



Micro-X Limited, ABN 21 153 273 735

MICRO-X \$5M CAPITAL RAISING

\$4.0M Placement – launch of \$1.0M Share Purchase Plan

Adelaide, Australia, 17 April 2024: Australian hi-tech company Micro-X Ltd (ASX:MX1) (**Micro-X** or the **Company**), a leader in cold cathode x-ray technology for health and security markets globally, is pleased to announce that it has received funding commitments totalling approximately \$4.0m, for new fully paid ordinary shares in the Company at 9.5 cents per share under a placement to sophisticated and professional investors (**Placement**). The Placement includes \$0.10m of commitments from Micro-X directors, subject to shareholder approval. Micro-X also proposes to undertake a Share Purchase Plan to raise approximately \$1.0m at 9.5 cents per share (**SPP**). Each participant in the Placement and the SPP will receive 1 free attaching option for every 2 shares issued, subject to shareholder approval (**Attaching Options**). Attaching Options will be exercisable at 13.5 cents each for a period of two years from the date of issue, and will be unlisted. Shareholder approval will be sought at an extraordinary general meeting (**EGM**) expected to be held in or around late May 2024.

Key Points

- **\$4.0m Placement including participation from all four Substantial Shareholders, including Varex**
- **Share Purchase Plan (SPP) will be launched for existing investors targeting \$1.0m**
- **Directors have committed \$150k (subject to Shareholder approval) across the Placement and SPP**
- **Capital Raising will accelerate the Argus commercial launch and engagement with strategic partners**
- **Over 12 months cash runway after the Placement and SPP - \$6.85m pro forma cash at 31 March 2024**
- **Micro-X remains focused on funding its development activities, supported by \$14.2m contracted project payments through to June 2025 and an additional estimated \$4m R&D rebate by December 2024**
- **Price of 9.5 cents for Placement and SPP Shares is 17% discount to the last traded price on 12 April 2024 and ~21% discount to 15 day VWAP**

Capital Raising to accelerate Argus launch & Partnering initiatives

Micro-X is seeking to raise \$5 million, through the Placement and SPP, to drive a number of key commercial initiatives, and in turn, to drive greater returns and shareholder value, through:

- **Accelerating the Argus commercial launch** in global defence and security markets. This will build on the first purchase order received in March 2024, adding sales and business development staff along with a pool of Argus units for customer trials, aiming to grow a large and repeat customer base in 12 months;
- **Executing strategic partnerships for Checkpoints and Stroke imaging products.** This will include resources to advance the current engagement with potential partners. The goal is to position Micro-X as a technology innovator and secure strategic partners who can provide scale up implementation and/or market access in the airport, security and medical imaging markets, for the Checkpoints and Stroke imaging products, as applicable;
- **Advancing a prototype stroke imaging unit.** This will include building upon the three planned prototypes required under the ASA contract, to enable product delivery under two current MoU's in place with European organisations.



Micro-X remains committed to a strategy where its activities are funded by commercial sales, partners and development contract payments. Micro-X plans to advance commercial sales with the newly released Argus X-ray camera for global defence and security markets, where demonstrations to potential customers are ongoing. In addition, the Mobile DR team will seek to build on the \$4.4 million of Mobile DR sales achieved in 1H24 and from a cashflow perspective, this will be supported by the ability to sell excess inventory of Rover units.

Micro-X also has substantial contracted payments from the DHS, ASA and Varex, subject to the ongoing achievement of milestones. This is expected to deliver \$4.2 million in this quarter and a further \$10 million in FY25¹. Micro-X also expects to receive approximately \$4.0 million R&D tax rebate by the end of 2024.

Use of Funds – Placement & SPP - \$5m		\$'000
Argus commercial activities in global security & defence markets		2,250
Execution of Strategic Partnerships		900
Advancing the prototype Head CT under current MOUs		500
Working capital		1,000
Costs of the Offer		350
Total		5,000

* These amounts are estimates and the Company reserves the right to vary these allocations

Micro-X Chief Executive Officer Kingsley Hall commented:

"We are very pleased to have secured this funding, which allows us to accelerate our Argus commercial launch. We believe Argus is a truly exceptional product and having additional sales specialists in new markets and a larger roster of demonstration units, will allow us to introduce the product and its benefits to a wider group of potential customers to drive the sales targets we have set for ourselves.

As we look to the future, our Checkpoints, Baggage Scanner and Head CT products are all approaching their commercial launch in coming years². We must plan now to secure the right strategic partners who can help us with access, funding and scale up to best execute these opportunities. I am pleased to say that our partnering work is already underway and will be a key focus with the additional resources from the capital raising. We would also like to thank Varex for their ongoing support and we look to building on that relationship.

Finally, we recognise and thank all of our major shareholders who participated in the Placement as well as the new institutional investors who have joined our share register. It is important to the Company that all eligible existing shareholders also have the opportunity to be involved in the capital raising via the SPP.

¹ Assumes DHS exercises optional funding in FY25.

² Head CT commercialisation beyond 2024 is subject to funding.



Details of the Placement

The Company has received commitments totalling approximately \$4.0 million for new fully paid ordinary shares in the Company at 9.5 cents per share (**Placement Shares**).

The key terms of the Placement are as follows:

- 42.1 million Placement Shares at 9.5 cents per Placement Share to raise approximately \$4.0 million;
 - Approximately \$3.675 million of the Placement Shares was offered to investors in Australia who qualified as professional or sophisticated investors under the requirements of the *Corporations Act 2001* (Cth) and investors in select jurisdictions outside of Australia in accordance with applicable laws; and
 - A concurrent placement for approximately A\$0.325 million was made to Varex;
- The issue price of the Placement Shares represents a:
 - 17% discount to the last traded price on 12 April 2024; and
 - ~21% discount to the 5 day volume weighted average price (**VWAP**) and ~21% discount to the 15 day VWAP to the last traded price on 12 April 2024;
- The Placement Shares will rank equally with existing ordinary shares of the Company;
- The Placement Shares will be issued on or about 22 April 2024, under the Company's available placement capacity under ASX Listing Rule 7.1;
- Each participant in the Placement and SPP will receive 1 free Attaching Option for every 2 Shares to be issued under the Placement and SPP. The Attaching Options will be exercisable at 13.5 cents each for a period of two years from the date of issue; and
- The Attaching Options are subject to shareholder approval at the upcoming EGM, and will be unlisted.

Morgans Corporate Limited and Hawkesbury Partners Pty Limited were Joint Lead Managers for the Placement.

Share Purchase Plan

The Company is also pleased to announce the terms of an offer to eligible shareholders of the Company (**Eligible Shareholders**) to subscribe for new fully paid ordinary shares in the Company (**SPP Shares**) under the SPP. The SPP will allow Eligible Shareholders to each subscribe for up to \$30,000 worth of new ordinary shares in the Company at 9.5 cents per SPP Share (**SPP Price**). The SPP Price is the same as the Placement Price and represents a 17% discount to the last traded price, and a ~21% discount to the 5 day VWAP and 15 day VWAP to the last traded price on 12 April 2024.

The SPP is targeted to raise \$1.0 million and will not be underwritten. The \$1.0 million target is the estimated amount the Company believes balances the likely demand under the SPP and an amount sufficient to provide existing shareholders with a reasonable opportunity to participate in the capital raising at the same price as the Placement. The directors have reserved the right to accept oversubscriptions under the SPP to ensure all Eligible Shareholders have a reasonable opportunity to participate in the SPP. Any level of oversubscriptions not accepted will be scaled back based on the Company's allocation policy and the number of securities validly applied for.

Eligible Shareholders in SPP

Eligible Shareholders are registered holders of shares in the Company at 7.00pm AEST on Tuesday 16th April 2024 with a registered address in Australia or New Zealand, provided that such Shareholder is not in the United States, or acting



for the account or benefit of a person in the United States. The SPP is also being extended to Eligible Shareholders who are Custodians to participate in the SPP on behalf of eligible beneficiaries.

