imaging and empowering healthcare professionals to provide accurate and timely care to patients in a variety of clinical settings.

Micro-X has been building sports medicine applications for Mobile DR, selling its branded x-ray system, the Rover, into multiple US professional sporting codes. In 2023 the next-generation Rover Plus was used in the temporary medical clinic at the Australian Grand Prix.

This year saw the next-generation Rover Plus listed on the Australian Register for Therapeutic Goods and the US Food and Drug Administration. Micro-X's experienced commercialisation team is increasing its focus on the Middle East and Asia-Pacific countries, including through the training of new distributors and an increased presence at trade shows in the regions. This year Micro-X continued its partnership with non-government organisations, selling Rovers to be used in Ukraine in civilian hospitals and temporary hospitals on the frontline.

## Commercial Priorities

- Increasing sales across the US by supporting distributors
- Pursuing opportunities in Middle East and Asia-Pacific
- Obtaining approval to sell in Europe



USED IN 35  
COUNTRIES

OUR ULTRA MOBILE X-RAY  
SYSTEMS EMPOWER HEALTHCARE  
PROFESSIONALS TO PROVIDE  
TIMELY PATIENT IMAGING  
IN A VARIETY OF SETTINGS.



# BRAIN CT

**Micro-X's Brain CT Scanner will deliver diagnostic quality images from a unit that is small enough to be mounted in any air or road ambulance.**

In stroke, administering treatment within the first hour can save lives or reduce disability. With around 85% of strokes occurring due to a blockage (ischaemic stroke), being able to bring diagnosis to the patient to enable the early administration of clot dissolving medicine will save lives and deliver equality of healthcare access to stroke patients in rural and remote communities.

Unlike a large conventional CT with a rotating x-ray tube, Micro-X's Brain CT will use NEX Technology inside 21 purpose-designed mini x-ray tubes. Three dimensional images will be reconstructed, delivering diagnostic quality images to doctors in real time.

By using miniaturised x-ray tubes formed into a curved array, the Brain CT Scanner will deliver out of hospital stroke diagnosis, saving precious minutes for patients.





“IF WE COULD TREAT EVERY STROKE WITHIN THE FIRST FEW MINUTES, OR WITHIN THE SO-CALLED ‘GOLDEN HOUR’, MANY PEOPLE’S LIVES WOULD RETURN TO NORMAL.”

Professor Geoffrey Donnan AO,  
Australian Stroke Alliance

The Brain CT Scanner is being developed in partnership with the Australian Stroke Alliance (ASA), with \$8m funding from the Australian Medical Research Future Fund.

Technology development is on time and on budget, with the past year including the milestone development of a test bench capable of capturing phantom or cadaver images that can be reconstructed using the CT reconstruction framework.

Development of the Brain CT Scanner has been presented to decision makers and emergency services in Australia and overseas, including to lawmakers in Parliament House, Canberra in 2023.

#### Commercial Priorities

- Complete product development
- Commence clinical trials
- Accelerate customer evaluations through global collaborations with emergency services

**US\$5B**

**ADDRESSABLE MARKET**



# CHECKPOINTS

**Micro-X is developing the next generation of passenger checkpoints, including a compact CT baggage scanner that utilises NEX Technology.**

Micro-X received funding totalling \$4.5m for two different Department of Homeland Security projects from September 2021.

The contracts include the development of a compact modular CT baggage scanner that is capable of scanning a passenger's carry-on luggage simultaneously and the design of a self-service passenger checkpoint for airports.

The CT's modular design means baggage scanners could also be used to secure buildings, stadiums, prisons and other transportation infrastructure.

Micro-X is funded as the prime contractor for the overall design of the entire self-service checkpoint and is leading a consortium of global experts to combine advanced person screening technology and a human-centred design approach with Micro-X's CT baggage scanner.

In 2023 Micro-X completed the design phase of the passenger checkpoint contract, with DHS extending the contract by up to A\$21m to allow for Micro-X checkpoint modules to be tested in US airports.

## US\$24B

TOTAL ADDRESSABLE  
MARKET







# MICRO-X IS CREATING A NEW WAY FOR PASSENGERS TO EXPERIENCE SECURITY CHECKPOINTS, MAKING THEM EASIER, FASTER AND SAFER.

Micro-X's checkpoint design replaces the conventional conveyor belt-based x-ray and walk-through on-person screening system with seven self-screening stations, placed in the same footprint.

This design allows for the complete screening of seven passengers and their bags at the same time, rather than one at a time like conventional systems, reducing stress, improving safety and increasing throughput.

The checkpoint integrates different scanning to a single security decision.

## Commercial Priorities

- Finalise and deliver two compact CT baggage screening systems to DHS
- Build and test first self-screening module
- Identify potential customers outside of the US



# S U S T A I N A B I L I T Y

## DIVERSITY AND INCLUSION



**24%**

**female  
employees**



**18**

**nationalities  
represented**

- Launched first Reflect Reconciliation Action Plan
- Diversity and Inclusion Policy in place

## SAFETY

**0**

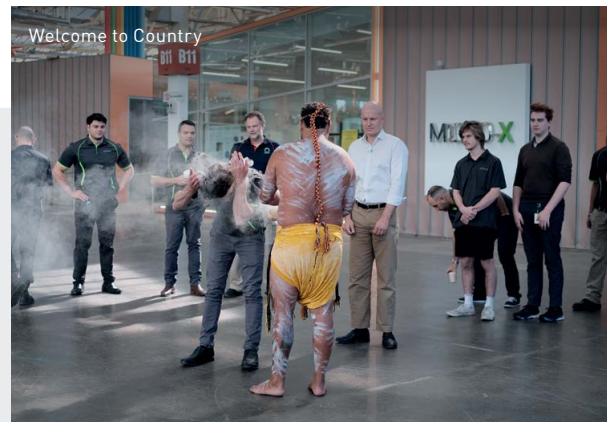
**lost time injury cases  
since December 2020**

**0**

**fatalities or serious  
injuries since  
Micro-X founded**

## ENVIRONMENTAL

- Reduction in materials consumption and waste through refinement of manufacturing processes
- Introduced oil free compressor for wet lab, reducing nitrogen use by **50%**
- Sustainability Framework in development
- Zero environmental incidents



## COMMUNITY

- Targeted support for under-represented groups, including the Women in STEM program and Indigenous student site visits
- School-aged STEM program includes participation in robotics competitions, science events and careers expos



## GOVERNANCE

- Issue of ISO9001:2015 certification
- Strengthened and audited IT and cybersecurity protections
- Passed Therapeutic Goods Administration surveillance audit



# FINANCIAL REPORT

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# DIRECTORS' REPORT

**Micro-X Limited**  
**Directors' report**  
**For the year ended 30 June 2023**

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of Micro-X Limited (referred to hereafter as Micro-X, the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2023.

**Directors**

The names of the Directors in office at any time during or since the end of the year are:

David Knox (Non-Executive Chair)  
Alexander Gosling (Non-Executive Director)  
Patrick O'Brien (Non-Executive Director)  
James McDowell (Non-Executive Director)  
Ilona Meyer (Non-Executive Director)  
Yasmin King (Non-Executive director) - Resigned 7 October 2022  
Andrew Hartmann (Non-Executive Director) - Appointed 15 December 2022  
Peter Rowland (Non-Executive Director) - Appointed to Non-Executive Director role on 1 May 2023

Directors have been in office since the start of the Financial Year to the date of this report unless otherwise stated.

**Principal activities**

Micro-X's principal activities are focused on the design, development, manufacturing and commercialisation of products for the global healthcare and security markets utilising Micro-X's proprietary cold cathode X-ray technology.

No significant changes in the nature of these activities occurred during the year.

**Dividends**

There were no dividends paid, recommended or declared during the current or previous Financial Year.





# DIRECTORS' REPORT CONT'D

**Micro-X Limited**  
**Directors' report**  
**For the year ended 30 June 2023**

## Operating and Financial Review

Micro-X Limited and its wholly owned subsidiaries (**Micro-X or the Group**) continued to focus its activities in the Financial Year ended 30 June 2023 (the **Financial Year**) to advance the commercialisation and development of its range of next generation products using its proprietary carbon nanotube X-ray technology for the health and security markets.

In May 2023, Micro-X appointed Kingsley Hall as Chief Executive Officer, following the retirement of the Company founder, Mr Peter Rowland who joined the Board as a Non-Executive Director. This transition occurred with Micro-X seeking to increase its commercial focus while maintaining its technical leadership, and transition from being a developer of high tech X-ray products to a profitable business enterprise.

The leadership team commenced a detailed Operational Review of all aspects of the business, its customers, partnerships and capital allocation and requirements, which was announced following the year end on 7 August 2023, in conjunction with a Strategy Refresh. The goal of the Strategy Refresh being to create a profitable business utilising the Micro-X world class technology through:

- Further leveraging the technology for commercial benefit;
- Targeting larger and less competitive markets;
- De-risking the business and reducing the cost base;
- Utilising effective partnerships to create value; and
- Creating recurring revenue streams.

As a more focused business, Micro-X removed \$2.0M in overhead costs towards the end of the Financial Year. As part of a streamlining of reporting lines, the four individual business units were removed, with the activities of each of the four product lines refocused across the sales, commercial and engineering disciplines. The Company's progress with these commercial and development opportunities are detailed below.

### Commercialisation - Mobile DR Products

This Financial Year, Micro-X achieved \$3.8M of sales (2022: \$3.8M) from its range of mobile digital X-ray products, the Rover, Rover Plus and the Nano.

The overall level of sales was below the expectations of Micro-X and as part of the Company's Operational Review, a streamlining of the business has been completed. A number of staff departed the business and approximately \$1.5M in recurring costs were removed, while greater focus was given to better understanding customer requirements and supporting distributors.

Micro-X supported distributors to sell its range of Rover, Rover Plus and Nano products globally, with a particular focus on disrupting the US markets through its key distributors MXR and Medlink. In September 2022, the next generation Rover Plus system was launched to provide enhanced imaging capability. This Rover Plus system incorporates the proprietary in-house designed and manufactured generator and extended capability X-ray tube.

Following this launch, Micro-X targeted markets such as sports medicine, with sales of Rover units into multiple US professional sporting codes and urgent medical care organisations where the Rover Plus' usability and portability is of particular importance. Micro-X also continued to partner with non-government organisations through the sale of Rover units for use in Ukrainian civilian and temporary hospitals on the frontline.

From a regulatory perspective the Rover Plus was listed on the Australian Register for Therapeutic Goods and the Rover Plus with a flat panel detector sourced from Varex Imaging Corporation received 510(k) clearance for sale in the US. Micro-X continued to progress its MDR (CE mark) European approval for its Rover and Rover Plus models, with a final document review currently being carried out by its Notified Body. Micro-X has hired regulatory specialists to assist it in mitigating the delays previously experienced in this process.

In July 2023, Micro-X delivered its first Rover Plus unit for military use under the Australian Defence Force's JP2060 Phase 3 Deployable Health Capability Project.

Moving forward, Micro-X is focused on strategies to sell its existing \$6.0M of inventory through its distribution channels converting this inventory into cash.

### Near Term Commercialisation - Argus X-ray Camera

During the Financial Year the planned launch of the Argus X-ray Camera was delayed with the engineering team encountering late stage technical challenges in the design of the highly unique X-ray tube. Micro-X has overcome these



# DIRECTORS' REPORT CONT'D

## Micro-X Limited Directors' report For the year ended 30 June 2023

technical challenges and a pre-production Argus unit with specialised NEX X-ray tube, high power generator, power components and software has moved to the process of verification.

In May 2023, Micro-X undertook successful field testing of the pre-production Argus unit, which demonstrated the capability to capture useful high-definition backscatter images in real-life scenarios including through a car door, through common shielding and shallow buried anti-personnel mines. Micro-X has since completed further field tests and demonstrations with a range of technicians to demonstrate the rapid threat assessment capability of the product.

Micro-X continued to refine its Go To Market strategy for Argus and build customer engagement. This included exhibiting at major bomb disposal events and partnering with Team Defence Australia to exhibit at international expos.

### Development Products - Checkpoints & Brain CT

The Company made significant progress in developing its Security Checkpoints product including completing the Passenger Self Screening Checkpoint Portal design contract with the Department of Homeland Security (DHS), with successful delivery of the Critical Design Review representing the completion of the US\$2.5M (A\$3.8M) funded project on time and on budget. After the year ended the DHS awarded the Company's wholly owned subsidiary, Micro-X Inc. an extension of its Passenger Self Screening Checkpoint contract worth up to US\$14.0M (A\$21.0M) across a 40-month period. In addition, the Company is nearing completion of its Miniaturised CT baggage scanner contract with two prototypes to be delivered to the DHS in the coming months.

The Brain CT team made strong progress during the Financial Year in developing its Brain CT system for stroke diagnosis, in collaboration with the Australian Stroke Alliance (ASA) under the Golden Hour project. Micro-X successfully completed Milestone 3 and part of Milestone 4 during the Financial Year as well as successfully delivering a Critical Design Review of its Test Bench.

### Corporate Activities

In September 2022, the Company entered into a strategic investment and technology collaboration with Varex Imaging Corporation (Varex), the world's largest manufacturer of X-ray technology components. The collaboration comprises an exclusive global license for A\$7.5M (US\$5.0M) to use Micro-X's proprietary NEX technology in multi-beam X-ray tubes as well as an equity investment of A\$7.5M (US\$5.0M). As part of the collaboration agreement Mr Andrew Hartmann joined the Micro-X board as a non-executive director in December 2022.