The key terms of the SPP are as follows:

- An offer of approximately 10.5 million SPP Shares to raise approximately \$1.0 million;
- Each Eligible Shareholder is limited to participating in the SPP to the amount of \$30,000 worth of SPP Shares;
- The issue price of SPP Shares is the same as the issue price of the Placement Shares;
- Participation in the SPP is optional and the right to participate in the SPP will not be transferable. All SPP Shares will rank equally with existing fully paid ordinary shares in the Company;
- Each participant in the Placement and SPP will receive 1 free Attaching Option for every 2 Shares to be issued under the Placement and SPP. The Attaching Options will be exercisable at 13.5 cents each for a period of two years from the date of issue and will be unlisted; and
- All Attaching Options are subject to shareholder approval at the upcoming EGM.

The Company will lodge and issue a transaction specific prospectus for the issue of shares under the SPP, as well as the Attaching Options under the Placement and the SPP (**Prospectus**). The Prospectus is expected to be made available to shareholders on or about 24 April 2024.

Capital Raising Timetable

Event	Date
Record Date for SPP	7.00pm, Tuesday, 16 April
ASX Announcement of Institutional Placement and SPP	Wednesday, 17 April
Settlement of New Shares issued under the Institutional Placement	Monday, 22 April
Allotment and trading of new shares issued under the Institutional Placement	Tuesday, 23 April
Prospectus Lodged with ASIC & ASX - Opening date for SPP and Option offers	Wednesday, 24 April
Closing date of SPP	Friday, 17 May
Announce results of SPP - Issue of New Shares under SPP	Tuesday, 21 May
Expected date of ASX Quotation of New Shares under SPP	Wednesday, 22 May
General Meeting to approve the issue of Options for Placement & SPP and Director Participation in Placement & SPP	May 2024
Issue of Attaching Options under Placement and Share Purchase Plan (subject to Shareholder Approval)	May 2024 – following EGM

This timetable is indicative. The Company reserves the right to vary these times and dates, subject to the *Corporations Act 2001* (Cth), the ASX Listing Rules and other applicable laws.

This ASX announcement is authorised by the Board of Micro-X.

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– ENDS –

About Micro-X

Micro-X Limited (the **Company**) is an ASX listed hi-tech company developing and commercialising a range of innovative products for global health and security markets, based on proprietary cold cathode, carbon nanotube (CNT) emitter technology. The electronic control of emitters with this technology enables x-ray products with significant reduction in size, weight and power requirements, enabling greater mobility and ease of use in existing x-ray markets and a range of new and unique security and defence applications. Micro-X has a fully vertically integrated design and production facility in Adelaide, Australia. A growing technical and commercial team based in Seattle is rapidly expanding Micro-X's US business.

Micro-X's product portfolio spans four, high margin, product applications in health and security. The first commercial mobile digital radiology products are currently sold for diagnostic imaging in global healthcare, military and veterinary applications and the Argus X-ray Camera for security and defence is now commercially available. The US Department of Homeland Security has contracted Micro-X to design a next-generation Airport security checkpoint. A miniature brain CT imager for pre-hospital stroke diagnosis in ambulances, is being developed with funding from the Australian Government's Medical Research Future Fund.

For more information visit: www.micro-x.com

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MICRO-X

Relentless pursuit of commercial outcomes

\$5M CAPITAL RAISING

Driving Argus commercial sales
and new Strategic Partnerships

KINGSLEY HALL

CHIEF EXECUTIVE OFFICER

[ASX.MX1]

15 April 2024



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CREATING REVOLUTIONARY IMAGING TO BETTER LIVES

Commercialisation | Technology | People



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OVERVIEW

Capital raise to build on growing momentum of 1H24 commercial and operational milestones

- 1 | Record product revenues – improved gross margin
- 2 | Positive operating cash flows achieved in 1H24
- 3 | Argus completed & available for purchase
- 4 | First images taken with Micro-X mini tube – imaging trials planned for 2024
- 5 | \$21m DHS contract extension + first prototype baggage scanner completed

THE FUTURE OF X-RAY

Smaller, lighter, reliable – enabled by our proprietary generator

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Lighter



Cold cathode



Fast pulse



Smaller



Long life



Reliable and robust



2 kg

1 kg

0.5 kg

Micro-X proprietary CNT technology

- Cold cathode emitter made of millions of nanotubes emits digitally controlled electrons
- generates high quality x-ray images

Nano Electronic X-ray (NEX) Technology tube increases portability and is more energy efficient.

Micro-X proprietary high-power generator delivers up to 160KvP enabling a wide range of applications.

FOUR INNOVATIVE APPLICATIONS

MICRO-X

Each product drives a different utilisation of Micro-X's world leading technology

Mobile Digital Radiology

Lightweight and ultra-mobile x-ray systems delivering high quality images in any treatment area – hospital, out of hospital & humanitarian uses



Argus X-ray Camera

World first high-definition bomb imaging without a separate detector – enables remote / stand-off use, keeping an operator away from the threat



Checkpoints & Baggage Scanner

Baggage scanner for security checks in a range of environments
- Integrated airport checkpoint for passport, body and baggage scanning



Head CT

Mobile CT unit enabling out of hospital stroke diagnosis – delivering diagnostic quality images from the ambulance



PILLARS FOR FUTURE SUCCESS



World leading CNT x-ray technology

Internationally recognised x-ray technology platform is next generation and market leading – strong product advantages and new offerings



Proven development capabilities

World leading engineering, design and software team – track record of product innovation and managing development programmes with sophisticated external partners and providers



High quality manufacturing and delivery

Vertically integrated design and production facility in Adelaide with capacity for a range of x-ray tubes and generators – supported by exceptional quality systems – ISO, FDA, TGA



Partner ecosystem & industry validation

Strong and growing partner ecosystem provides strong validation – Varex Imaging, FUJIFILM, US Dept of Homeland Security, Aust. Stroke Alliance, SAAB, Aust Dept of Defence

OUR STRATEGY

MICRO-X

Creating a profitable business with our world class technology

01

Commercial skills - Commercially driven

Building commercial skills - prioritising commercial outcomes in all decision making.
Building a business not just a technology

02

Sweat the asset - Leverage our technology

Created significant value in our current unique technology - actively exploring ways to monetise this investment

03

Target larger and less competitive markets

Focusing on products in larger markets with limited competition - greater upside and margin opportunities

06

Create recurring revenue streams

New sales model to pivot from CAPEX only products - software, upgrades, servicing

05

Commercialise through effective partnerships

Reduce risk and cost by leveraging existing infrastructure of partners - capturing large addressable markets in Checkpoints and Head CT

04

De-risk the business - Reduce the cost base

Scaling costs to match commercial progress.
Minimising unfunded development expenditure

COMMERCIAL MOMENTUM

New leadership delivering on strategic objectives

MICRO-X



Major Aus Govt orders

\$1.5m Ukraine military assistance package
\$1.3m units for Aust Defence Forces



First Commercial Order

First Argus commercial order received
- March 2024



\$21m DHS contract ext.

US Dept of Homeland Security for
Airport Check-in to live testing

CE Mark & EU Launch

Rover & Rover Plus units receive CE
Mark
- now approved in key global markets

Argus live demonstrations

Multiple demonstrations to police, security &
defence customers - building product
awareness and an international sales pipeline

Baggage Scanner prototype

First fully functional prototype completed
and tested - in Seattle office for US Dept of
Homeland Security

Inventory into cash

\$2.1m inventory converted into cash -
record customer receipts in 1H24

High Power generator

Production ramp up of proprietary
generators to support Argus launch, Rover
Plus units and direct generator sales

Head CT first images

First images with Micro-X mini tube
completes \$2.1m MRFF milestone
- Imaging trials planned in 2024

GROWING FINANCIAL SUCCESS -1H24

MICRO-X

Growing commercial momentum driving tangible financial results

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Market Cap¹
\$59.7m

Inventory³
\$5.3m

Cash³
\$2.2m

Debt
Nil

¹ Closing price on 12th April 2024

² Financial results based on the Half Yearly Report lodged with the ASX on 28 February 2024.