During the Financial Year, Micro-X delivered the first three of five milestones under the development agreement, which in total, provided A\$4.5M (US\$3.0M) of non-dilutive development funding in addition to the A\$7.5M (US\$5.0M) equity received in two tranches, following FIRB approval.

### Environment, Social and Corporate Governance

Micro-X is developing a Sustainability Framework in line with internationally agreed standards to measure and report on its performance across a range of initiatives which will include;

- Environmental footprint and waste management;
- Social impact through internal policies and external engagement with target groups; and
- Governance reporting as overseen by the Audit and Risk Committee of the Board of Directors.

### Governance

Micro-X has active governance programmes, policies and procedures across all of its activities, as overseen by the Audit and Risk Committee of the Board of Directors. The experience of that Committee was enhanced during the Financial Year with the appointment of a new Chair, highly experienced in legal, regulatory and compliance matters in Australia and internationally.

The Mobile DR range of products are regulated as class two medical devices by the US FDA and the Australian TGA. In conjunction with that, the Tonsley manufacturing facility and the procedures employed have been certified as compliant with FDA good manufacturing practices; and have received TGA conformity assessment. Micro-X also holds ISO 13485 and ISO 9001 QMS certification and passed another surveillance audit during the Financial Year.

Micro-X has a range of measures to ensure its technology and programmes which are used in defence and security applications remain compliant and are protected from access, theft or destruction by unauthorised persons. Security clearances are maintained by a number of personnel including those involved in development work for the DHS programmes. IT auditing and cyber security measures are in place and were actively managed during the Financial Year.



# DIRECTORS' REPORT CONT'D

**Micro-X Limited**  
**Directors' report**  
**For the year ended 30 June 2023**

## Financial Overview

This Financial Year, Micro-X achieved Revenues of \$15.005M (2022: \$8.970M) and Total Income of \$22.395M (2022: \$13.114M), comprised as follows:

- \$3.795M from the sales of the Mobile DR units and associated spares;
- \$11.210M from engineering contract services in relation to the contracts with the Australian Stroke Alliance, the Department of Homeland Security and Varex Imaging Corporation; and
- \$7.390M of Other Income, including \$6.647M in relation to the R&D tax rebate

The net loss for the Group for the Financial Year after providing for income tax was \$10.754M, compared with a loss in the previous year of \$17.089M. This net loss for the Financial Year included:

- \$3.505M in cost of sale of goods;
- \$6.444M expenditure on research and development activity, related to the X-ray Camera, the Miniaturised CT Baggage Scanner and CT Brain Scanner;
- \$17.019M spent on employee, consulting and director costs. This represented a \$1.125M increase on the prior period, driven by additional engineering personnel; and
- \$1.115M in non cash, equity compensation included within Employee and Director expenses in relation to the Company's Employee Equity Plan, which comprises an STI and LTI component, subject to achievement of hurdles.

## Financial Position

Net assets of the Group decreased by \$2.096M from \$19.289M at 30 June 2022 to \$17.193M at 30 June 2023. Cash on hand and at the bank decreased to \$5.223M at 30 June 2023 (\$10.303M at 30 June 2022).

## Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Group during the Financial Year.

## Matters subsequent to the end of the Financial Year

Subsequent to year-end, the Company's wholly owned subsidiary, Micro-X Inc, executed an extension to the existing contract with the DHS for the Self-Screening Checkpoint Portal project. The contract extension has a number of phases of work and milestones, and subject to successfully achieving these, will take the Self-Screening Checkpoint Portal product beyond design to build and test fully integrated self-screening stations in live US airport environments with travelling passengers.

The contract extension represents funding worth up to US\$14M (A\$21M) over the life of the contract, with an initial contract commitment of US\$4.8M (A\$7.25M).

No other matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

## Likely developments and expected results of operations

The Group's main focus moving forward will be the continued development of its four product lines, notably:

- Sale of existing Mobile DR units through existing distributors and other targeted markets;
- Complete transfer to manufacturing of the Argus X-ray Camera and successful commercial launch through building customer engagement;
- Delivery of prototypes and formal completion of the Miniaturised CT Baggage Scanner contract and progress development under extended contract with the DHS; and
- The ongoing development of its Brain CT Scanner and delivery of prototypes for mobile stroke imaging.

## Environmental regulation

The Group is not subject to any significant environmental regulation under Australian Commonwealth or State law.

# DIRECTORS' REPORT CONT'D

**Micro-X Limited**  
**Directors' report**  
**For the year ended 30 June 2023**

## Information on directors

Name:	David Knox
Title:	Non-Executive Chair
Qualifications:	BSc (Hons) Mechanical Engineering. MBA, FIE Aust, FTSE, GAICD
Experience and expertise:	David is a highly experienced and respected business leader with senior leadership, engineering and public markets expertise gained in multi-national, domestic and Commonwealth companies. David was Managing Director & Chief Executive Officer of Australian Naval Infrastructure, a Government Business Enterprise responsible for the delivery of naval infrastructure required to support the Commonwealth's continuous shipbuilding programme, including the Osborne South Shipyard. David was previously Managing Director & Chief Executive Officer of Santos from March 2008 through until his retirement in December 2015. David Knox is currently Chair of Snowy Hydro Limited and The Australian Centre for Social Innovation (TACSI). David is also Deputy Chair of Commonwealth Scientific and Industrial Research Organisation (CSIRO), and a board member of the Royal Institution of Australia (RIAUS). David Knox is originally from Edinburgh, Scotland and has a BSc (Hons) in Mechanical Engineering (Edinburgh) and an MBA (Strathclyde). He is a Fellow of the Australian Institute of Mechanical Engineering and the Australian Academy of Technological Sciences and Engineering.
Other current directorships:	Nil
Former directorships (last 3 years):	Redflow Ltd (ASX:RFX) - March 2017 to February 2023
Special responsibilities:	Chair of Board, and Member of Audit and Risk Committee and People and Remuneration Committee
Interests in shares:	988,075 fully paid ordinary shares
Interests in rights:	92,593
Name:	Peter Rowland
Title:	Non-Executive Director
Qualifications:	BSc., MBA, MIET, CEng, FAICD
Experience and expertise:	Peter was the founder of Micro-X and Managing Director until his resignation and subsequent appointment to Non-Executive Director on 1 May 2023. Peter worked in the engineering design, development and project management of innovative, high-technology military & scientific equipment in his early career in Scotland. In Australia, Peter ran an engineering design consultancy group, was Director of business development at BAE Systems and then was Managing Director of ASX-listed Ellex Medical Lasers which designed and manufactured ophthalmic laser equipment. More recently he was vice president of Asia-Pacific operations for Biolase Technology Inc., a NASDAQ listed therapeutic medical device supplier.
Other current directorships:	Nil
Former directorships (last 3 years):	Nil
Interests in shares:	14,579,347 fully paid ordinary shares
Interests in rights:	1,597,800



## DIRECTORS' REPORT CONT'D

**Micro-X Limited**  
**Directors' report**  
**For the year ended 30 June 2023**

Name: Dr. Alexander Gosling AM  
 Title: Non-Executive Director  
 Qualifications: MA (Hons), DEng, MAICD, FTSE  
 Experience and expertise: Alexander has been working in the field of process and product development and related research and development for 50 years. He was a founding director of Invetech and was part of the management team that led Invetech to a public listing (as Vision Systems) and then to its acquisition by Danaher Corp for \$800M. He currently works in the area of technology commercialisation, advising universities, mentoring start-ups and sitting on the Boards of early stage companies. Alexander is an engineer, with an Honours degree from Cambridge University. He is a Fellow of the Academy of Technology and Engineering, a Fellow of the Institute of Engineers Australia and a Governor of the Warren Centre for Advanced Engineering. He was awarded an Honorary Doctorate in Engineering from Swinburne University and made a Member of The Order of Australia for services to engineering. He is a Member of the Australian Institute of Company Directors.

Other current directorships: Nil  
 Former directorships (last 3 years): Nil  
 Special responsibilities: Chair of People and Remuneration Committee  
 Interests in shares: 532,151 fully paid ordinary shares  
 Interests in rights: 60,186

Name: Patrick O'Brien  
 Title: Non-Executive Director  
 Qualifications: LLB, B.Com, Grad Dip Applied Finance, MBA, GAICD  
 Experience and expertise: Patrick is Managing Director of Patrick O'Brien & Associates and a director of The Water & Carbon Group and O'Brien Capital. He is also a Chairman/board member of a number of not for profit organisations and foundations. Patrick has over 30 years business experience in Australia, the UK, Europe, Asia and the US including as a Senior Managing Director with Macquarie Group where he led teams in corporate finance (Melbourne 1996-2005) and private equity (London 2005-2009). In this latter role Patrick was responsible for Macquarie's controlling stakes in, and chaired, large unlisted groups European Directories and National Grid Wireless. Prior to Macquarie, Patrick was a strategy consultant with McKinsey & Company and a lawyer with Minter Ellison.

Other current directorships: Nil  
 Former directorships (last 3 years): Nil  
 Special responsibilities: Member of Audit and Risk Committee  
 Interests in shares: 7,806,388  
 Interests in rights: 60,186

## DIRECTORS' REPORT CONT'D

**Micro-X Limited**  
**Directors' report**  
**For the year ended 30 June 2023**

Name: James McDowell  
 Title: Non-Executive Director  
 Qualifications: LL.B (Hons) D.Univ (honoris causa)  
 Experience and expertise: Jim is Deputy Secretary, Naval Shipbuilding and Sustainment - Australian Department of Defence and prior to this role was Chief Executive of Nova Systems. Jim has more than 30 years of experience in international defence and aerospace sectors and has lived and worked in the UK, the USA, Korea, Singapore, Hong Kong and Australia. Jim joined BAE Systems in 1996 and his last executive appointment with the Group was as Chief Executive Officer of their A\$5 billion annual turnover business operations in Saudi Arabia. Prior to this he was Chief Executive Officer of BAE Systems Australia for 10 years. Based in Adelaide, he drove a major expansion program as the Group grew to become Australia's largest defence business. Prior to his time at BAE Systems Jim worked for 18 years at aerospace Group Bombardier Shorts in legal, commercial and marketing positions, making a major contribution to that Group's growth into the USA. In 2014, Jim was appointed by the Australian Federal Government to the team to conduct the First Principles Review of the Australian Department of Defence. The Team's 'One Defence' recommendations included transformational changes to structure, governance arrangements, accountabilities, processes and systems of Defence. From 2018 to 2020 Jim was Chief Executive of South Australia's Department of Premier and Cabinet.

Other current directorships: Nil  
 Former directorships (last 3 years): Nil  
 Special responsibilities: Member of People and Remuneration Committee  
 Interests in shares: 722,286 fully paid ordinary shares  
 Interests in rights: 60,186

Name: Ilona Meyer  
 Title: Non-Executive Director  
 Qualifications: LLB and LLM (QUT), GradDipLegPrac (ANU), GIA (Cert), GAICD, AMIIA.  
 Experience and expertise: Ilona has over 25 years experience as a senior executive in healthcare, agriculture and emerging technologies focusing on innovation and growth. Ilona is General Counsel and Company Secretary for Nuix Limited and prior to this role has held multiple executive roles with private and public companies, including ASX-listed companies and high-growth start-ups, leading business transformation initiatives, managing multiple stakeholders, as well as navigating high profile litigation and regulatory disputes. Prior to commencing her current role at Nuix, Ilona was General Counsel and Head of Legal & Compliance of the Boehringer Ingelheim Group for the Australian and New Zealand division. She has previously held senior legal and compliance roles at ResMed Limited, Ruralco Holdings Limited, Medtronic and 3M Australia.

Other current directorships: Nil  
 Former directorships (last 3 years): Nil  
 Special responsibilities: Chair of Audit and Risk Committee  
 Interests in shares: 105,555 fully paid ordinary shares  
 Interests in rights: 127,877



## DIRECTORS' REPORT CONT'D

**Micro-X Limited**  
**Directors' report**  
**For the year ended 30 June 2023**

Name:	Andrew Hartmann
Title:	Non-Executive Director
Qualifications:	Master of Business Administration and qualifications in Accounting and Electrical Engineering
Experience and expertise:	Andrew is the Senior Vice President and GM Imaging Solutions at Varex Imaging Corporation and has worked overseas and in global senior roles for more than 30 years. Andrew has significant business expertise in the field of medical imaging devices with extensive experience working in global roles with a focus on sales, marketing and business operations. Over his career he has been responsible for building brand, market share and bottom-line gains through cost saving and efficiency improvements. Andrew has held senior global management roles at Phillips, Carestream and Siemens, after working in Australia that included building brands across the Asia Pacific region, the United States and Europe.
Other current directorships:	Nil
Former directorships (last 3 years):	Nil
Special responsibilities:	Nil
Interests in shares:	Nil
Interests in rights:	Nil

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

**Company secretary**

Kingsley Hall holds a Bachelor of Economics from Flinders University. Kingsley has over 25 years of experience in finance and operations with a diverse background across both private and public companies, private equity, media, tourism and education. His experience includes early stage commercialisation of companies and senior operational and sales leadership roles. Kingsley previously held the position of Chief Financial Officer and was promoted to the role of Chief Executive Officer on 1 May 2023 for Micro-X and the Group.

**Meetings of directors**

The number of meetings of the Company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2023, and the number of meetings attended by each director were:

	Full Board		People and Remuneration Committee		Audit and Risk Committee	
	Attended	Held	Attended	Held	Attended	Held
Patrick O'Brien	11	11	-	-	6	6
Peter Rowland	11	11	-	-	-	-
Alexander Gosling	11	11	2	2	-	-
Yasmin King	6	6	-	-	2	2
David Knox	10	11	2	2	6	6
James McDowell	11	11	2	2	-	-
Ilona Meyer	11	11	-	-	6	6
Andrew Hartmann	3	3	-	-	-	-

Held: represents the number of meetings held during the time the director held office or was a member of the relevant committee.

**Remuneration report (audited)**

The remuneration report details the key management personnel remuneration arrangements for the Group, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.



# DIRECTORS' REPORT CONT'D

## Micro-X Limited Directors' report For the year ended 30 June 2023

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration;
- Details of remuneration;
- Service agreements;
- Share-based compensation; and
- Additional disclosures relating to key management personnel.

### **Principles used to determine the nature and amount of remuneration**

The objective of the Group's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to the market best practice for the delivery of reward. The Board of Directors ('the Board') aims to ensure that executive reward satisfies the following key criteria for good reward governance practices:

- Competitiveness to attract, motivate and retain key talent;
- performance linkage and alignment of executive compensation and corporate objectives;
- transparency and reasonableness; and
- alignment to, and acceptability by, shareholders.

The Group has a People and Remuneration Committee which is responsible for determining and reviewing remuneration arrangements for directors, executives and all staff. The performance of the Group depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel and accordingly the People and Remuneration Committee has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the Company.

The remuneration framework which has been adopted, is designed to align executive reward to shareholders' interests by:

- having economic profit as a core component of plan design;
- focusing on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value; and
- attracting and retaining high calibre executives.

Additionally, the remuneration framework should seek to align and incentivise executives' interests by:

- rewarding capability and experience;
- reflecting competitive reward for contribution to growth in shareholder wealth; and
- providing a clear structure for earning rewards.

In accordance with best practice corporate governance, the structure of non-executive director and executive director remuneration is separate.

### **Non-executive director remuneration**

Fees and payments to non-Executive Directors reflect the demands and responsibilities of their role. Non-Executive Directors' fees and payments are reviewed annually by the People and Remuneration Committee. The People and Remuneration Committee may, from time to time, receive advice from independent remuneration consultants to ensure non-Executive Directors' fees and payments are appropriate and in line with the market. The Chair's fees are determined independently to the fees of other non-Executive Directors based on comparative roles in the external market. The Chair is not present at any discussions relating to the determination of his own remuneration.

ASX listing rules require the aggregate maximum non-executive directors' remuneration be determined periodically by a general meeting. The most recent determination was at the Annual General Meeting held 19 November 2021, where the shareholders approved the Company's aggregate maximum Non Executive Directors' remuneration of \$700,000 per annum.

### **Executive remuneration**

The Company aims to reward executives based on their responsibility and performance, with a level and mix of remuneration which has both fixed and variable components.



# DIRECTORS' REPORT CONT'D

## Micro-X Limited Directors' report For the year ended 30 June 2023

The executive remuneration and reward framework has five components:

- base pay and non-monetary benefits;
- short-term performance incentives, or STI;
- long-term performance incentives, or LTI;
- share-based payments; and
- other remuneration such as superannuation, annual and long service leave.

The combination of these comprises the executive's total remuneration.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, is reviewed annually by the People and Remuneration Committee based on individual and Company performance, the overall performance of the Group and comparable market remunerations.

Executives may receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the Group and provides additional value to the executive.

Shareholders approved at the November 2020 AGM the Micro-X Limited Employee Incentive Plan, the key objectives of which are to:

- assist in the attraction and retention of high quality employees;
- link the reward of key employees with the achievement of strategic goals and the long term performance of the Company; and
- align the financial interest of all participants of the Plan with those of Shareholders.

Executives may be invited to participate in the Company's Employee Equity Plan, where performance rights may be earned subject to the achievement of short term objectives (Short Term Incentives or STI) and/or subject to the achievement of longer term objectives (Long Term Incentives or LTI).

### *Company performance and link to remuneration*

Remuneration of key management personnel is currently directly linked to the performance of the Company via the STI and LTI awards available to Executives invited to participate in the Employee Equity Plan.

### *Short Term Incentives*

STI award achievement is assessed on a Balanced Scorecard approach, where Executive performance is measured against five key criteria, with weighting attached to each of criteria's outcomes. For the year ended 30 June 2023 the five criteria against which Executive performance was assessed were:

Criteria	% of Total STI
Quality and Safety	10%
Financial Performance	20%
Commercial Activities	35%
Project and Development Activities	25%
Culture and Compliance	10%
	<hr/> 100%

### *Long Term Incentives*

There are two types of LTI awards made:

- LTI Service Rights; and
- LTI Performance Rights.

# DIRECTORS' REPORT CONT'D

## Micro-X Limited Directors' report For the year ended 30 June 2023

LTI Service Rights vest after three years of continuous service with the Company from the date of the grant.

For the initial tranche of Service Rights granted in December 2020, this three year period was split into 3 twelve-month anniversaries. The final anniversary of this tranche will be November 2023. Subsequent tranches have a three year vesting period as detailed above.

LTI Performance Rights vest upon the achievement of certain Total Shareholder Return (TSR) targets over a three year vesting period. The relevant TSR target is a 10% Compound Annual Growth Rate, for the LTI performance rights to vest at 50%. If the TSR result met is a 20% Compound Annual Growth Rate then participants will be issued 100% of the relevant performance rights.

The initial tranche of Performance Rights granted in December 2020 was split into 3 twelve-month periods. The final period of this tranche will be assessed at November 2023. Subsequent tranches have a three year vesting period as detailed above.

### *Use of remuneration consultants*

The Group retained the services of an independent, expert, remuneration consultant in February 2020 who provided advice on the structure of the equity compensation framework, including quantum and the recommended hurdles.

The Company also engaged an independent, expert remuneration consultant in January 2023 to provide a market based assessment of certain Executive KMP remuneration.

### **Details of remuneration**

#### *Amounts of remuneration*

Details of the remuneration of key management personnel of the Group are set out in the following tables.

The key management personnel of the Company consisted of the following directors and management of the Group:

- David Knox (Non-Executive Chair)
- Alexander Gosling (Non-Executive Director)
- Patrick O'Brien (Non-Executive Director)
- James McDowell (Non-Executive Director)
- Ilona Meyer (Non-Executive Director)
- Andrew Hartmann (Non-Executive Director) - Appointed 15 December 2022
- Peter Rowland (Non-Executive Director) - Appointed 1 May 2023 was previously Managing Director
- Kingsley Hall (Chief Executive Officer)
- Anthony Skeats (Chief Operating Officer)
- Brian Gonzales (CEO Americas & Chief Scientific Officer)



## DIRECTORS' REPORT CONT'D

Micro-X Limited  
Directors' report  
For the year ended 30 June 2023

	Short-term benefits			Post-employment benefits	Post-employment benefits	Long-term benefits <sup>1</sup>	Share-based payments - Rights <sup>2</sup>	
	Cash salary	Cash	Non-	Super-	Retirement	Annual and Long Service leave	Equity-settled	Total
	and fees	bonus	monetary <sup>3</sup>	annuation				
2023	\$	\$	\$	\$	\$	\$	\$	\$
<i>Non-Executive Directors:</i>								
D Knox	-	-	90,909	9,545	-	-	2,538	102,992
A Gosling	59,091	-	-	6,204	-	-	1,650	66,945
P O'Brien	65,295	-	-	-	-	-	1,650	66,945
J McDowell	-	-	63,744	1,551	-	-	1,650	66,945
I Meyer	59,091	-	-	6,204	-	-	1,274	66,569
A Hartmann <sup>4</sup>	-	-	-	-	-	-	-	-
P Rowland <sup>5</sup>	353,264	-	-	29,799	274,751	-	157,044	814,858
<i>Chief Executive Officer:</i>								
K Hall <sup>6</sup>	324,433	-	-	27,696	-	36,100	131,442	519,671
<i>Other Key Management Personnel:</i>								
B Gonzales <sup>7</sup>	284,707	-	-	11,386	-	678	118,940	415,711
A Skeats	316,761	-	-	27,327	-	14,729	131,322	490,139
	1,462,642	-	154,653	119,712	274,751	51,507	547,510	2,610,775

1 Movement in provisions, does not have cash implication.

2 The share based payments above relate to the amortisation of the fair value of the grant of rights made to the KMP during the year and do not necessarily reflect the cash value that may be realised upon vesting and exercising of the rights.

3 As approved at the 2022 Annual General Meeting, D Knox and J McDowell were issued shares in lieu of cash Director fees.

4 A Hartmann was appointed to the Board on 15 December 2022 as a representative of Varex' Imaging Corporation. As part of the agreement, A Hartmann is not paid a fee.

5 P Rowland was previously an Executive Director until he was appointed as a Non-Executive Director on 1 May 2023. Post Employment benefits - Retirement relate to contractual Payment in Lieu of Notice (\$119,833), Annual Leave (\$92,005) and Long Service Leave (\$62,913).

6 K Hall was previously the Chief Financial Officer and commenced as Chief Executive Officer on 1 May 2023.

7 B Gonzales is employed by Micro-X Inc the Company's wholly owned US subsidiary and is based in Seattle. Remuneration and compulsory benefits have been translated from U.S. dollars to Australian dollars for the purpose of this Remuneration Report.

Subsequent to year end, the Board reviewed the achievement of the Executives' Short Term Incentive for the year ended 30 June 2023 and determined that the Short Term Incentive should be awarded at 65%.

Long Term Performance Rights achievement has been assumed at 50%, consistent with target.

Long Term Service Rights achievement has been assumed at 100%.

These levels of achievement are reflected in the share based payments amortisation in the table above.

## DIRECTORS' REPORT CONT'D

Micro-X Limited  
Directors' report  
For the year ended 30 June 2023

	Short-term benefits		Post-employment benefits	Long-term benefits <sup>1</sup>	Share-based payments - Rights <sup>2</sup>	
	Cash salary and fees	Cash bonus	Non-monetary <sup>3</sup>	Super-annuation	Annual and Long Service leave	Equity-settled
	\$	\$	\$	\$	\$	\$
<b>2022</b>						
<i>Non-Executive Directors:</i>						
D Knox	21,017	-	54,083	7,510	-	1,326
A Gosling	56,540	-	-	5,654	-	862
Y King <sup>7</sup>	62,194	-	-	-	-	862
P O'Brien	62,194	-	-	-	-	862
J McDowell	21,050	-	41,144	-	-	862
I Meyer <sup>4</sup>	18,802	-	-	1,880	-	-
<i>Executive Director:</i>						
P Rowland	332,559	-	-	33,256	18,889	242,019
						626,723
<i>Other Key Management Personnel:</i>						
K Hall	294,310	-	-	29,431	22,135	199,094
B Gonzales <sup>5</sup>	250,096	-	-	12,016	13,856	156,613
A Skeats	294,310	-	-	29,431	(3,145)	198,678
A Blackburn <sup>6</sup>	200,864	-	-	20,086	13,690	135,662
D Pini <sup>6</sup>	172,849	-	-	17,285	4,173	110,273
C Hicks <sup>6</sup>	260,888	-	-	8,562	19,145	189,261
	2,047,673	-	95,227	165,111	88,743	1,236,374
						3,633,128

1 Movement in provisions, does not have cash implication.

2 The share based payments above relate to the amortisation of the fair value of the grant of rights made to the KMP during the year and do not necessarily reflect the cash value that may be realised upon vesting and exercising of the rights.

3 As approved at the 2021 Annual General Meeting, D Knox and J McDowell were issued shares in lieu of cash Director fees. This was disclosed in cash salary and fees in the prior year Directors' Report

4 I Meyer was appointed to the Board on 7 March 2022.

5 B Gonzales is employed by Micro-X Inc the Company's wholly owned US subsidiary and is based in Seattle. Remuneration and compulsory benefits have been translated from U.S. dollars to Australian dollars for the purpose of this Remuneration Report.

6 A Blackburn, D Pini, C Hicks were no longer part of KMP during the 2023 Financial Year.

7 Y King resigned as Non-Executive Director during the 2023 Financial Year.

Subsequent to year end, the Board reviewed the achievement of the Executives' Short Term Incentive for the year ended 30 June 2022 and determined that the Short Term Incentive should be awarded at 75%.

Long Term Performance Rights achievement has been assumed at 50%, consistent with target.

Long Term Service Rights achievement has been assumed at 100%.

These levels of achievement are reflected in the share based payments amortisation in the table above.



## DIRECTORS' REPORT CONT'D

**Micro-X Limited**  
**Directors' report**  
**For the year ended 30 June 2023**

The proportion of remuneration linked to performance and the fixed proportion are as follows:

Name	Fixed remuneration		At risk - STI		At risk - LTI	
	2023	2022	2023	2022	2023	2022
<i>Non-Executive Directors:</i>						
D Knox	98%	98%	-	-	2%	2%
A Gosling	98%	99%	-	-	2%	1%
P O'Brien	98%	99%	-	-	2%	1%
J McDowell	98%	99%	-	-	2%	1%
I Meyer	98%	99%	-	-	2%	1%
P Rowland <sup>1</sup>	81%	61%	10%	20%	9%	19%
<i>Chief Executive Officer:</i>						
K Hall <sup>2</sup>	75%	64%	13%	18%	12%	18%
<i>Other Key Management Personnel:</i>						
B Gonzales	71%	64%	15%	18%	14%	18%
A Skeats	73%	62%	14%	19%	13%	19%

1 P Rowland was previously an Executive Director, was appointed as a Non-Executive Director on 1 May 2023.

2 K Hall was previously in the role of Chief Financial Officer and commenced as the Chief Executive Officer on 1 May 2023.