³ Cash balance and Inventory (unaudited) are at 31 March 2024.

Total
Revenue²



\$8.2m

▲ 2.1%
vs 1H FY23

▲ 17.5%
vs 2H FY23

Product
Revenue²



\$4.4m

▲ 177.8%
vs 1H FY23

Product
Gross Margin



32%

▲ from 19%
vs 1H FY23

Operational
Cashflow²



\$0.7m

▲ \$6.2m
vs 1H FY23

MICRO-X

G R O W T H S T R A T E G I E S & C A P I T A L R A I S I N G

D r i v i n g c o m m e r c i a l s u c c e s s

FUNDING STRATEGIES – COMMERCIAL OUTCOMES

Delivering a robust Argus sales franchise with over 12 months funding runway added

1

Driving the **Argus commercial launch** in global defence and security markets

- Building on the first sale in March 2024 to grow a large and repeat customer base in 12 months

2

Executing **strategic partnerships for Checkpoints and Stroke imaging** products

- Engagement is ongoing with potential partners who can provide optimal market access and funding

3

Advancing a **prototype stroke imaging unit** – building on the ASA contract

- Following delivery of imaging prototypes in 2024 - developing further prototypes under current commercial MOUs

4

Maintaining **momentum on Checkpoints & Baggage scanner work** – **DHS funded**

- Working alongside the Dept of Homeland Security to develop and test commercial units with contracted funding

5

Continuing to **build Micro-X Rover sales and distributor channels** – **self funded**

- Sales of Micro-X Rover range in all global markets underpinned by ongoing ability to rationalize excess inventory for sales



ARGUS X-RAY CAMERA

Launching global presence into key commercial markets

Driving the Argus commercial launch in global defence and security markets

- Strengthen Argus Sales team
- Supported by increased Sales and Marketing resources
- Lessons learned from Rover – select strong distributors and incentivise performance

Additional Business Development to scale opportunities

- Additional Business Development in key European and Middle East markets
- Increased US presence
- Three FTE appointments

Rotatable pool of trial and demonstration Argus units

- Units to be distributed among key global markets
- Allow longer trial post initial demonstrations
- Ability to gain KOL input and testimonials

Product iteration for expanding use cases

- Engineering resources to optimise performance for growing additional use cases
- Counter surveillance, contraband and security search



STRATEGIC PARTNERSHIPS

Realising value from our development work with the right strategic partners and delivering to commercialisation

Strategic Investment Partnerships

- Checkpoints and Head CT offer substantial opportunities to seek value realisation through co-investment in applications prior to completion of development
- Opportunity to also seek additional partners offering expertise in manufacturing, distribution and/or with a key market presence
- \$0.9M resourcing to identify and execute strategic and investment partnerships

Identifying additional development partners

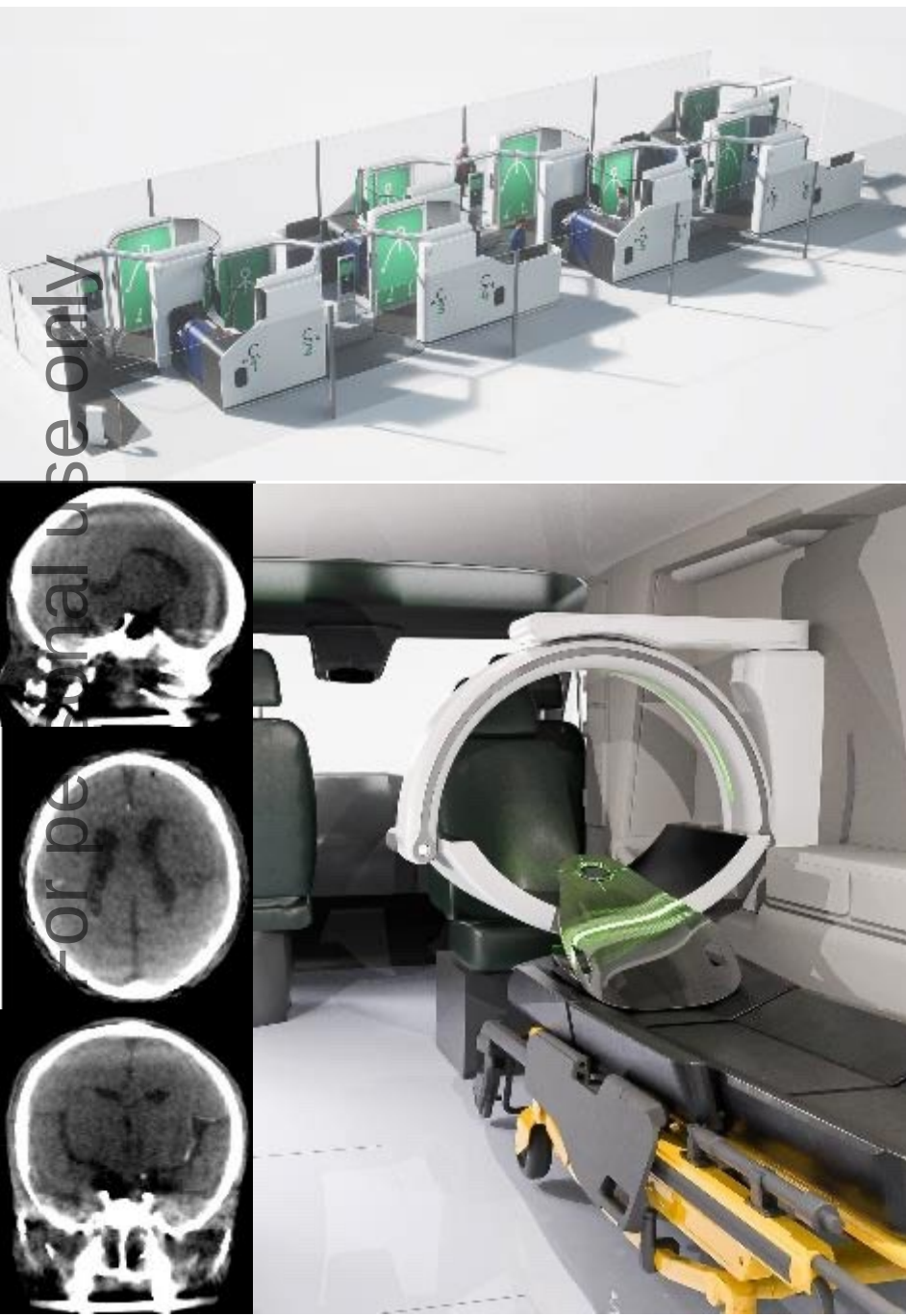
- Micro-X is committed to seeking external funding for product development expenditure
- Resourcing includes identifying and securing development partners

Leveraging valuable IP into additional applications

- Accelerate growth into third party applications
- Sale of Imaging chains, High Voltage generators and IP into third party applications
- Resourcing includes identifying additional opportunities

Delivering Head CT prototypes for MOU partners

- Currently funded through to delivery of the ASA prototypes in 2024
- \$0.5M to deliver first prototypes under current partner MOUs with global KOLs (Norwegian Air Ambulance Foundation and Meytec GmbH)



PARTNERING STRATEGY

De-risking market entry – focusing on Micro-X core skills as a tech innovator

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Our Current Partners

Development Partner



Checkpoints - \$28m funding

Development Partner



Head CT - \$8m funding

Licensing Partner



Multibeam Emitters - \$15m

POTENTIAL EXPANSION OF RELATIONSHIP

Future pre-orders
if project successful

Clinical support
partner

Potential
manufacturer / supplier

New Partners being Sought

Checkpoints

> Implementation / Market access

- Existing airport or security integrators
- Ability to offer scale to implement/service
- Manufacturing Partners for associated equip
- Funding or co-investment

Head CT

> Implementation / Market access

- Existing medical imaging multi-national
- Existing relationships with customer base
- Manufacturing Partners for scale / service
- Funding or co-investment

USE OF FUNDS - \$5m

> 12 months funding runway by funding Argus sales growth

Use of Funds – Placement & SPP - \$5m

\$'000

Argus commercial activities in global security & defence markets	2,250
Execution of Strategic Partnerships	900
Advancing the prototype Head CT under current MOUs	500
Working capital	1,000
Costs of the Offer	350
Total	5,000

* These amounts are estimates and the Company reserves the right to vary these allocations

Key assumptions

> Key focus on self funding / funded development

- Checkpoints work continues to achieve milestones – funding the team, development costs and Seattle office
- Mobile DR current sales level and use of inventory funds the team and supports operations – no new investment
- Reduction of costs and overheads by a further \$700k from April 2024
- \$4m R&D rebate will be received in cash by end of 2024
- Cash inflows from Customer receipts on Rover and Argus sales – and contracted Project payments

> Funding our business into FY2026

BALANCE SHEET – ADDITIONAL FUNDING

Additional funding sources sustain Checkpoints development and Operating costs

Key Points

> Key focus on self funding / funded development

- All development costs on Checkpoints and Baggage Scanner projects funded by DHS contracted payments – subject to timing
- Customer receipts and use of Inventory allows Mobile DR to be self sustaining
- All development costs on Head CT are funded by ASA payments until project ends – new costs to advance the project will be partner funded
- Other project payments and R&D rebate fund corporate overheads

Pro forma Balance Sheet

\$000

Cash at 31 March 2024	2,200
Placement and SPP	5,000
Costs of the Offer	(350)
Pro forma cash at 31 March 2024	6,850
Debt	NIL
Inventory for Sale – 31 March 2024	5,300

Additional Sources of Funding

\$000

4Q FY 2024

Contribution from sales of Micro-X Rover & Argus units	Not included
Contracted Project payments – DHS, ASA, VAREX	4,200
Sources of Funding – excluding contributions from sales	4,200

FY 2025

Contribution from sales of Micro-X Rover & Argus units	Not included
R & D Rebate – estimate – receipt by 31 Dec 2024	4,000
Contracted Project payments FY25 – DHS, ASA, OTHER *	10,000
Sources of Funding – excluding contributions from sales	14,000

*Assumes DHS exercises optional funding in FY25

KEY PRIORITIES & MILESTONES

Key near-term operational objectives

Commercial products

Argus

> Commercial launch in security & defence

- Drive sales with key security & police agencies
- Distribution agreements in key global markets
- Expand customer base and optimise for applications

Mobile DR

> Sales growth in current and new markets

- Grow European presence and customers
- Expand direct sales of tubes & generators
- Continue to convert & manage inventory

Products In Development

Checkpoints

> Deliver prototypes to demonstrate capability

- Second Baggage Scanner prototype delivered
- First Checkpoint Portal prototype delivered
- Refinement of threat detection capabilities

Head CT

> Development to commence clinical trials

- CT Test bench developed and imaging approval
- Delivery of hospital prototypes
- Commence human imaging trials

Corporate & Financial

Corporate

> Build and manage resources

- Continue to enhance commercial capabilities & leverage technology
- Pursue partnership opportunities to support funding & market entry
- Manage capital resources prudently

MICRO-X

PRODUCT PORTFOLIO

Leveraging proprietary NEX Technology

REVENUE TIMELINE

Commercialising four revenue generating product lines by 2026

Division	Sector	Products	Commercial Status	Revenue Timeline				Next major milestone
				2023	2024	2025	2026	
Mobile DR	Healthcare	 Rover / Rover Plus	\$4.4m Revenue – 1H FY24 FDA and TGA 350+ units sold to date	CE Mark Sales in Europe				Growing European presence
Argus X-Ray Camera	Security & Defence	 Argus	Customer trials Launched 2024	Completing development – transfer to manufacturing	First Sales			First sales Marquee organisations
Checkpoints	Security & Airports	 Checkpoint Portal Baggage Scanner	Design accepted Up to \$28m DHS contract through to live testing	Checkpoint Portal Up to A\$21m Contract Extension –	Baggage Scanner – TSA lab testing Checkpoint Portal – TSA lab testing	Prototype sales Checkpoint Portal – Build 6 module lane		Baggage scanner prototype Delivered to TSA for testing Live US Airport testing
Head CT	Healthcare	 Brain CT Scanner	Design Accepted \$8m MRFF funding to prototype delivery	Brain images using prototype test bench	Human Imaging trials	Regulatory submission	Regulatory approval	Head CT prototype Delivered to ASA for testing

* Head CT commercialisation beyond 2024 is subject to funding

DEVELOPMENT PRIORITIES

Focusing on larger markets where Micro-X offers a unique product solution

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\$500m
Mobile DR

Radiology is our entry market
- proven technology

- Saturated market
- Highly competitive
- Rover range is medium priced

\$1.8bn
Argus

Argus camera is highly differentiated - life saving

- Disruptive product
- Operated remotely - safe distance
- High user optionality

\$5bn
Head CT

Head CT - quantum leap improving stroke diagnosis

- Head CT solves a high unmet need
- Life saving, within the 'golden hour'
- Sales channel suits partnership

\$24bn
Checkpoints

Checkpoint screening & baggage scanner
- next generation security

- Game changing technology
- Moves people queues from security screening to commerce
- Sales channel requires partnership

ARGUS X-RAY CAMERA

Saving lives by redefining bomb detection

Unique product advantages and range

- Stand-off detection of potential bomb threats or IEDs – removes operator from threat
- One sided imaging enables imaging of otherwise inaccessible targets
- Only robot deployable system to capture backscatter images remotely
- self-contained Argus < 20kg with range 1,500m+

Simple and scalable – award winning

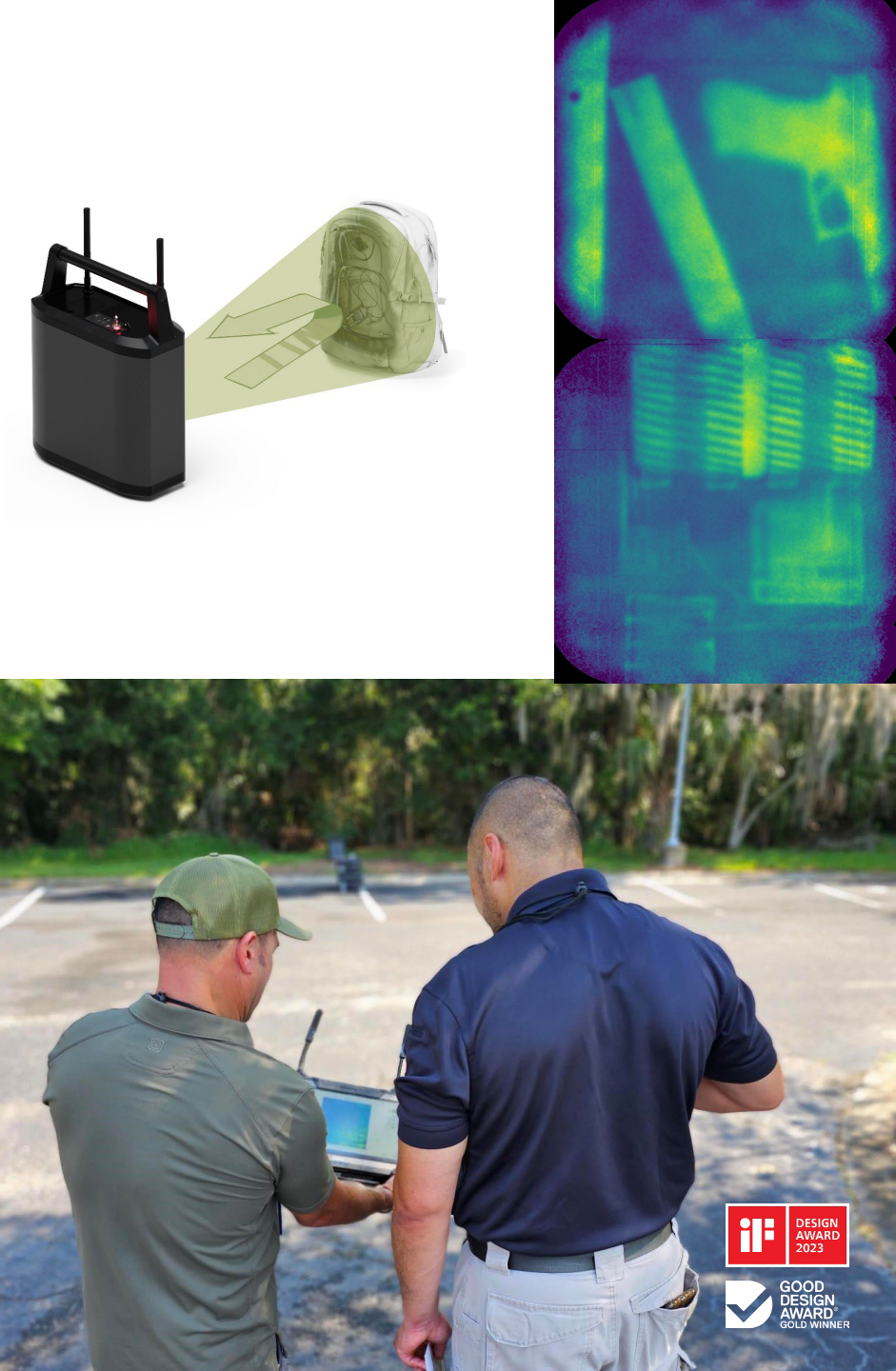
- NEX x-ray tube - high current and long duration
- Proprietary backscatter x-ray imaging
- In-house manufactured oilless generator up to 160kV