**Service agreements**

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name:	Kingsley Hall
Title:	Chief Executive Officer
Agreement commenced:	1 May 2023
Term of agreement:	No fixed term. Micro-X or Mr Hall may terminate the employment contract at any time provide that either party gives 6 months' notice.
Details:	Annual salary is \$398,000 per annum inclusive of employer superannuation contributions (subject to annual review).
Name:	Brian Gonzales
Title:	Chief Scientific Officer, CEO of Micro-X Inc.
Agreement commenced:	1 May 2023
Term of agreement:	No fixed term. Micro-X or Mr Gonzales may terminate the employment contract at any time provided that either party gives 4 weeks' notice.
Details:	Annual salary is US\$193,696.65 per annum plus compulsory benefits (subject to annual review).
Name:	Anthony Skeats
Title:	Chief Operating Officer
Agreement commenced:	1 May 2023
Term of agreement:	No fixed term. Micro-X or Mr Skeats may terminate the employment contract at any time provided that either party gives 2 months' notice.
Details:	Annual salary is \$360,000 per annum inclusive of employer superannuation contributions (subject to annual review).

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.



# DIRECTORS' REPORT CONT'D

**Micro-X Limited**  
**Directors' report**  
**For the year ended 30 June 2023**

## Share-based compensation

### Issue of shares

Details of shares and Performance Rights issued to directors and other key management personnel as part of compensation during the year ended 30 June 2023 are set out below:

### Issue of Performance Rights

The following table illustrates the movement of and closing balance of rights held by KMP during the Financial Year:

	Held at 1 July 2022	Granted as Remuneration	Exercised or Lapsed	Held at 30 June 2023	Average Fair Value per Right at Grant Date
<i>Non-Executive Directors:</i>					
D Knox	92,593	-	-	92,593	\$0.152
A Gosling	60,186	-	-	60,186	\$0.152
P O'Brien	60,186	-	-	60,186	\$0.152
J McDowell	60,186	-	-	60,186	\$0.152
I Meyer	-	127,877	-	127,877	\$0.081
P Rowland	2,648,948	2,319,834	(319,407)	4,649,375	\$0.220
K Hall	2,103,578	1,969,923	(265,011)	3,808,490	\$0.214
A Skeats	2,027,204	1,969,923	(264,183)	3,732,944	\$0.210
B Gonzales	1,067,624	1,746,567	(533,810)	2,280,381	\$0.155
	<u>8,120,505</u>	<u>8,134,124</u>	<u>(1,382,411)</u>	<u>14,872,218</u>	

D Pini, A Blackburn, C Hicks and Y King were not a KMP as at 30 June 2023 reducing the opening balance of rights held.

Balances are held as at 30 June 2023 and do not reflect conversions or exercising of rights since that date.

### Issue of Performance Rights

The terms and conditions of each performance right affecting remuneration in the current or a future reporting period are as follows:



## DIRECTORS' REPORT CONT'D

Micro-X Limited  
Directors' report  
For the year ended 30 June 2023

Grant Date	Vesting and exercise date	Expiry date	Performance Criteria	Value per right at grant date	Performance achieved	% Vested
23 December 2020	31 August 2021	23 December 2035	Short term performance	\$0.370	85% of target	85%
23 December 2020	30 November 2021	23 December 2035	Long term performance	\$0.219	200% of target	100%
23 December 2020	30 November 2022	23 December 2035	Long term performance	\$0.231	0% of target	0%
23 December 2020	30 November 2023	23 December 2035	Long term performance	\$0.243	To be determined	N/A
23 December 2020	30 November 2021	23 December 2035	Long term service	\$0.370	100%	100%
23 December 2020	30 November 2022	23 December 2035	Long term service	\$0.370	100%	100%
23 December 2020	30 November 2023	23 December 2035	Long term service	\$0.370	Various	N/A
30 September 2021	31 August 2022	30 September 2036	Short term performance	\$0.330	75% of target	75%
30 September 2021	30 September 2024	30 September 2036	Long term performance	\$0.199	To be determined	N/A
30 September 2021	30 September 2024	30 September 2036	Long term service	\$0.330	To be determined	N/A
22 December 2021	21 December 2024	21 December 2036	Long term performance	\$0.152	To be determined	N/A
12 December 2022	12 December 2025	12 December 2037	Long term service	\$0.125	To be determined	N/A
3 January 2023	31 August 2023	3 January 2038	Short term performance	\$0.145	65% of target	65%
3 January 2023	3 January 2026	3 January 2038	Long term performance	\$0.081	To be determined	N/A
3 January 2023	3 January 2026	3 January 2038	Long term performance	\$0.081	To be determined	N/A
9 January 2023	31 August 2023	9 January 2038	Short term performance	\$0.140	To be determined	N/A

#### Additional disclosures relating to key management personnel

##### Shareholding

The number of shares in the Company held during the Financial Year by each director and other members of key management personnel of the Group, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
<i>Ordinary shares</i>					
D Knox	376,802	336,849	-	-	713,651
A Gosling	532,151	-	-	-	532,151
P O'Brien	7,806,388	-	-	-	7,806,388
J McDowell	281,637	239,579	-	-	521,216
I Meyer	50,000	-	55,555	-	105,555
P Rowland	12,995,279	-	-	-	12,995,279
B Gonzales	438,659	-	206,494	-	645,153
	22,480,916	576,428	262,049	-	23,319,393

D Pini, A Blackburn, C Hicks and Y King were not a KMP as at 30 June 2023 reducing the opening balance of rights held. Balances are held as at 30 June 2023 and do not reflect additions of shares since that date.

**This concludes the remuneration report, which has been audited.**

# DIRECTORS' REPORT CONT'D

## Micro-X Limited Directors' report For the year ended 30 June 2023

### Shares issued on the exercise of rights

The following ordinary shares of Micro-X Limited were issued during the year ended 30 June 2023 and up to the date of this report on the exercise of rights granted:

	Exercise price	Number of shares issued
Date shares issued on conversion of rights		
29 July 2022	\$0.000	50,725
19 October 2022	\$0.000	27,778
28 October 2022	\$0.000	120,960
21 December 2022	\$0.000	598,767
1 March 2023	\$0.000	211,170
25 May 2023	\$0.000	51,150
7 July 2023	\$0.000	1,584,068

### Indemnity and insurance of officers

The Company has indemnified the directors and executives of the Company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the Financial Year, the Company paid a premium in respect of a contract to insure the directors and executives of the Company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

### Indemnity and insurance of auditor

The Company has not, during or since the end of the Financial Year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the Financial Year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

### Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

### Non-audit services

Details of the amounts paid or payable to the auditor for non-audit services provided during the Financial Year by the auditor are outlined in note 25 to the financial statements.

The directors are satisfied that the provision of non-audit services during the Financial Year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in note 25 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

### Officers of the Company who are former partners of Grant Thornton Audit Pty Ltd or BDO Audit Pty Ltd

There are no officers of the Company who are former partners of Grant Thornton Audit Pty Ltd or BDO Audit Pty Ltd.



## DIRECTORS' REPORT CONT'D

**Micro-X Limited**  
**Directors' report**  
**For the year ended 30 June 2023**

**Rounding of amounts**

The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

**Auditor's independence declaration**


A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

**Auditor**

BDO Audit Pty Ltd commenced in office on 15 June 2023 following the resignation of Grant Thornton Audit Pty Ltd. A resolution will be put before shareholders at the Company's 2023 Annual General Meeting, to confirm the appointment of BDO Audit Pty Ltd as the Company's external auditor in accordance with section 327B of the *Corporation Act 2001*.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors



---

David Knox  
Non-Executive Chair

29 August 2023

## DECLARATION OF INDEPENDENCE



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BDO Centre  
Level 7, 420 King William Street  
Adelaide SA 5000  
GPO Box 2018 Adelaide SA 5001  
Australia

DECLARATION OF INDEPENDENCE  
BY ANDREW TICKLE  
TO THE DIRECTORS OF MICRO-X LIMITED

As lead auditor of Micro-X Limited for the year ended 30 June 2023, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Micro-X Limited and the entities it controlled during the period.

A handwritten signature in blue ink, appearing to read 'Andrew Tickle', is written over a light blue horizontal line.

Andrew Tickle  
Director

**BDO Audit Pty Ltd**

Adelaide, 29 August 2023

BDO Audit Pty Ltd ABN 33 134 022 870 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Audit Pty Ltd and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation.



# STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

**Micro-X Limited**  
**Statement of profit or loss and other comprehensive income**  
**For the year ended 30 June 2023**

	Note	Consolidated 2023 \$'000	2022 \$'000
<b>Total Revenue</b>	5	15,005	8,970
Other Income	6	7,390	4,144
<b>Expenses</b>			
Change in inventory/raw materials and consumables		(3,505)	(3,970)
Employee and director expenses		(17,019)	(15,894)
Selling and Distribution expenses		(1,378)	(856)
Office and administrative expenses		(769)	(779)
Corporate expenses		(331)	(360)
Quality and regulatory expenses		(269)	(253)
Project development expenses		(6,444)	(4,444)
Depreciation and amortisation expense		(1,589)	(1,432)
Other expenses		(1,576)	(1,919)
Finance expenses		(269)	(296)
<b>Total expenses</b>		<b>(33,149)</b>	<b>(30,203)</b>
<b>Loss before income tax expense</b>		<b>(10,754)</b>	<b>(17,089)</b>
Income tax expense	7	-	-
<b>Loss after income tax expense for the year attributable to the owners of Micro-X Limited</b>		<b>(10,754)</b>	<b>(17,089)</b>
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		(4)	18
Other comprehensive income for the year, net of tax		(4)	18
<b>Total comprehensive income for the year attributable to the owners of Micro-X Limited</b>		<b>(10,758)</b>	<b>(17,071)</b>
		<b>Cents</b>	<b>Cents</b>
Basic earnings per share	32	(2.17)	(3.71)
Diluted earnings per share	32	(2.17)	(3.71)

*The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes*



## STATEMENT OF FINANCIAL POSITION

Micro-X Limited  
Statement of financial position  
As at 30 June 2023

	Note	Consolidated 2023 \$'000	2022 \$'000
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		5,223	10,303
Trade and other receivables	8	6,996	3,755
Contract assets	9	1,633	1,314
Inventories	10	7,338	5,783
Other Assets	11	1,247	1,589
Total current assets		<u>22,437</u>	<u>22,744</u>
<b>Non-current assets</b>			
Property, plant and equipment	12	3,114	3,081
Right-of-use assets and lease liabilities	13	4,615	5,308
Intangibles	14	132	144
Total non-current assets		<u>7,861</u>	<u>8,533</u>
<b>Total assets</b>		<u>30,298</u>	<u>31,277</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	15	5,584	4,366
Contract liabilities	16	855	459
Lease liabilities	13	726	633
Provisions	17	1,153	1,021
Total current liabilities		<u>8,318</u>	<u>6,479</u>
<b>Non-current liabilities</b>			
Lease liabilities	13	3,977	4,681
Provisions	18	810	828
Total non-current liabilities		<u>4,787</u>	<u>5,509</u>
<b>Total liabilities</b>		<u>13,105</u>	<u>11,988</u>
<b>Net assets</b>		<u>17,193</u>	<u>19,289</u>
<b>Equity</b>			
Issued capital	19	125,396	117,529
Foreign currency translation reserve	20	14	18
Convertible notes		65	65
Share based payments reserve	21	3,852	3,057
Accumulated losses		<u>(112,134)</u>	<u>(101,380)</u>
<b>Total equity</b>		<u>17,193</u>	<u>19,289</u>

The above statement of financial position should be read in conjunction with the accompanying notes



## STATEMENT OF CHANGES IN EQUITY

Micro-X Limited  
Statement of changes in equity  
For the year ended 30 June 2023

Consolidated	Issued capital \$'000	Share based payment reserve \$'000	Foreign currency translation reserve \$'000	Convertible notes \$'000	Accumulated losses \$'000	Total equity \$'000
Balance at 1 July 2021	116,967	1,472	-	65	(84,291)	34,213
Loss after income tax expense for the year	-	-	-	-	(17,089)	(17,089)
Other comprehensive income for the year, net of tax	-	-	18	-	-	18
Total comprehensive income for the year	-	-	18	-	(17,089)	(17,071)
<i>Transactions with owners in their capacity as owners:</i>						
Issue of rights under Employee Equity Plan (Note 21)	-	2,047	-	-	-	2,047
Exercise of Rights under Employee Equity Plan (Note 19)	462	(462)	-	-	-	-
Issue of shares in lieu of Cash Payments (Note 19)	27	-	-	-	-	27
Issue of shares under Employee Gift Plan (Note 19)	73	-	-	-	-	73
Balance at 30 June 2022	117,529	3,057	18	65	(101,380)	19,289

The above statement of changes in equity should be read in conjunction with the accompanying notes

## STATEMENT OF CHANGES IN EQUITY CONT'D

Micro-X Limited  
Statement of changes in equity  
For the year ended 30 June 2023