Commercial stage – customer demonstrations

- \$1.8b market – 3,000 counter IED military units > 500 bomb squads
- Production ready Argus currently being demonstrated in key global markets
- First commercial order received – March 2024

1,500m+
Range of
remote
operation

US\$1.8b
Addressable
Market



MOBILE DR

First product to market validating revolutionary technology

Distinct product advantages and range of uses

- Smaller, more mobile, full range of imaging applications
- Meets hospital mobile imaging requirements and military needs
- Applications in elite sports and veterinary clinics

Multi-channel commercial strategy

- Major Independent distributors in key US market
- OEM partnership with Carestream - global radiology company
- Core imaging chain - third party commercialisation

Access in key markets

- US - FDA certifications for Rover and Rover Plus support key distributors
- EMEA - UK base and regional distributors - CE Mark Certification received
- Australia - ARTG listed and distributor appointed

Demonstrated capability

- Over 350 units in service in 35 countries
- Rover Plus sold to Australian Defence Force - deployable hospitals
- Multiple units in Ukraine - actively supporting humanitarian needs

\$4.4m

1H FY24
Revenue

**+350 units in
35
countries**

CHECKPOINTS

Next generation self-service security screening

Significant advantages for travellers + airports

- Faster – Passenger screening in 30 seconds, 8 passengers screened simultaneously.
- Safer – Passenger, baggage, and identification combined with AI to increase detection and reduce false alarms
- Scalable – Modular design is applicable to any airport and can extend to include events, buildings, and other security screening applications.
- Cost effective – reduces number of officers per passenger.

\$28m DHS funding – live airport testing

- Checkpoint design accepted
- DHS \$28m contract to build and test 6 module lane checkpoint in US airport.
- Baggage Scanner design accepted – prototype completed.

~\$28m

DHS Contract
& Extension

Compelling value proposition

- TSA operates 2200 x-ray lanes across 440 airports in the US
- TSA staffing costs US\$4bn annually
- Potential to save TSA US\$10bn over 10 years of operations
- US\$24bn opportunity in global airports alone

\$24b

Global Airport
Market Size

HEAD CT

Taking stroke diagnosis from the hospital to the ambulance
- Imaging trials planned in 2024

Saving lives with stroke diagnosis in any ambulance

- Mobile – 70kg unit suitable for all road and air ambulances
- Accurate – 8 second scan for 3D imaging down to 2ml bleed
- Enabler – Life saving response time
- Economical – improved patient outcomes reduces burden on healthcare system

\$8m funding pathway to imaging trials¹

- A\$8m partnership with the Australian Stroke Alliance
- Johns Hopkins Hospital and Fujifilm technical partners
- Design and test images prove concept

Growing global awareness

- 13.5 million strokes a year, 65% of survivors experience major disability
- Value proposition proven by current ultra large mobile stroke units
- Imaging trials planned for 2024

\$8m

MRFF funding

100k

Ambulances
US + EU

* Head CT commercialisation beyond 2024 is subject to funding

MICRO-X

C O R P O R A T E D E T A I L S

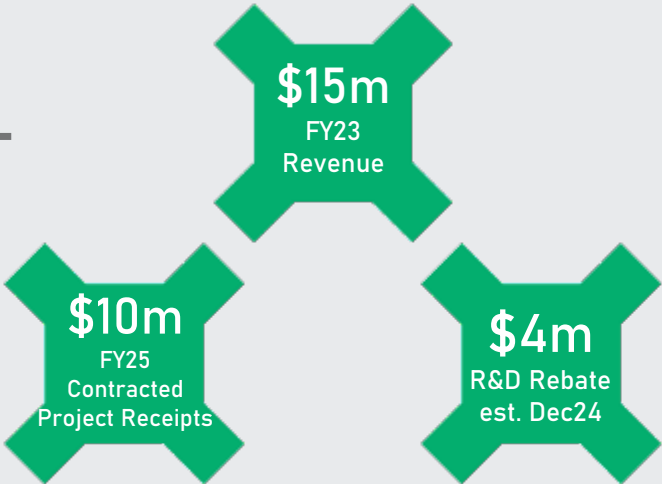
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For personal use only

CORPORATE
& FINANCIALS

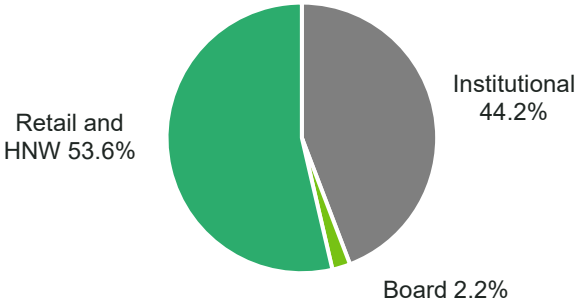
Committed cash inflows

\$4.2m contracted June 24 Quarter



FINANCIALS & SHAREHOLDERS

Cash	~A\$2.2m (31 March 2024)
Revenue	A\$15.0m (FY2023) +67%
Institutions + Strategic Investors	Perennial (11.7%), Varex (9.9%), Acorn (8.8%), Thorney (5.1%)
Board + Mgmt	2.2% + Mgmt Performance rights



SHARE CAPITAL (12 April 2024)

Share price	\$0.115 per share
Total shares on issue	518.8 million
Options & performance rights	38.0 million
Market cap	A\$59.7 million

EXPERIENCED LEADERSHIP

Commercially focused to accelerate growth



Kingsley Hall – Chief Executive
25+ years exp in senior operational and finance roles



David Knox – Non-Exec Chair
Chair Snowy Hydro, former CEO Santos (ASX Top 20)



Anthony Skeats – COO
25+ years exp R&D, Program and Engineering management in high technology products



Brian Gonzales, PhD – CEO Americas
Recognised industry leader in x-ray physics, CNT technology and x-ray imaging



Ilona Meyer, Non Exec
General Counsel Nuix, former Boehringer Ingelheim, ResMed, Medtronic



Patrick O'Brien, Non Exec
Former Director Macquarie Group, McKinsey and Minter Ellison



Jim McDowell, Non Exec
Defence Deputy Sec, former CEO Nova, Former CEO of Dept Premier & Cabinet SA



Andrew Hartmann, Non Exec
Senior VP Varex Imaging, former Phillips, Carestream and Siemens



Alexander Gosling, AM, Non Exec
Founding Director Invetech and formerly of Capstone Partners