Consolidated	Issued capital \$'000	Share based payment reserve \$'000	Foreign currency translation reserve \$'000	Convertible notes \$'000	Accumulated losses \$'000	Total equity \$'000
Balance at 1 July 2022	117,529	3,057	18	65	(101,380)	19,289
Loss after income tax expense for the year	-	-	-	-	(10,754)	(10,754)
Other comprehensive income for the year, net of tax	-	-	(4)	-	-	(4)
Total comprehensive income for the year	-	-	(4)	-	(10,754)	(10,758)
Issue of shares - placement	7,455	-	-	-	-	7,455
Capital raising costs	(105)	-	-	-	-	(105)
<i>Transactions with owners in their capacity as owners:</i>						
Issue of rights under Employee Equity Plan (Note 21)	-	1,155	-	-	-	1,155
Exercise of Rights under Employee Equity Plan (Note 19)	360	(360)	-	-	-	-
Issue of shares in lieu of Cash Payments (Note 19)	80	-	-	-	-	80
Issue of shares under Employee Gift Plan (Note 19)	77	-	-	-	-	77
Balance at 30 June 2023	<u>125,396</u>	<u>3,852</u>	<u>14</u>	<u>65</u>	<u>(112,134)</u>	<u>17,193</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes



## STATEMENT OF CASH FLOWS

Micro-X Limited  
Statement of cash flows  
For the year ended 30 June 2023

	Note	Consolidated	
		2023 \$'000	2022 \$'000
<b>Cash flows from operating activities</b>			
Receipts from customers		3,894	4,099
Payments to suppliers		(30,029)	(28,285)
Interest received		1	20
R&D incentive tax refunds		3,885	2,079
Grant funding received		494	378
Receipts in relation to the ASA MRFF Program		3,268	1,413
Receipts in relation to the DHS Checkpoint Program		3,227	2,468
Receipts in relation to Varex Technology Transfer		4,518	-
Lease interest payments		(251)	(280)
Net cash used in operating activities	31	(10,993)	(18,108)
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(779)	(1,056)
Payments for intangibles		-	(56)
Net cash used in investing activities		(779)	(1,112)
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares		7,455	-
Payments for capital raising costs		(105)	-
Repayment of Lease liabilities		(658)	(612)
Net cash from/(used in) financing activities		6,692	(612)
Net decrease in cash and cash equivalents		(5,080)	(19,832)
Cash and cash equivalents at the beginning of the Financial Year		10,303	30,135
Cash and cash equivalents at the end of the Financial Year		5,223	10,303

The above statement of cash flows should be read in conjunction with the accompanying notes

# NOTES TO THE FINANCIAL STATEMENTS

## Micro-X Limited Notes to the financial statements For the year ended 30 June 2023

### Note 1. General information

The financial statements cover Micro-X Limited as a Group consisting of Micro-X Limited and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is Micro-X Limited's functional and presentation currency.

#### Registered office

A14, 6 MAB Eastern Promenade  
1284 South Road, Tonsley  
SA 5042

#### Principal place of business

A14, 6 MAB Eastern Promenade  
1284 South Road, Tonsley  
SA 5042

A description of the nature of the Group's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 29 August 2023.

### Note 2. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

#### Historical cost convention

The financial statements have been prepared under the historical cost convention.

#### Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.



## NOTES TO THE FINANCIAL STATEMENTS CONT'D

**Micro-X Limited**  
**Notes to the financial statements**  
**For the year ended 30 June 2023**

**Note 2. Significant accounting policies (continued)**

**Going concern**

The Group incurred a net loss after tax for the Financial Year ended 30 June 2023 of \$10.8M (2022: \$17.1M) and had net cash outflows from operating activities of \$11.0M (2022: \$18.1M). The Group had net assets for the Financial Year ended 30 June 2023 of \$17.2M (2022: \$19.3M).

The directors believe that the Group will be able to continue as a going concern, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business and as a result the financial statements have been prepared on a going concern basis. The accounts have been prepared on the assumption that the Group is a going concern for the following reasons:

- the Group has \$13.0M of contracted revenues for development work due to be received in FY2024, subject to satisfaction of milestones, under the contracts with the Australian Stroke Alliance for the CT Brain scanner, U.S. Department of Homeland Security for the Miniature baggage scanner and Airport Self Service Portal and Varex Imaging Corporation;
- the Group expects to convert the majority of its \$6M of Rover inventory to positive cashflow with limited new costs to be incurred for these sales;
- the Group is due to receive approximately \$6.2M from the R&D tax incentive scheme in relation to FY2023 in the coming months;
- the operating loss for the year ended 30 June 2023 included investment in the development of the high powered generator and associated X-ray tube and the Argus X-ray Camera which are largely completed;
- the Group has completed a cost reduction initiative to better manage cash resources moving forward with \$2.0M of annual savings;
- the Group will continue to explore additional partnership opportunities to fund and co-fund development, and the Group has a successful track record of securing partnerships; and
- the Group is an ASX-listed entity, it has the ability to seek to raise additional funds.

The Directors are of the opinion that no asset is likely to be realised for an amount less than the amount at which it is recognised in the financial report as at 30 June 2023.

Accordingly, this financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities as might be necessary should the Group not continue as a going concern.

Notwithstanding the above, there is a material uncertainty related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

**Principles of consolidation**

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Micro-X Ltd ('Company' or 'parent entity') as at 30 June 2023 and the results of all subsidiaries for the year then ended. Micro-X Ltd and its subsidiaries together are referred to in these financial statements as the 'Group'.

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.



# NOTES TO THE FINANCIAL STATEMENTS CONT'D

## Micro-X Limited Notes to the financial statements For the year ended 30 June 2023

### Note 2. Significant accounting policies (continued)

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

#### Operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

#### Revenue and Other Income

The Group recognises revenue as follows:

##### *Sale of goods*

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally when delivery is organised. The normal credit term is 30 days upon delivery.

##### *Warranty obligations*

The Group typically provides warranties for general repairs of defects that existed at the time of sale, as required by law. These assurance-type warranties are accounted for as warranty provisions. Refer to the accounting policy on warranty provisions at Note 3.

##### *Engineering Contract Services*

The Group recognises revenue from Engineering Contract Services over time.

For fixed-price contracts, such as with the Australian Stroke Alliance, the Department of Homeland Security and Varex Imaging Corporation, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided. This is determined based on the actual labour hours spent relative to the total expected labour hours. The Group uses an input method in measuring progress of the consulting services because there is a direct relationship between the Group's effort (i.e., based on the labour hours and project expenses incurred) and the transfer of service to the customer.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

When payment for services performed is not due until completion of a relevant project milestone, a contract asset is recognised over the period in which the services are performed representing the Group's right to consideration for the services performed to date.

##### *Government subsidies and Grants*

Subsidies from the government such as R&D tax incentive rebate, AMGF and MMF Grants are recognised as other income at their fair value where there is reasonable assurance that the grant will be received, the Company will comply with attached conditions and the incentive is readily measurable.

In relation to R&D, as the estimate is reliably measurable, the R&D tax incentive is measured on an accruals basis. Grant funds paid during the year are also being treated on an accruals basis.

##### *Interest*

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

##### *Other revenue*

Other revenue is recognised when it is received or when the right to receive payment is established.



## NOTES TO THE FINANCIAL STATEMENTS CONT'D

**Micro-X Limited**  
**Notes to the financial statements**  
**For the year ended 30 June 2023**

**Note 2. Significant accounting policies (continued)**

**Income tax**

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

**Current and non-current classification**

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

**Cash and cash equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

**Trade and other receivables**

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

**Contract assets**

Contract assets are recognised when the Group has transferred goods or services to the customer but where the Group is yet to establish an unconditional right to consideration. Contract assets are treated as financial assets for impairment purposes.

**Inventories**

Raw materials, work in progress and finished goods are stated at the lower of cost and net realisable value on an average cost basis. Cost comprises of direct materials and delivery costs, direct labour, import duties and other taxes, an appropriate proportion of variable and fixed overhead expenditure based on normal operating capacity. Costs of purchased inventory are determined after deducting rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

# NOTES TO THE FINANCIAL STATEMENTS CONT'D

**Micro-X Limited**  
**Notes to the financial statements**  
**For the year ended 30 June 2023**

**Note 2. Significant accounting policies (continued)**

**Property, plant and equipment**

Fixed assets (leasehold improvements, plant & equipment, furniture & fittings and computer equipment) are stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Leasehold improvements	3-10 years
Plant and equipment	3-7 years
Fixtures and fittings	3-7 years
Computer equipment	3-7 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Company. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

**Right-of-use assets**

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

**Intangible assets**

Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment.

The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

**Intellectual property**

Significant costs associated with intellectual property are capitalised and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 10 years.

**Patents and trademarks**

Significant costs associated with patents and trademarks are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 10 years.

**Impairment of non-financial assets**

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.



## NOTES TO THE FINANCIAL STATEMENTS CONT'D

**Micro-X Limited**  
**Notes to the financial statements**  
**For the year ended 30 June 2023**

**Note 2. Significant accounting policies (continued)**

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

**Trade and other payables**

These amounts represent liabilities for goods and services provided to the Group prior to the end of the Financial Year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

**Contract liabilities**

Contract liabilities represent the Group's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the Group recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the Group has transferred the goods or services to the customer.

**Lease liabilities**

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

**Provisions**

Provisions are recognised when the Group has a present (legal or constructive) obligation as a result of a past event, it is probable the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, considering the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

**Employee benefits**

*Short-term employee benefits*

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

*Other long-term employee benefits*

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

*Share-based payments*

Equity-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, rights, or options over shares, that are provided to employees in exchange for the rendering of services.

# NOTES TO THE FINANCIAL STATEMENTS CONT'D

## Micro-X Limited Notes to the financial statements For the year ended 30 June 2023

### Note 2. Significant accounting policies (continued)

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using a Monte-Carlo pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the Company receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

Market conditions are taken into consideration in determining fair value. Therefore, any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the Group or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the Group or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

#### Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

#### Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

#### Earnings per share

##### Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of Micro-X Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the Financial Year, adjusted for bonus elements in ordinary shares issued during the Financial Year.

##### Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to consider the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.



# NOTES TO THE FINANCIAL STATEMENTS CONT'D

**Micro-X Limited**  
**Notes to the financial statements**  
**For the year ended 30 June 2023**

## **Note 2. Significant accounting policies (continued)**

### **Goods and Services Tax ('GST') and other similar taxes**

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

### **Foreign Currency Translation**

Functional and presentation currency:

The financial statements are presented in Australian dollars, which is Micro-X Ltd's functional and presentation currency.

Foreign currency transactions and balances:

Foreign currency transactions are translated into the functional currency of Micro-X Ltd, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items at year end exchange rates are recognised in profit or loss. Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the date of the transaction), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

Foreign operations:

Assets and liabilities of the foreign entity are translated into \$AUD at the closing rate. Income and expenses have been translated into \$AUD at the average rate over the reporting period. Exchange differences are charged or credited to other comprehensive income and recognised in the currency translation reserve in equity. On disposal of a foreign operation the cumulative translation differences recognised in equity are reclassified to profit or loss and recognised as part of the gain or loss on disposal.

### **Rounding of amounts**

The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

### **New Accounting Standards and Interpretations not yet mandatory or early adopted**

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2023. The Group has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

## **Note 3. Critical accounting judgements, estimates and assumptions**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next Financial Year are discussed below.



## NOTES TO THE FINANCIAL STATEMENTS CONT'D

**Micro-X Limited**  
**Notes to the financial statements**  
**For the year ended 30 June 2023**

**Note 3. Critical accounting judgements, estimates and assumptions (continued)**

*Share-based payment transactions (Note 21)*

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using the Monte-Carlo model considering the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

*Estimation of useful lives of assets*

The Group determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

*Income tax*

The Group is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax and audit issues based on the Group's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

*Recovery of deferred tax assets*

Deferred tax assets are recognised for deductible temporary differences only if the Group considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

*Lease term*

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the Group's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The Group reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

*Research and development (R&D) tax incentive*

The Group is entitled to claim R&D tax incentives in Australia. The R&D tax incentive is calculated using the estimated R&D expenditure multiplied by a 43.5% refundable tax offset. The Group accounts for this incentive as other income within the Statement of Profit or Loss and Other Comprehensive Income.

*Warranty provision*

The Group provides warranties for general repairs of defects that existed at the time of sale, as required by law. Provisions related to these assurance-type warranties are recognised when the product is sold, or the service is provided to the customer. Initial recognition is based on historical experience. The estimate of warranty-related costs is revised annually.



## NOTES TO THE FINANCIAL STATEMENTS CONT'D

**Micro-X Limited**  
**Notes to the financial statements**  
**For the year ended 30 June 2023**

**Note 4. Operating segments**

The Group has operations in Australia and the United States (Micro-X Inc) and the UK (Micro-X UK Operation Limited).

*Operating segment information*

For management purposes, the Group has been split into geographical segments. Micro-X UK Operations Limited has been aggregated into the Parent Company.

	<b>Micro-X Limited Australia \$'000</b>	<b>Micro-X Inc United States \$'000</b>	<b>Total</b>
Revenue			
Sales to external customers	11,969	3,036	15,005
Other revenue	8,928	(1,538)	7,390
Total revenue	<u>20,897</u>	<u>1,498</u>	<u>22,395</u>
Expenses			
Depreciation and amortisation	(1,303)	(286)	(1,589)
Finance costs	(200)	(69)	(269)
Other expenses	(24,365)	(6,926)	(31,291)
Total expenses	<u>(25,868)</u>	<u>(7,281)</u>	<u>(33,149)</u>
Loss before income tax expense	<u>(4,971)</u>	<u>(5,783)</u>	<u>(10,754)</u>
	<b>Micro-X Limited Australia \$'000</b>	<b>Micro-X Inc United States \$'000</b>	<b>Total</b>
Total assets	27,853	2,445	30,298
Total Liabilities	(10,471)	(2,634)	(13,105)
Net Assets	<u>17,382</u>	<u>(189)</u>	<u>17,193</u>

*Major customers*

During the Financial Year ended 30 June 2023 approximately \$4.5M being 30% (2022: N/A) from engineering contract services was derived from an agreement in September 2022 with Varex Imaging Corporation for an exclusive global license enabling them to use Micro-X's NEX technology in the field of multi-beam X-ray tubes.

In addition, \$3.4M being 23% (2022: \$2.6M being 30%) was derived from engineering contract services to the U.S Department of Homeland Security (DHS) and \$3.3M being 21% (2022: \$2.5M being 28%) was relating to services to the Australian Stroke Alliance (ASA).

## NOTES TO THE FINANCIAL STATEMENTS CONT'D

**Micro-X Limited**  
**Notes to the financial statements**  
**For the year ended 30 June 2023**

**Note 5. Revenue**

	<b>Consolidated</b>	
	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Sale of Goods	3,795	3,781
Engineering contract services	11,210	5,189
Revenue	<u>15,005</u>	<u>8,970</u>

*Disaggregation of revenue*

The disaggregation of revenue from contracts with customers is as follows:

	<b>Consolidated</b>	
	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
<i>Major product lines</i>		
DRX Revolution Nano	238	1,614
Micro-X Rover	2,812	1,609
Engineering Contract Services	11,210	5,189
Spare Parts	745	558
	<u>15,005</u>	<u>8,970</u>
<i>Geographical regions</i>		
United States	10,772	4,196
Asia-Pacific	4,012	4,047
Europe, EMEA & Ukraine	221	727
	<u>15,005</u>	<u>8,970</u>
<i>Timing of revenue recognition</i>		
Goods transferred at a point in time	3,795	3,781
Services transferred over time	11,210	5,189
	<u>15,005</u>	<u>8,970</u>

**Note 6. Other Income**

	<b>Consolidated</b>	
	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Interest Received	1	21
Research & Development Tax Incentive Refund	6,647	3,655
Net Gain on Disposal of Asset	67	-
Other Government Grants	675	468
	<u>7,390</u>	<u>4,144</u>



## NOTES TO THE FINANCIAL STATEMENTS CONT'D

**Micro-X Limited**  
**Notes to the financial statements**  
**For the year ended 30 June 2023**

**Note 7. Income tax**

	<b>Consolidated</b>	
	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>		
Loss before income tax expense	(10,754)	(17,089)
Tax at the statutory tax rate of 25%	(2,689)	(4,272)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Share-based payments	308	489
R&D tax incentive income	(1,662)	(914)
Feedstock adjustment	65	52
R&D expenditure	3,582	1,994
Loss conversion of convertible notes	23	-
Other-assessable income	30	-
	(343)	(2,651)
Current year tax losses not recognised	666	2,842
Current year temporary differences not recognised	(323)	(191)
Income tax expense	-	-

The Group has tax losses that arose of \$38.1 million (2022: \$40.3 million) that are available indefinitely for offsetting against future taxable profits of the companies in which the tax losses arose.

Deferred tax assets have not been recognised in respect of these losses as the Group has been loss-making for some time, and there is no evidence of recoverability in the near future.

**Note 8. Current assets - trade and other receivables**

	<b>Consolidated</b>	
	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Trade receivables	698	115
R&D tax incentive receivable	6,232	3,470
Other receivables	20	18
	6,950	3,603
GST receivable	46	152
	6,996	3,755

**Note 9. Current assets - contract assets**

	<b>Consolidated</b>	
	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Contract assets	1,633	1,314

## NOTES TO THE FINANCIAL STATEMENTS CONT'D

**Micro-X Limited**  
**Notes to the financial statements**  
**For the year ended 30 June 2023**

**Note 10. Current assets - inventories**

	<b>Consolidated</b>	
	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Raw materials	5,973	4,395
Finished goods	1,365	1,388
	<u>7,338</u>	<u>5,783</u>

**Note 11. Current assets - Other Assets**

	<b>Consolidated</b>	
	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Prepayments and deposits	<u>1,247</u>	<u>1,589</u>

**Note 12. Non-current assets - property, plant and equipment**

	<b>Consolidated</b>	
	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Leasehold improvements - at cost	1,757	1,749
Less: Accumulated depreciation	(723)	(535)
	<u>1,034</u>	<u>1,214</u>
Plant and equipment - at cost	3,092	2,446
Less: Accumulated depreciation	(1,698)	(1,195)
	<u>1,394</u>	<u>1,251</u>
Fixtures and fittings - at cost	232	216
Less: Accumulated depreciation	(105)	(74)
	<u>127</u>	<u>142</u>
Computer equipment - at cost	652	518
Less: Accumulated depreciation	(399)	(234)
	<u>253</u>	<u>284</u>
Work in progress - at cost	<u>306</u>	<u>190</u>
Total property, plant and equipment	<u>3,114</u>	<u>3,081</u>



## NOTES TO THE FINANCIAL STATEMENTS CONT'D

**Micro-X Limited**  
**Notes to the financial statements**  
**For the year ended 30 June 2023**

**Note 12. Non-current assets - property, plant and equipment (continued)**

*Reconciliations*

Reconciliations of the written down values at the beginning and end of the current and previous Financial Year are set out below:

Consolidated	Leasehold improvements \$'000	Plant & equipment \$'000	Fixtures & fittings \$'000	Computer Equipment \$'000	Work in Progress \$'000	Total \$'000
Balance at 1 July 2021	1,334	1,145	76	183	-	2,738
Additions	55	508	89	221	190	1,063
Transfers in/(out)	-	(93)	-	-	-	(93)
Depreciation expense	(175)	(309)	(23)	(120)	-	(627)
Balance at 30 June 2022	1,214	1,251	142	284	190	3,081
Additions	9	555	14	137	306	1,021
Transfers in/(out)	-	149	-	-	(149)	-
Disposals	-	(23)	-	-	(41)	(64)
Depreciation expense	(189)	(538)	(29)	(168)	-	(924)
Balance at 30 June 2023	1,034	1,394	127	253	306	3,114

**Note 13. Non-current assets - Right-of-use assets and lease liabilities**

The Group leases land and buildings for its offices and production facilities under agreements of between 5 to 10 years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated. The Group also leases machinery under agreements of between 1 to 5 years.

	Consolidated	
	2023 \$'000	2022 \$'000
Right-of-use	6,489	6,458
Less: Accumulated depreciation	(1,874)	(1,150)
	4,615	5,308
	Consolidated	
	2023 \$'000	2022 \$'000
As at 1 July	5,308	5,999
Modification to Lease Agreement	30	24
Depreciation	(723)	(715)
As at 30 June	4,615	5,308

Set out below are the carrying amounts of lease liabilities (disclosed as current and non-current lease liabilities) and the movements during the period:

## NOTES TO THE FINANCIAL STATEMENTS CONT'D

**Micro-X Limited**  
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**For the year ended 30 June 2023**

**Note 13. Non-current assets - Right-of-use assets and lease liabilities (continued)**

	<b>Consolidated</b>	
	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
As at 1 July	5,314	5,837
Additions/Exchange rate movements	21	52
Modification of lease terms	30	24
Accretion of interest	251	281
Payments	(913)	(880)
As at 30 June	<u>4,703</u>	<u>5,314</u>
Current	726	633
Non-Current	<u>3,977</u>	<u>4,681</u>
	<u>4,703</u>	<u>5,314</u>

Factors considered in determining the life of lease liabilities is discussed at Note 3.

The following are the amounts recognised in profit & loss:

	<b>Consolidated</b>	<b>Consolidated</b>
	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Depreciation expense - Right of use assets	723	715
Interest expense - lease liability	<u>250</u>	<u>281</u>
	<u>973</u>	<u>996</u>

**Note 14. Non-current assets - intangibles**

	<b>Consolidated</b>	
	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Intellectual property - at cost	<u>47</u>	<u>59</u>
Patents and trademarks - at amortised value	<u>85</u>	<u>85</u>
	<u>132</u>	<u>144</u>

**Reconciliations**

Reconciliations of the written down values at the beginning and end of the current and previous Financial Year are set out below:

<b>Consolidated</b>	<b>Capitalised development costs</b>	<b>Patents &amp; Trademarks</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Balance at 1 July 2021	-	129	129
Additions	59	-	59
Amortisation expense	<u>-</u>	<u>(44)</u>	<u>(44)</u>
Balance at 30 June 2022	59	85	144
Amortisation expense	<u>(12)</u>	<u>-</u>	<u>(12)</u>
Balance at 30 June 2023	<u>47</u>	<u>85</u>	<u>132</u>





## NOTES TO THE FINANCIAL STATEMENTS CONT'D

**Micro-X Limited**  
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**Note 15. Current liabilities - trade and other payables**

	<b>Consolidated</b>	
	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Trade payables	2,482	1,304
Other payables and accrued expenses	3,102	3,062
	<u>5,584</u>	<u>4,366</u>

**Note 16. Current liabilities - contract liabilities**

	<b>Consolidated</b>	
	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Government Grant funding in advance (AMGF & MMF)	355	459
Contract Liabilities	500	-
	<u>855</u>	<u>459</u>

*Reconciliation*

Reconciliation of the written down values at the beginning and end of the current and previous Financial Year are set out below:

Opening balance	459	501
Grant funding received	-	280
Transfer to revenue	(104)	(322)
Payments received in advance	500	-
Closing balance	<u>855</u>	<u>459</u>

*Unsatisfied performance obligations*

The aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied at the end of the reporting period was \$5.5M as at 30 June 2023 (\$8.4M as at 30 June 2022) and is expected to be recognised as revenue in future periods as follows:

	<b>Consolidated</b>	
	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Within 6 months	2,800	2,768
6 to 12 months	2,118	4,372
12 to 18 months	561	1,220
	<u>5,479</u>	<u>8,360</u>

Subsequent to year-end, the Company successfully negotiated an extension to the existing Self-Screening Checkpoint Portal project with the DHS. This disclosure does not consider the extension. See Note 30 Events after the reporting period for more information.

**Note 17. Current liabilities - provisions**

	<b>Consolidated</b>	
	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Employee Entitlements	<u>1,153</u>	<u>1,021</u>

## NOTES TO THE FINANCIAL STATEMENTS CONT'D

**Micro-X Limited**  
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**Note 18. Non-current liabilities - provisions**

	<b>Consolidated</b>	
	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Long service leave	173	93
Lease make good	505	505
Warranties	132	230
	<u>810</u>	<u>828</u>

*Lease make good*

The provision represents the present value of the estimated costs to make good the premises leased by the Group at the end of the respective lease terms.

*Warranties*

The provision represents the estimated warranty claims in respect of products sold which are still under warranty at the reporting date. The provision is estimated based on historical warranty claim information, sales levels and any recent trends that may suggest future claims could differ from historical amounts.

*Movements in provisions*

Movements in each class of provision during the current Financial Year, other than employee benefits, are set out below:

<b>Consolidated</b>	<b>Lease make good</b>	<b>Warranties</b>
	<b>\$'000</b>	<b>\$'000</b>
Carrying amount at the start of the year	505	230
Additional provisions recognised	-	44
Amounts used	-	(90)
Unused amounts reversed	-	(52)
Carrying amount at the end of the year	<u>505</u>	<u>132</u>

**Note 19. Equity - Issued capital**

	<b>Consolidated</b>			
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>Shares</b>	<b>Shares</b>	<b>\$'000</b>	<b>\$'000</b>
Ordinary shares - fully paid	<u>514,365,432</u>	<u>461,454,266</u>	<u>125,396</u>	<u>117,529</u>



## NOTES TO THE FINANCIAL STATEMENTS CONT'D

**Micro-X Limited**  
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**Note 19. Equity - Issued capital (continued)**

*Movements in ordinary share capital*

Details	Date	Shares	Issue price	\$'000
Balance	1 July 2021	459,701,740		116,967
Issue of shares under Employee Gift Plan	30 Sep 2021	223,891	\$0.326	73
Exercise of Rights under Employee Equity Plan	06 Oct 2021	202,114	\$0.370	75
Exercise of Rights under Employee Equity Plan	04 Jan 2022	13,210	\$0.370	5
Exercise of Rights under Employee Equity Plan	02 May 2022	985,381	\$0.320	316
Exercise of Rights under Employee Equity Plan	15 Feb 2022	178,336	\$0.370	66
Issue of shares in lieu of cash payments for Directors Fees	02 May 2022	149,594	\$0.180	27
Balance	30 June 2022	461,454,266		117,529
Exercise of Rights under Employee Equity Plan	29 July 2022	35,589	\$0.370	13
Exercise of Rights under Employee Equity Plan	29 July 2022	15,136	\$0.330	5
Issue of shares in lieu of cash payments for Directors Fees	21 Sep 2022	196,783	\$0.138	27
Issues of shares - Placement	23 Sep 2022	23,780,000	\$0.147	3,496
Exercise of Rights under Employee Equity Plan	19 Oct 2022	27,778	\$0.330	9
Exercise of Rights under Employee Equity Plan	28 Oct 2022	83,965	\$0.370	31
Exercise of Rights under Employee Equity Plan	28 Oct 2022	36,995	\$0.330	12
Issue of shares in lieu of cash payments for Directors Fees	16 Nov 2022	174,863	\$0.150	26
Issue of shares under Employee Gift Plan	13 Dec 2022	565,188	\$0.138	78
Issues of shares - Placement	15 Dec 2022	26,929,000	\$0.147	3,959
Capital Raising Costs	15 Dec 2022	-	\$0.000	(105)
Exercise of Rights under Employee Equity Plan	21 Dec 2022	245,687	\$0.370	91
Exercise of Rights under Employee Equity Plan	21 Dec 2022	353,080	\$0.330	117
Issue of shares in lieu of cash payments for Directors Fees	1 Mar 2023	204,782	\$0.120	25
Exercise of Rights under Employee Equity Plan	1 Mar 2023	112,388	\$0.370	42
Exercise of Rights under Employee Equity Plan	1 Mar 2023	98,782	\$0.219	22
Exercise of Rights under Employee Equity Plan	25 May 2023	51,150	\$0.370	19
Balance	30 June 2023	<u>514,365,432</u>		<u>125,396</u>

*Ordinary shares*

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

*Capital risk management*

The Group's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

**Note 20. Equity - Foreign currency translation reserve**

	Consolidated	
	2023	2022
	\$'000	\$'000
Exchange differences on translating foreign operations	14	18

## NOTES TO THE FINANCIAL STATEMENTS CONT'D

**Micro-X Limited**  
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**For the year ended 30 June 2023**

**Note 21. Equity - Share based payments reserve**

	<b>Consolidated</b>	
	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Share-based payments reserve	<u>3,852</u>	<u>3,057</u>

Micro-X issued service rights to all staff and service rights and performance rights, inclusive of short term incentives (STI) and long term incentives (LTI) to Leadership and a subset of other staff under its Employee Equity Plan on 9 December 2022, 3 January and 9 January 2023. The rights hold various service and performance conditions which vest over 3 years.