WRAP UP

Five key take aways

1

World-class Nano Electronic X-ray Technology unlocks new applications
- four innovative X-ray based products for health, security and defence

2

Record Product revenues and positive operating cashflows with stronger margins -
Major Rover orders and locked in Project revenues funding development work

3

Argus completed and available for purchase - multiple customer demonstrations -
inventory and scale up in place

4

Airport development work funded with DHS \$28m contract - Baggage scanner
prototype completed - Checkpoint Portal prototype targeted for 2024

5

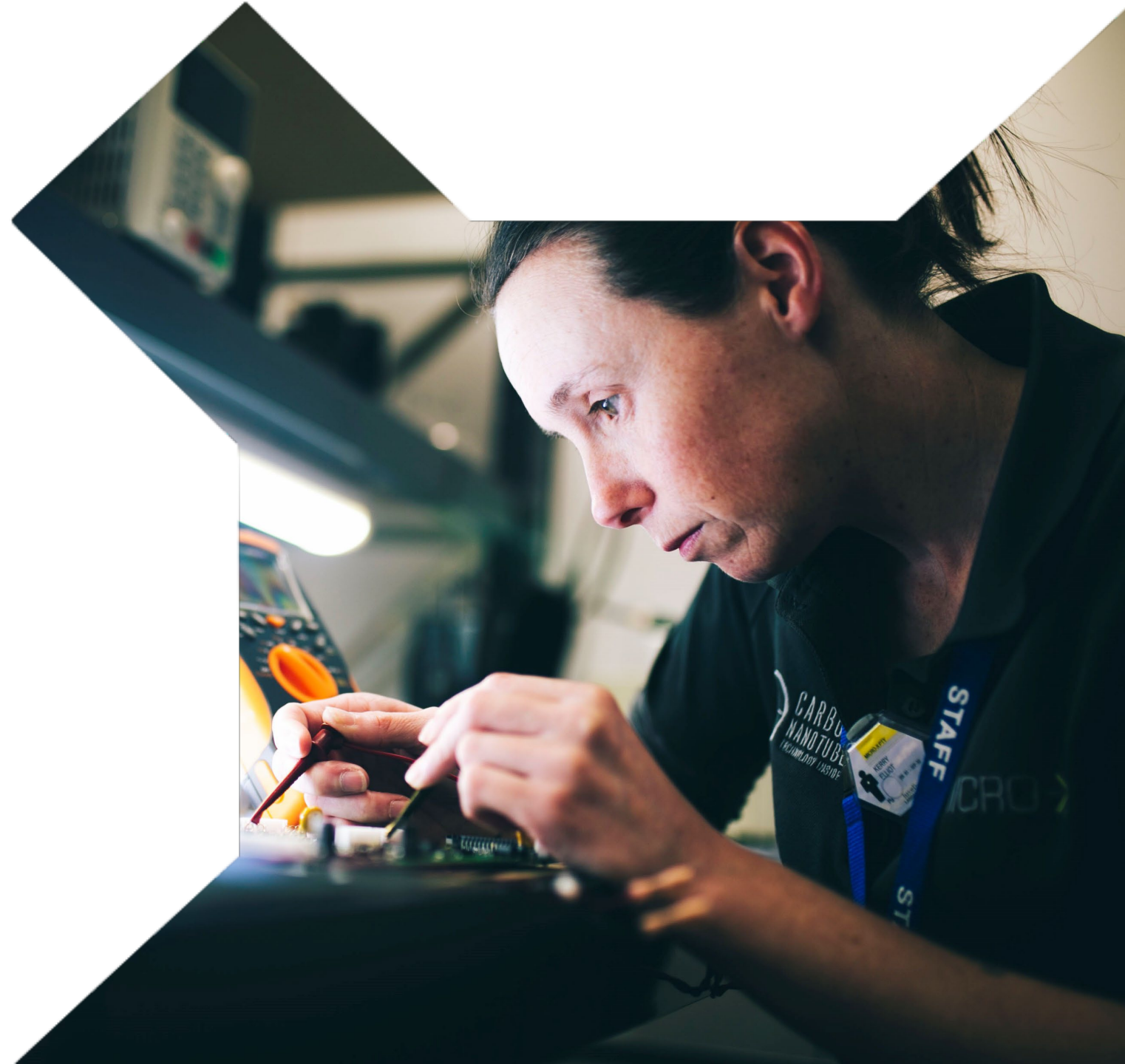
Head CT Scanner successful first images - imaging trials planned in 2024
- development of the final test bench then approvals prior to delivering hospital units



MICRO-X

APPENDICES

RISK FACTORS



RISK FACTORS

This Risk Factors section includes details of the key risks attaching to an investment in shares in Micro-X Limited (Micro-X or the Company). These risks may affect the future strategy, operating and financial performance of Micro-X and the value of Micro-X Shares. The key risks are not set out in any particular order. Additional risks and uncertainties that Micro-X is unaware of, or that it currently considers to be immaterial, may also become important factors that adversely affect Micro-X’s strategy, operating and financial performance. You should note that the occurrence or consequences of some of the risks described in this section are partially or completely outside the control of Micro-X, its directors and senior management. Further, you should note that this section focuses on the potential key risks and does not purport to list every risk that Micro-X may have now or in the future. Potential investors should consider their individual circumstances and consult their stockbroker, solicitor, accountant or other professional adviser before making an investment decision.

Business Specific Risks		
Difficulties encountered with early commercialisation of new technology	There are a number of risks associated with the early commercialisation of new technology, including an inherent risk of failure, and the possibility that the products developed by the Company may fail to demonstrate material customer benefit or advancement, be difficult or impossible to manufacture on the necessary scale, be uneconomical to market or otherwise not commercially exploitable, fail to be developed prior to the successful marketing of alternative products by competitors, or fail to achieve the support of the targeted industry. The Company’s target markets can often have high regulatory barriers, particularly for medical devices, and some markets are conservative, which may delay or prohibit sales into those markets. Accordingly, the Company gives no guarantee that the development and commercialisation of its intellectual property will be successful, that development and commercialisation milestones will be achieved, or that product commercialisations will be successful. Projects can be delayed or fail to demonstrate any performance advantage over existing solutions or may cease to be viable for a range of scientific and commercial reasons. Product development expenditures may be much higher than forecast, and the manufacturing cost of products may preclude successful sales exploitation. These risks include the Company’s ability to:	
	• implement and execute its business strategy as planned; • increase awareness of its brand and market acceptance of its products; • obtain and maintain regulatory registrations and market clearances; • manage expanding operations in multiple markets;	• respond effectively to competitive pressures and developments; • manage costs and margins to deliver projected returns; • manage scale up of manufacturing and supply chain logistics; • manage working capital requirements; and • access the necessary capital to fund the business.
Competition risk, including larger and better resourced competitors	There can be no assurance that other parties will not develop and commercialise technology or intellectual property that compete with, or substitute, the Company’s cold cathode carbon nanotube (CNT) based X-ray technology in either the security or the healthcare markets. The mobile diagnostic X-ray market contains a number of mobile X-ray devices (with others likely to be in development) which compete directly with the Mobile DR range. These competing products are manufactured and or sold by well established, large and well-resourced competitor companies including Canon, FujiFilm, Sedecal, Siemens, Konica-Minolta, Shimadzu, GE, Philips, Samsung and AGFA (Competitors). These Competitors may react to the Company’s Mobile DR product through aggressive pricing or other strategies that may diminish the competitiveness of the Mobile DR range, the Company’s ability to sell its Mobile DR units, and/or the Company’s ability to achieve the sales price for its Mobile DR range. The portable security X-ray and EOD X-ray market contains no direct competitors to Argus to the Company’s knowledge at this time, however there can be no assurance that a new competitor will not emerge. This market is dominated by transmission X-ray solutions from small established organisations such as Novo, Vidisco and Scanna. There are also handheld backscatter X-ray devices available by AS&E, Viken & Videray. Whilst none of these solutions effectively fulfils Argus’ core value proposition: to remove the operator from the threat by enabling robot deployment - they are mature products with an established customer base and these companies may see Argus as a threat and may choose to react through aggressive pricing or other strategies designed to diminish the effectiveness of the Company’s sales activities. Argus is a new and novel technology, and as such it drives a change to established industry operating procedures; there is a risk that the industry will be resistant to change and this may delay or prohibit introduction and sales of Argus, diminishing the ability to achieve target sales volumes. To mitigate these risks, the Company has engaged experienced external contractors and partner experts to assist with the regulatory approval process. The Company has hired internal industry experts into its sales team for Argus with deep knowledge of industry practises and procedures to position Argus effectively and build goodwill. The Company has an ongoing engagement and relationship with key EOD industry bodies, such as the USBTA and the IABTI, to assist in demonstrating Argus’ unique capabilities in a field environment to global customer groups. The Company has a dedicated marketing team to Argus to effectively communicate the value proposition and ensure Argus is clearly differentiated from other X-ray systems.	

RISK FACTORS

Business Specific Risks (Cont/..)

Checkpoints	The Company has been selected by the US Government's Department of Homeland Security (DHS) for several contracts totaling up to AUD\$28 million associated with a new concept for a Self-Service Airport Passenger Security Checkpoint. This programme relates to the Transportation Safety Administration's (TSA) future vision of replacing conventional CT and projection x-ray luggage imaging at checkpoints with a bank of multiple 'self service' security portals similar to current photometric identity portals but with the integrated addition of millimetre-wave body-scans and x-ray screening operating with automated threat detection. While the Company believes it provides a superior solution, there are existing technologies in use for Self Service Checkpoints in Airports and therefore there is a risk that established competitors will develop competing technology that may diminish the commercial success of the Company's Self-Service Airport Passenger Security Checkpoint solution. The Company has internal processes to monitor and measure expenditure, however there is the risk of higher than budgeted non-recurring engineering costs being incurred during the course of product development. There is also a risk of a delay to revenue as a result of delays related to security clearances, cyber security compliance and contracting processes with government departments in the USA. The project poses development and design risk as well as third party and subcontracting risk required to create a fully integrated system. In order to recognise the full value of the contracts, Micro-X is obliged to meet certain performance and delivery requirements; there is a risk that Micro-X is unable to achieve these requirements as a result of technical or other challenges, or that the solution delivered to the DHS does not meet performance expectations, and that the DHS chooses not to exercise its optional funding. To limit risk, the Company has built a close and collaborative working relationship with DHS and is working alongside external advisers to meet the DHS requirements. The Company also manages the systems integration for this project and has established a centre-of-excellence for imaging reconstruction at its Seattle base. The larger DHS contract of up to AUD\$21 million is funded on a time and materials basis, which limits the Company's exposure to project overruns, however if project overruns did occur, these may diminish the goodwill and reputation of the Company and decrease the likelihood that the DHS exercises the optional funding required to recognise the full value of the contract. The DHS contract funds the delivery of the Checkpoint solution through to the provision of prototypes. Commercialisation of the Checkpoint requires the Company to obtain funding in order to develop these prototypes into a production solution, as well as to fund the commercial go-to-market strategy. The Company intends to seek this funding via strategic partnerships. There is a risk the Company is unable to raise the required funding in order to commercialise the product.
Head CT	The Head CT for stroke diagnosis project involves developing a miniaturised head imaging CT scanner which is able to fit into any land or air ambulance. The aim is to allow pre-hospital diagnosis of strokes to enable treatment to commence in an ambulance setting within the 'Golden Hour' which minimizes the risk of long-term disability. The project has been funded via the Federal Government's Medical Research Future Fund (MRFF) as an imaging technology provider in the Australian Stroke Alliance (ASA) research consortium led by the Melbourne Brain Centre of the Royal Melbourne Hospital alongside The Johns Hopkins University in the USA and Fujifilm in Japan. The new imaging solution presents design and development risk as a novel product with no predecessors utilising Micro-X's cold cathode technology. Tests conducted by the Company's internal team have demonstrated very promising progress in image quality during non-clinical studies using imaging phantoms and simulations. There are risks associated with meeting diagnostic image quality, which is required to be demonstrated on humans in clinical trials for customer acceptance and to meet or surpass the current standard of care provided by existing CT systems. To mitigate this risk the Company has a dedicated internal resource deployed to Johns Hopkins University to developing reconstruction algorithms for imaging optimisation. The ASA contract funds the delivery of the Head CT solution through to the provision of prototypes. Commercialisation of the Head CT requires the Company to obtain funding in order to develop these prototypes into a production solution, as well as to fund the commercial go-to-market strategy. The Company intends to seek this funding via strategic partnerships. There is a risk the Company is unable to raise the required funding in order to commercialise the product.
Funding Risk	The Company currently has two future products in development, being the Checkpoints and Head CT products which are funded by external third party development contracts. Both products are currently funded via development contracts through to the provision of prototypes, with on going and future funding dependent on the Company achieving certain milestones. There is a risk that if the Company fails to achieve the required milestones, that the funding could be withdrawn or delayed, resulting in the Company needing to obtain additional funding to complete the project.
Sales, Marketing & Distribution	The Company currently sells its Rover and Argus products directly to customers, and via distribution channels. The Company has secured one direct sales contract for the Argus in March 2024, and is still at an early stage with Argus direct sales efforts. There is a risk that the Company will be unable to continue to develop sufficient sales and marketing capabilities despite its planned expansion and investment to effectively commercialise its products. The Company is reliant on establishing, growing and maintaining effective distribution channels in many regions in order to achieve global sales for both Rover and Argus, there is a risk that the Company will be unable to establish, grow and/or maintain these distribution channels.
Single site for manufacturing activities and research	The Company performs its manufacturing activities and the majority of its research and development (R&D) at its facility in Tonsley, Adelaide. Should operations at the facility be disrupted or production halted for any reason (for example, due to labour strikes, extreme weather or other events outside the Company's control), the Company may not have enough products available to satisfy customer demand in a timely manner. While alternative arrangements could be made to transfer the manufacturing process to a different facility, this would take some time and may involve other risks. If such disruption were to occur, it would adversely affect the Company's ability to sell its products and customers might instead purchase products from competitors. There may also be an ongoing sales impact in the form of a reduction of goodwill as a result of the Company ceasing sales for a period of time. While the Company has strong internal capabilities in manufacturing operations and supply chain management including scaling of production to meet higher volume, there is a risk of delays or issues in the manufacturing processes, which may have an adverse effect on the Company's financial performance and operations.
Reliance on key personnel and ability to recruit additional personnel	The Company's future depends significantly on its ability to attract and retain key personnel, particularly those with highly specialised skillsets in areas of technology central to the Company's future products. The Company may not be able to hire and retain such personnel at compensation levels consistent with its existing compensation and salary structure. The Company's future also depends on the continued contributions of its executive management team and other key management and technical personnel, the loss of whose services would be difficult to replace. In addition, the inability to continue to attract appropriately qualified personnel could have a material adverse effect on the Company's business.

RISK FACTORS

Business Specific Risks (Cont/..)