Consistent with the Resolutions passed at its AGM on 14 November 2022, Micro-X issued performance rights to one of its Directors on 3 January 2023. The rights hold various performance conditions which vest over 3 years to 3 January 2026.

The following assumptions have been used:

**Valuation Inputs & Conclusions**

<b>Description</b>	<b>STI Performance Rights (Tranche 1)</b>	<b>STI Performance Rights (Tranche 2)</b>	<b>LTI Service Rights</b>	<b>LTI Performance Rights</b>	<b>Non-Executive Director LTI Performance Rights</b>
Valuation Date	3 Jan 2023	9 Jan 2023	12 Dec 2022	3 Jan 2023	3 Jan 2023
Number of instruments issued	6,720,455	1,763,356	6,857,576	4,015,933	127,877
Spot Price	\$0.145	\$0.140	\$0.125	\$0.145	\$0.145
Exercise Price	Nil	Nil	Nil	Nil	Nil
Life (Years)	1.0	1.0	3	3	3
Volatility*	75%	75%	75%	75%	75%
Dividend Yield	0.00%	0.00%	0.00%	0.00%	0.00%
Risk Free Rate	3.36%	3.32%	3.07%	3.39%	3.39%
Assessed Value	\$0.145	\$0.140	\$0.125	\$0.081	\$0.081

\*Based on historical volatility of Micro-X shares and comparable companies.

The fair value of the rights expensed for the year ended 30 June 2023 was \$1.155 million.

Set out below are the movements of rights held by Non-Executive Directors and Key Management Personnel during the Financial Year.

	<b>Held at 1 July 2022</b>	<b>Granted as Remuneration</b>	<b>Exercised or Expired</b>	<b>Held at 30 June 2023</b>	<b>Average Fair Value per Right at Grant Date</b>
Rights issued under Employee Equity Plan	8,120,505	8,134,124	(1,382,411)	14,872,218	\$0.204

D Pini, A Blackburn, C Hicks and Y King were not KMP as at 30 June 2023 reducing the opening balance of rights held.

Balances are as held at 30 June 2023 and do not reflect conversions or exercising of rights since that date.



## NOTES TO THE FINANCIAL STATEMENTS CONT'D

**Micro-X Limited**  
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**Note 21. Equity - Share based payments reserve (continued)**

The following table illustrates the number and weighted average fair value (WAFV) at grant date of, and movement in, rights held by all participants during the Financial Year:

	2023 Number	2023 WAFV	2022 Number	2022 WAFV
Outstanding at 1 July	15,669,148	\$0.308	9,678,962	\$0.319
Granted during the Financial Year	19,485,197	\$0.124	9,093,045	\$0.300
Exercised during the Financial Year	(1,060,550)	\$0.340	(1,379,041)	\$0.334
Expired during the Financial year	(3,508,830)	\$0.286	(1,723,818)	\$0.355
Outstanding at 30 June	30,584,965	\$0.202	15,669,148	\$0.308

*Share-based payments reserve*

The reserve is used to recognise the value of equity benefits provided to employees and the directors as part of their remuneration, and other parties as part of their compensation for services.

*Movements in reserves*

Movements in each class of reserve during the current and previous Financial Year are set out below:

Consolidated	Share-based payment reserve \$'000	Total \$'000
Balance at 1 July 2021	1,472	1,472
Share rights expense <sup>1</sup>	2,047	2,047
Share right equity movement <sup>2</sup>	(462)	(462)
Balance at 30 June 2022	3,057	3,057
Share rights expense <sup>1</sup>	1,155	1,155
Share right equity movement <sup>2</sup>	(360)	(360)
Balance at 30 June 2023	3,852	3,852

1. Employee Equity Plan - amortisation expense of rights granted
2. Value of rights/ options transferred to retained earnings on exercise or when lapsed due to expiry.

**Note 22. Equity - dividends**

There were no dividends paid, recommended or declared during the current or previous Financial Year.

**Note 23. Financial instruments**

**Financial risk management objectives**

The Company's activities expose it to a variety of financial risks: market risk (including interest rate risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Company. The Company uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and other price risks and ageing analysis for credit risk.

Risk management is carried out by senior finance executives ('Finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the Group and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the Group's operating units. Finance reports to the Board on a monthly basis.

Unless otherwise stated, there have been no changes from the previous reporting period in the Company's exposures to risks related to financial instruments, or how those risks arise.

## NOTES TO THE FINANCIAL STATEMENTS CONT'D

**Micro-X Limited**  
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**Note 23. Financial instruments (continued)**

**Market risk**

*Foreign currency risk*

Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Company's functional currency. The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the United States Dollar (USD).

*Price risk*

The Group is not exposed to any significant price risk.

*Interest rate risk*

The Company's exposure to the risk of changes in market interest rates relates primarily to the company's cash deposits with floating interest rates. These financial assets with variable rates expose the Company to interest rate risk.

All other financial assets and liabilities in the form of receivables and payables are non-interest bearing. The Company does not engage in any hedging or derivative transactions to manage interest rate risk.

In regard to its interest rate risk, the Company continuously analyses its exposure. Within this analysis consideration is given to potential renewals of existing positions, alternative investments and the mix of fixed and variable interest rates.

At the balance date the Company had the following financial assets and liabilities exposed to Australian variable interest rate risk that are not designated in cash flow hedges:

Cash at bank of \$5.2M (2022: \$10.3M). The sensitivity of the cash at bank balance to changes in interest rate (of +/-1%) equates to +/- \$52,000 (2021: +/- \$103,030). The sensitivity of 1% is based on reasonable, possible changes, over a Financial Year, using the observed range of actual historical short-term deposit rate movements and management's expectation of future movements.

**Credit risk**

The Group has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the Group based on recent sales experience, historical collection rates and forward-looking information that is available.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

Credit risk arises from cash and cash equivalents and outstanding trade and other receivables.

The cash balances are held in financial institutions with high ratings and the trade and other receivables relate to:

- (i) amounts receivable from a substantial trade debtor with a strong credit standing;
- (ii) goods and services tax receivable from the Australian Tax Office (ATO); and
- (iii) estimated R&D tax incentive receivable from the ATO.

The Company has assessed that there is minimal risk that the cash and trade and other receivables balances are impaired.

**Liquidity risk**

Vigilant liquidity risk management requires the Group to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The Group manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Trade payables are generally payable on 30-day terms.



## NOTES TO THE FINANCIAL STATEMENTS CONT'D

**Micro-X Limited**  
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**Note 23. Financial instruments (continued)**

*Remaining contractual maturities*

The following tables detail the Group's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Consolidated - 2023	Weighted average interest rate %	1 year or less \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000	Over 5 years \$'000	Remaining contractual maturities \$'000
<b>Non-derivatives</b>						
<i>Non-interest bearing</i>						
Trade payables	-	2,482	-	-	-	2,482
<i>Interest-bearing - fixed rate</i>						
Lease liability	5.00%	725	698	1,750	1,530	4,703
Total non-derivatives		3,207	698	1,750	1,530	7,185

Consolidated - 2022	Weighted average interest rate %	1 year or less \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000	Over 5 years \$'000	Remaining contractual maturities \$'000
<b>Non-derivatives</b>						
<i>Non-interest bearing</i>						
Trade payables	-	1,304	-	-	-	1,304
<i>Interest-bearing - variable</i>						
Lease liability	5.00%	633	719	1,870	2,092	5,314
Total non-derivatives		1,937	719	1,870	2,092	6,618

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

**Fair value of financial instruments**

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

**Note 24. Key management personnel disclosures**

*Compensation*

The aggregate compensation made to directors and other members of key management personnel of the Company is set out below:

	Consolidated	
	2023	2022
	\$	\$
Short-term employee benefits	1,617,295	2,142,900
Post-employment benefits	445,970	253,854
Share-based payments	547,510	1,236,374
	<u>2,610,775</u>	<u>3,633,128</u>



## NOTES TO THE FINANCIAL STATEMENTS CONT'D

**Micro-X Limited**  
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**Note 24. Key management personnel disclosures (continued)**

Consistent with the prior year. Key Management Personnel were granted rights under the Employee Equity Plan on 9 December 2022 and 3 January 2023.

The Share-based payments above relate to the amortisation of the fair value of the grant of rights made to the KMP during the year and do not necessarily reflect the cash value that may be realised upon vesting and exercising of the rights.

**Note 25. Remuneration of auditors**

During the Financial Year the following fees were paid or payable for services provided by BDO and Grant Thornton, the auditors of the Company:

	<b>Consolidated</b>	
	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
<i>Audit services</i>		
Grant Thornton - audit or review of the financial statements up to 31 December 2022	35,690	100,395
BDO - audit or review of the financial statements up to 30 June 2023	65,000	-
	<u>100,690</u>	<u>100,395</u>
<i>Other services - BDO</i>		
Tax and Transfer Pricing	30,494	-
R&D Tax Incentive	13,379	-
Other	3,075	-
	<u>46,948</u>	<u>-</u>
	<u><u>147,638</u></u>	<u><u>100,395</u></u>

**Note 26. Contingent liabilities**

The Company has no contingent liabilities as at 30 June 2023.

**Note 27. Related party transactions**

*Subsidiaries*

Interests in subsidiaries are set out in Note 29.

*Key management personnel*

Disclosures relating to key management personnel are set out in Note 24 and the remuneration report included in the Directors' report.

*Transactions with related parties*

Details and terms and conditions of other transactions with KMP and their related parties:

During the Financial Year, purchases totalling \$16,600 at market prices have been made by the Company for marketing services provided by companies of which Anthony Skeat's wife is a director. There were also additional purchases of \$11,165 at market prices that have been made by the Company's for video and photography services provided by Miles Rowland who is Peter Rowland's son.

*Receivable from and payable to related parties*

Noted as at reporting date, a \$65,295 payable to Patrick O'Brien is included within trade payables for director fees invoiced at 30 June 2023.

There were no other trade receivables from or trade payables to related parties at the current and previous date.

*Loans to/from related parties*

There were no loans to or from related parties at the current and previous reporting date.



## NOTES TO THE FINANCIAL STATEMENTS CONT'D

**Micro-X Limited**  
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**Note 28. Parent entity information**

Set out below is the supplementary information about the parent entity.

*Statement of profit or loss and other comprehensive income*

	Parent	
	2023 \$'000	2022 \$'000
Loss after income tax	(6,779)	(17,131)
Total comprehensive income	(6,779)	(17,131)

*Statement of financial position*

	Parent	
	2023 \$'000	2022 \$'000
Total current assets	20,563	18,916
Total assets	27,822	27,674
Total current liabilities	5,633	7,309
Total liabilities	6,450	8,348
Equity		
Issued capital	125,396	117,529
Foreign currency translation reserve	260	97
Convertible notes	65	65
Share-based payments reserve	3,852	3,057
Accumulated losses	(108,201)	(101,422)
	<u>21,372</u>	<u>19,326</u>

*Guarantees entered into by the parent entity in relation to the debts of its subsidiaries*

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 2023.

*Contingent liabilities*

The parent entity has no contingent liabilities as at 2023.

*Capital commitments - Property, plant and equipment*

The parent entity has no capital commitments for property, plant and equipment as at 2023.

The accounting policies of the parent entity are consistent with those of the Group, as disclosed in Note 2, except for the accounting policy relating to investment in subsidiaries which are carried at cost in the parent accounts but would be applied at fair value for any Group accounting.