Regulatory approvals to be received and maintained	Medical devices and products which emit ionising radiation exist in a highly regulated environment. The Company's operations are reliant on maintaining regulatory certifications, including ISO13485 and ISO9001. Whilst the Company has processes in place and a culture of quality, there is a risk that operations may be impacted if incidents of non-compliance are identified in audit findings by regulatory bodies. Commercialising the Company's medical products requires achieving and maintaining regulatory approvals for medical devices, including a CE Mark for the European market, TGA for the Australian market and 510(k) for the US market, amongst others. There is also a risk of regulatory approvals being withdrawn due to an issue of non-compliance. Future products may not be able to rely on a predicate device to accelerate regulatory approvals and may involve lengthy and costly clinical trials, which may not succeed. The regulatory environment globally is not homogeneous and is subject to change which is outside the Company's control. Changes to the regulatory environment may drive significant changes, including delays or cancellation, to the Company's project schedules. The occurrence of any of these events could have a material adverse effect on the operations of the business, and in turn the financial position of the Company. Whilst commercialising the Argus involves fewer regulatory hurdles than medical devices or Checkpoints, as an ionising radiation device it is still required to meet certain radiation safety regulations and in-country registrations. As with medical devices, there is a risk that changes to the regulatory environment outside the Company's control may drive significant changes to the product, which may cause delays or cancellation to the product. Commercialising the Checkpoint program similarly requires high levels of trials such as European ECAC and US TSA Operational Test and Evaluation (OTE) testing which may be lengthy and costly, and may not succeed. As an X-ray device manufacturer, the Company must retain certification by the South Australian Environmental Protection Authority to operate and manufacture ionizing radiation emitting devices. While the Company has strong radiation control processes in place, any change to those certifications, or the imposition of conditions that are difficult or costly to satisfy, could impact the Company's ability to manufacture devices and commercialise.
Product liability	In medical markets, the Company's Mobile DR products are used for diagnostic imaging. For the Mobile DR, the clinical diagnostic decision is made by a qualified radiologist based on an image provided by a qualified radiographer. The imaging software is the Distributor's certified imaging software. As such, the potential contribution of the Company's product to an incorrect diagnosis is a very low risk for the Company. The Company's Mobile DR products are independently certified and compliant to IEC60601 medical device safety standard. The Company's manufacturing and quality system ensures products manufactured meet the standard. There is risk that injury may occur to a patient or operator from misdiagnosis or through a quality defect in manufacturing, or possibly a failure introduced by misuse. As with all medical devices, these could be reportable issues resulting in a product recall. The Company's Argus product is designed for rapid threat detection and diagnosis of suspect devices in military and security markets. There is a risk that injury or death may occur to an Operator or others as a result of an Operator incorrectly deeming a suspect device safe. As with medical markets, the diagnostic or threat/no-threat decision is made by qualified bomb technicians or public safety officers (Operators) trained in the use of the device and in image interpretation. Critically, Argus is designed to expand the Operators' information about the threat in order to guide decision-making but is just one part of the information an Operator will gather in order to make a decision, Argus is not designed to definitively determine threat or no-threat. It is also important to note that the existence of such a threat in the first place is the result of deliberate nefarious actions, and that those committing such actions may deliberately engage in tactics to defeat Argus – and that Operators are trained to expect such activity. As such, the potential liability for the Company's product to be attributed to an incorrect decision is a low risk for the Company. There is a risk that injury or death may occur to an Operator as a result of an electrical or radiation safety hazard. Argus will be independently certified and compliant to IEC61010 electrical safety standard, as well as demonstrated compliant to regional radiation safety regulations, prior to any sales deliveries commencing. The Company has manufacturing and quality standards in place to ensure that the product meets required global standards. In security markets and medical markets, Company products pose a radiation and high voltage hazard. All products meet the applicable test standards prior to sales commencing, but risk resides from a failure of protections in place to prevent radiation exposure or electroshock. Failure to meet compliance or safety for radiation and/or high voltage poses a significant risk to patient or operator safety. The likelihood of occurrence is very low, however an incident could represent a serious risk in the safety of the Company's products and thus their viability. The occurrence of any of these events could have a material adverse effect on the operations of the business, and in turn the financial performance and financial position of the Company.
Reliance on third party technology vendors and partners	The Company's products include components that are manufactured and supplied by third parties. The Company currently relies, and may in the future rely, on partners to supply key technology or manufacturing services. There are inherent risks in relying on third party suppliers for these product components, since any change to the manufacturing process of an approved medical device requires extensive documentation and, in many cases, supplemental testing. Such partners may not supply to the required price, quality or volume, may change their strategy and discontinue supply, may become insolvent or otherwise cease to trade and the effect of any of these on the Company would be for the Company to incur significant costs and delays in securing replacement services which would interrupt the Company's revenue. The Company does not have a second source suppliers for many of these components. A disruption at a key supplier could therefore cause a substantial delay in the availability of the Company's products, leading to a potential loss of sales and reputation in the market. Where partner companies have access to the Company's confidential information, intellectual property or know-how, there is a risk of a whole or partial loss of the confidential information, intellectual property or know-how to competing organisations. The performance of the Company's partners may also be impacted by either related or unrelated regulatory changes or breaches and other actions of other sovereign governments.
Intellectual property	The Company strategy for protecting intellectual property is to obtain legal coverage through patents and registrations using the international patent cooperation treaty (PCT) and completing national filings in Australia, USA, Europe, Japan and China. Company owned patents are held on innovative elements of the Company's products as a barrier to duplication. The Company holds two core patents for high current density field emitters and RF modulation of field emitters. The Company also has a patent for its imaging architecture used in the Argus X-ray camera. These patents are intended to provide the Company with a barrier to competition, however a published patent can enable an expert in the field to replicate or reverse engineer the technology. Notwithstanding the patents, there is a risk that competitors will replicate this intellectual property and produce competing small X-ray tubes. This risk may also be higher in countries where intellectual property laws may not adequately protect the Company. There is a risk that (i) third parties may circumvent intellectual property, particularly from the leaking of trade secrets from current or ex-employees, or by carrying out intellectual property theft including cyber security attacks; (ii) patents may be challenged for validity; or (iii) there may be an inadvertent breach of third party patents of which the Company has not researched in its freedom to operate. The occurrence of any of these events could have a material adverse effect on the operations of the business, and in turn the financial performance and financial position of the Company.

RISK FACTORS

Business Specific Risks

Cyber security	As with most companies, and particularly high-technology companies, the Company stores much of its data electronically. There is a risk that the Company's electronic storage systems may suffer a data breach or attack through hacking, trojans, viruses or other cyber-attacks. Such a breach or attack could cause loss, damage or theft of information relating to intellectual property, trade secrets, product development, company employee data, contract information, strategic and financial information, and regulatory information, causing a disruption to business operations and/or eroding competitive advantage. The occurrence of any of these events could have a material adverse effect on the operations of the business, and in turn the financial performance and financial position of the Company.
International trade and foreign exchange risk	The Company operates in a global market and its business operations are subject to trade agreements. Changes to international trade agreements, including free trade agreements, may have an impact on the commercial viability and supply of components for the manufacture of the Company's products and the sale of those products to its customers. A material portion of the Company's business is with companies operating in the United States. Global markets have seen volatility in United States trade recently and there is a risk the Company's business including commercialisation of product or supply of components could be adversely affected. The Company buys components and sells products in multiple foreign currencies. Changes in foreign exchange, particularly AUD to USD, may adversely impact the commercial viability of the Company's products. Micro-X's US footprint through its subsidiary, Micro-X Inc., presents additional risk for the Company. As part of its expansion, the Company may be subject to additional employment, tax, regulatory, and compliance requirements. The Company will also be subject to managing foreign currency risk through the larger overhead cost carried out in USD. The Company will also be exposed to policy change, political risk and any trading restrictions with the USA.
Business Interruption	The Company operates using a global supply and customer base. This global supply and customer base may be exposed to hazards outside of the Company's control including changing political climates and natural disasters which could interrupt business. In the event of such an interruption, the Company cannot guarantee that it will be able to source appropriate replacement components or find alternate customer pathways with a commercially viable arrangement or within a required timeframe to prevent interruption to its operations. Such an interruption may have a material adverse effect on the financial position and financial performance of the Company.
Current capital reserves and ability to raise additional capital	The Company is at an early revenue stage for its Argus product and there is no guarantee that the Company will achieve cashflow breakeven or profitability. As at 31 March 2024, the Company's bank balance was approximately \$2.2 million. Accordingly, the Company requires additional capital to continue to operate and deliver on its proposed commercial strategies. In the absence of such additional financing, there is a risk that (i) the Company may not be able to continue to operate beyond the next 12 months; and (ii) there may be a delay and indefinite postponement of the Company's activities and potential development programs. There can be no assurance that additional financing will be available when needed. If additional financing is available, the terms of the financing may not be favourable to the Company and may involve substantial dilution to Shareholders. The occurrence of any of these events could have a material adverse effect on the Company's financial performance and financial position.