## NOTES TO THE FINANCIAL STATEMENTS CONT'D

**Micro-X Limited**  
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**Note 29. Interests in subsidiaries**

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in Note 2:

Name	Principal place of business / Country of incorporation	Ownership interest	
		2023 %	2022 %
Micro-X Incorporated	USA	100%	100%
Micro-X UK Operations Limited	United Kingdom	100%	100%

**Note 30. Events after the reporting period**

Subsequent to year-end, the Company's wholly owned subsidiary, Micro-X Inc, executed an extension to the existing contract with the DHS for the Self-Screening Checkpoint Portal project. The contract extension has a number of phases of work and milestones, and subject to successfully achieving these, will take the Self-Screening Checkpoint Portal product beyond design to build and test fully integrated self-screening stations in live US airport environments with travelling passengers.

The contract extension represents funding worth up to US\$14M (A\$21M) over the life of the contract, with an initial contract commitment of US\$4.8M (A\$7.25M).

No other matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

**Note 31. Reconciliation of loss after income tax to net cash used in operating activities**

	Consolidated	
	2023 \$'000	2022 \$'000
Loss after income tax expense for the year	(10,754)	(17,089)
Adjustments for:		
Depreciation and amortisation	1,601	1,432
Share-based payments	1,233	1,954
Non-cash finance costs	(4)	86
Change in operating assets and liabilities:		
Increase in trade and other receivables	(3,543)	(2,592)
Increase in trade and other payables	1,493	709
Increase in employee benefits	107	320
Increase in inventories	(1,521)	(2,887)
Increase in unearned income	395	(41)
Net cash used in operating activities	<u>(10,993)</u>	<u>(18,108)</u>



## NOTES TO THE FINANCIAL STATEMENTS CONT'D

**Micro-X Limited**  
**Notes to the financial statements**  
**For the year ended 30 June 2023**

**Note 32. Earnings per share**

	<b>Consolidated</b>	
	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Loss after income tax attributable to the owners of Micro-X Limited	<u>(10,754)</u>	<u>(17,089)</u>
	<b>Cents</b>	<b>Cents</b>
Basic earnings per share	(2.17)	(3.71)
Diluted earnings per share	(2.17)	(3.71)
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>495,806,716</u>	<u>460,277,186</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>495,806,716</u>	<u>460,277,186</u>

The weighted average number of shares does not include the potential number of ordinary shares upon take-up of rights and the conversion of the mandatorily convertible notes.

The potential number of shares on conversion of the April 2018 mandatorily convertible notes which are unconverted is 162,500 ordinary shares based on conversion prices of \$0.40 (Ceiling Cap).

The potential number of shares on conversion of performance rights is 30,584,965 which is made up of 5,929,311 vested performance rights on which all relevant performance criteria have been met and 24,655,654 unvested rights upon which require further performance criteria to be met before they become convertible.

Basic EPS is calculated by dividing the loss for the year attributable to ordinary equity holders of the Group by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by dividing the loss attributable to ordinary equity holders of the Group by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares. It is noted that diluted EPS cannot be calculated on the loss for the year and accordingly the diluted EPS equals the basic EPS.

## DIRECTORS' DECLARATION

**Micro-X Limited**  
**Directors' declaration**  
**For the year ended 30 June 2023**

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in Note 2 to the financial statements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2023 and of its performance for the Financial Year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors

*David Knox*

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David Knox  
Non-Executive Chair

29 August 2023



## INDEPENDENT AUDITOR'S REPORT



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 Australia

**INDEPENDENT AUDITOR'S REPORT  
 TO THE MEMBERS OF MICRO-X LIMITED**

**Report on the Audit of the Financial Report**

**Opinion**

We have audited the financial report of Micro-X Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2023 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

**Basis for opinion**

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Material uncertainty related to going concern**

We draw attention to Note 2 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the group's ability to continue as a going concern and therefore the group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.

## INDEPENDENT AUDITOR'S REPORT CONT'D

**Key audit matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

**Recognition and measurement of engineering contract services revenue**

KEY AUDIT MATTER	HOW THE MATTER WAS ADDRESSED IN OUR AUDIT
<p>Refer to Note 5 of the financial report and Note 2 for the accounting policy.</p> <p>For the year ended 30 June 2023 the Group recognised \$11.210m (2022: \$5.189m) of engineering contract services revenue</p> <p>Revenue recognition and measurement of engineering contract services was identified as a key audit matter due to the significance of revenue to the financial report and the judgment exercised by management in the determining the timing and amount of revenue to be recognised</p>	<p>Our procedures included but were not limited to;</p> <ul style="list-style-type: none"> <li>Developing an understanding of each contract and ensuring the revenue recognised was in accordance with AASB 15</li> <li>Evaluating the accuracy of management's assessment associated with the stage of completion for individual contracts by testing the accuracy of assumptions in relation to services performed to date against the expected total services to be provided under the contracts</li> </ul>

**Research and Development (R&D) Tax Incentive**

KEY AUDIT MATTER	HOW THE MATTER WAS ADDRESSED IN OUR AUDIT
<p>Refer to Note 6 and 8 of the financial report and Note 2 for the accounting policy.</p> <p>For the year ended 30 June 2023 the Group recognised a \$6.232m (2022: \$3.470m) of R&amp;D Tax Incentive receivable.</p> <p>The R&amp;D Tax Incentive was identified as a key audit matter because of the extent of judgment involved in considering the recognition of the other income and receivable as at the reporting date and the complexities involved in the computation.</p>	<p>Our procedures included but were not limited to;</p> <ul style="list-style-type: none"> <li>Obtaining and analysing the evidence provided by the Group to support the carrying value of the R&amp;D Tax Incentive receivable.</li> <li>Discussing and analysing management's assessment of the recoverability of the R&amp;D Tax Incentive receivable with reference to tax legislation, discussions with internal specialists, and management's historical accuracy in estimating these claims in prior periods.</li> </ul>

**Other information**

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2023, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.





## INDEPENDENT AUDITOR'S REPORT CONT'D



In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### Other matter

The financial report of Micro-X Limited, for the year ended 30 June 2022 was audited by another auditor who expressed an unmodified opinion on that report on 29 August 2022.

#### Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

#### Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:

[https://www.auasb.gov.au/admin/file/content102/c3/ar1\\_2020.pdf](https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf)

This description forms part of our auditor's report.

#### Report on the Remuneration Report

##### Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 28 to 36 of the directors' report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of Micro-X Limited, for the year ended 30 June 2023, complies with section 300A of the *Corporations Act 2001*.

## INDEPENDENT AUDITOR'S REPORT CONT'D

**Responsibilities**

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

A handwritten signature in blue ink, appearing to read 'Andrew Tickle'.

**BDO Audit Pty Ltd**

A handwritten signature in blue ink, appearing to read 'Andrew Tickle'.

Andrew Tickle  
Director

Adelaide, 29 August 2023



## SHAREHOLDER INFORMATION

For the year ended 30 June 2023

The shareholder information set out below was applicable as at 17 August 2023.

The total number of shareholders is 3,965 and there are 516,424,994 ordinary fully paid shares on issue.

There are a further 25,715,773 unquoted performance rights over fully paid ordinary shares issued under the Employee Equity Plan, which are held by 82 participants. During the year ended 30 June 2023 the following grants of performance rights were made:

Grant Date	Exercise Price	Number of Holders	Number on Issue	Number of Restricted Securities	Release Date (If Applicable)
12 December 2022 – Employees <sup>1</sup>	\$0.000	86	6,857,576	–	–
3 January 2023 – Employees <sup>1</sup>	\$0.000	8	10,736,388	–	–
3 January 2023 – Non-Executive Director <sup>2</sup>	\$0.000	1	127,877	–	–
9 January 2023 – Employees <sup>1</sup>	\$0.000	20	1,763,356	–	–

1. As part of the Employee Equity Plan including both short term incentives and long term incentives for employees, 19,357,320 rights (including performance rights and service rights) were issued on 12 December 2022, 3 January 2023 and 9 January 2023. The rights hold various service and performance conditions which will be assessed and potentially vest on 31 August 2024 (short term incentives) and 12 December 2026 (long term incentives).
2. Consistent with the Resolutions passed at the AGM on 17 November 2022, the Company issued 127,877 performance rights to a Non-Executive Director as part of the Employee Equity Plan. These performance rights hold various performance conditions which will be assessed and potentially vest on 3 January 2026.

Accounting for previous grants of performance rights, as well as conversion and expiry of 9,438,572 performance rights during the financial year as at 17 August 2023 there were 25,715,773 unquoted rights over fully paid ordinary shares issued which are held by 82 participants.

There are 650 unlisted convertible notes of face value \$100 per Note as follows:

Convertible Notes Maturity Date	Note Conversion Price	Number of Holders	Number on Issue	Number of Restricted Securities	Release Date (If Applicable)
Perpetuity	\$0.400	3	650	–	–

### Distribution of Securities

Analysis of number of equitable security holders by size of holding:

	Ordinary shares		Options over ordinary shares	
	Number of holders	% of total shares issued	Number of holders	% of total shares issued
1 to 1,000	85	0.00	–	–
1,001 to 5,000	969	0.58	–	–
5,001 to 10,000	663	1.03	–	–
10,001 to 100,000	1,742	12.33	–	–
100,001 and over	506	86.06	–	–
	3,965	100.00	–	–
Holding less than a marketable parcel	904	–	–	–

There are 904 holders (with a total of 2,258,259 shares) holding less than a marketable parcel.

## SHAREHOLDER INFORMATION CONT'D

### Equity security holders

#### Twenty largest equity security holders

The names of the twenty largest security holders of equity securities are listed below:

	Ordinary shares	
	Number held	% of total Shares issued
Varex Imaging Corporation	50,709,000	9.86
BNP Paribas Nominees Pty Ltd (DRP)	39,825,217	7.74
National Nominees Limited	36,399,955	7.08
UBS Nominees Pty Ltd	35,942,251	6.99
JP Morgan Nominees Australia Pty Ltd	34,802,859	6.77
BNP Paribas Nominees Pty Ltd (IB AU Noms Retailclient DRP)	18,430,363	3.58
Citicorp Nominees Pty Ltd	13,797,279	2.68
Mr Peter Robin Rowland	13,534,068	2.63
HSBC Custody Nominees (Australia) Limited	10,875,613	2.11
Lonsdale Nominees Pty Ltd (The Lonsdale Fund A/C)	5,904,601	1.15
Mr Lennie Franklin David	4,966,867	0.97
Harman Nominees Pty Ltd (Harmanis Investment A/C)	4,816,556	0.94
Bronte Investments Pty Ltd (McMahon Superannuation A/C)	4,600,279	0.89
Meddiscope Pty Ltd (Podesta Family A/C)	3,244,565	0.63
Anglesea Investments Pty Ltd (Damien O'Brien Family A/C)	2,766,379	0.54
Gowing Bros Limited	2,752,858	0.54
Vaben Pty Ltd (The Vaben Superannuation A/C)	2,565,931	0.50
Dr Russell Kay Hancock	2,500,000	0.49
Kanat Nominees Pty Ltd (Aaron Kanat ML A/C)	2,420,828	0.47
Charli Jordan Pty Ltd (Molloy Settlement A/C)	2,400,000	0.47
	293,255,469	57.03

Substantial holders in the company, as disclosed in substantial holding notices given to the Company, are set out below:

	Ordinary shares	
	Number held	% of total Shares issued
Perennial Value Management Limited	54,653,635	10.63
Varex Imaging Corporation	50,709,000	9.86
Acorn Capital Limited	45,097,950	8.77
TIGA Trading Pty Ltd and Thorney Technologies Limited	26,282,972	5.11



## SHAREHOLDER INFORMATION CONT'D

### Voting rights

The voting rights attached to ordinary shares are set out below:

#### Ordinary shares

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

#### Shares subject to escrow (Restricted Securities)

Voting rights relating to shares subject to escrow are the same as for ordinary shares except that, during a breach of the ASX Listing Rules relating to Shares which are Restricted Securities, or a breach of a restriction agreement, the holder of the relevant Restricted Securities is not entitled to any voting rights in respect of those Restricted Securities.

#### Performance Rights, Service Rights, Options and Convertible Notes

Performance Rights, Service Rights, Options and Convertible Notes do not have voting rights attached.

There are no other classes of equity securities.

## CORPORATE DIRECTORY

### Directors

David Knox (Non-Executive Chair)  
 Alexander Gosling (Non-Executive Director)  
 Patrick O'Brien (Non-Executive Director)  
 James McDowell (Non-Executive Director)  
 Ilona Meyer (Non-Executive Director)  
 Andrew Hartmann (Non-Executive Director) –  
 Appointed 15 December 2022  
 Peter Rowland (Non-Executive Director) – Appointed  
 1 May 2023 was previously Managing Director

### Company Secretary

Kingsley Hall

### Registered Office

A14, 6 MAB Eastern Promenade  
 1284 South Road  
 Tonsley, SA 5042

### Principal place of business

A14, 6 MAB Eastern Promenade  
 1284 South Road  
 Tonsley, SA 5042

### Share Register

#### Computershare Investors Services Pty Ltd

Yarra Falls  
 452 Johnston Street  
 Abbotsford, VIC 3067

Phone: 1300 555 159 (within Australia)  
 Phone: +61 3 8320 4062 (outside Australia)

### Auditor

#### BDO Audit Pty Ltd

Level 7, 420 King William Street  
 Adelaide, SA 5000

Phone: +61 8 8324 6000

### Legal

#### Thompson Geer

Level 14, 60 Martin Place  
 Sydney NSW 2000

### Stock exchange listing

Micro-X Ltd shares are listed on the  
 Australian Securities Exchange

(ASX code: MX1)

### Website

[www.micro-x.com](http://www.micro-x.com)



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