

Micro-X Limited
Appendix 4D
Half-year report

1. Company details

Name of entity: Micro-X Limited
ABN: 21 153 273 735
Reporting period: For the half-year ended 31 December 2024
Previous period: For the half-year ended 31 December 2023

2. Results for announcement to the market

				\$'000
Revenues from ordinary activities	down	51.67%	to	3,961
Loss from ordinary activities after tax attributable to the owners of Micro-X Limited	up	13.28%	to	(8,681)
Loss for the period attributable to the owners of Micro-X Limited	up	13.28%	to	(8,681)

Dividends

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

Comments

The loss for the Group after providing for income tax amounted to \$8,681,000 (31 December 2023: \$7,663,000).

3. Net tangible Assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	1.03	1.92

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.

7. Dividend reinvestment plans

Not applicable.

8. Details of associates and joint venture entities

Not applicable.

9. Foreign entities

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

Not applicable.

10. Audit qualification or review

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

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report. The review report contains a paragraph emphasising a material uncertainty related to going concern.

11. Attachments

Details of attachments (if any):

The Half-Year Financial Statements of Micro-X Limited for the period ended 31 December 2024 is attached.

12. Signed

Signed



Date: 28 February 2025

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Micro-X Limited

ABN 21 153 273 735

Half-Year Financial Statements - 31 December 2024

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Micro-X Limited
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31 December 2024

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Micro-X Limited
Corporate directory
31 December 2024

Directors

Patrick O'Brien (Non-Executive Chair) - appointed Chair 15 January 2025
James McDowell (Non-Executive Director)
Ilona Meyer (Non-Executive Director)
Andrew Hartmann (Non-Executive Director)
Alexander Gosling (Non-Executive Director) - resigned 12 November 2024
David Knox (Non-Executive Chair) - resigned 15 January 2025

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

Thomson 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

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Micro-X Limited
Directors' report
31 December 2024

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 the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the Half-Year ended 31 December 2024.

Directors

Patrick O'Brien (Non-Executive Chair) - appointed Chair 15 January 2025

James McDowell (Non-Executive Director)

Ilona Meyer (Non-Executive Director)

Andrew Hartmann (Non-Executive Director)

Alexander Gosling (Non-Executive Director) - resigned 12 November 2024

David Knox (Non-Executive Chair) - resigned 15 January 2025

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

Principal activities

The principal activities of Micro-X Limited (**Micro-X** or the **Company**) during the Half-Year to 31 December 2024 (the **2025 Half-Year**) were the design and development, manufacturing and sale of carbon nanotube-based x-ray products, including core x-ray tube and high-voltage generator components, for the global healthcare and security markets.

The Company announced a strategy reset on 31 January 2025, after the end of the 2025 Half-Year, to focus on its commercial and development stage medical imaging products for healthcare markets, including the Rover Plus mobile X-ray, the Head CT for mobile stroke detection and the Full Body CT for mobile CT scanning applications. As part of the strategy reset, the Company announced it had discontinued the Argus X-ray camera product for the security market and is seeking partnerships to commercialise its security applications in development.

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

Review of Financials

During the 2025 Half-Year, the Company experienced decreased revenues from ordinary activities of \$3.961M when compared to the prior year (31 December 2023: \$8.196M) from the sale of its products and contracted project income, comprising of the following:

\$0.995M in revenues from the sale of Mobile DR products, down from \$4.431M in the corresponding period, which included \$2.8M Government contract sales;

\$2.966M in engineering services income. This included \$0.300M revenue from the Australian Stroke Alliance for development of the CT Stroke imager and \$2.666M revenue from US Department of Homeland Security for the Airport Checkpoint Development program;

\$0.717M was received in December 2024 relating to the Company's contract with The Advanced Research Projects Agency for Health (**ARPA-H**) to develop a full body CT for rural communities. This revenue was not recognised as at 31 December 2024 under the revenue recognition rules in AASB 15.

Micro-X reported a net loss, after providing for income tax, of \$8.681M for the 2025 Half-Year (31 December 2023: \$7.663M loss). The increase in net loss in comparison to the previous period was primarily due to the write-down of Argus inventory (\$0.899M) as part of the announced discontinuation of Argus as well as reduced product sales compared to the Half-Year to 31 December 2024, which included direct Government contract sales worth \$2.8M, offset by \$3.3M recognition of R&D tax income (31 December 2023: not recognised).

The expenses for the 2025 Half-Year comprised:

- \$1.085M in cost of sale of goods;
- \$2.335M expenditure on research and development activity. Most of this related to the funded Airport Checkpoint and CT Stroke Imager projects;
- \$8.249M was spent on employee and director costs during the period (31 December 2023: \$7.809M), including \$0.442M in non cash, equity compensation (31 December 2023: \$0.400M) in relation to the Company's Employee Equity Plan, which comprises an STI and LTI component, subject to achievement of hurdles.

Micro-X Limited
Directors' report
31 December 2024

During the 2025 Half-Year the Company received cash from the following sources:

- \$1.254M in customer receipts for sales of Mobile DR units, imaging chains and associated spare parts;
- \$0.514M from the Australian Stroke Alliance under the \$8.0M contract to commission the development of the mobile CT stroke Imager under the 'Stroke Golden Hour' program;
- \$3.400M from the US Department of Homeland Security for providing contract engineering services, under its Airport Self Screening contract and the extended contract for the Passenger Self Screening Checkpoint with contracted receipts worth up to US \$14.0M (A \$21.0M); and
- \$0.717M relating to the Company's contract with ARPA-H to develop a full body CT for rural communities.
- \$6.414M for the Research and Development Tax Incentive, related to the 2023/2024 financial year, including \$0.584M which related to an amendment to a previous lodgement.

Review of Operations

The loss for the Group after providing for income tax amounted to \$8,681,000 (31 December 2023: \$7,663,000).

Business Focus - Strategy Reset

During the 2025 Half-Year, the Company focused on its commercial and development products which leverage the proprietary Micro-X NEX Technology, including CNT X-ray tubes, proprietary high-power generators and software algorithms for image reconstruction and threat detection. These activities were undertaken from the Company's headquarters and manufacturing facility in Tonsley, Adelaide and the US offices in SEATAC, Seattle. The focus for products in development including the Head CT and the Baggage Scanner and Checkpoints self service checkpoint, was to leverage partners to fund this development and reduce the requirement for the Company to fund activities itself. The Company had two commercial products available for sale during the 2025 Half-Year, the Rover Plus mobile X-ray for hospitals and healthcare markets and the Argus IED X-ray camera for the detection of improvised explosives devices, for the law enforcement, security and military markets.

On 31 January 2025, the Company announced a strategy reset to focus on its commercial and development stage medical imaging products for healthcare markets, including the Rover Plus mobile X-ray, the Head CT for mobile stroke detection and the Full Body CT for mobile CT scanning applications. The Full Body CT development product is intended to be funded by up to \$25.0M in non-dilutive funding from the U.S Advanced Research Projects Agency for Health (**ARPA-H**) contract, awarded in December 2024.

As part of the strategy reset, the Company announced it had discontinued active marketing and selling of the Argus X-ray camera product for the security market. This was based on the slow Argus sales ramp up and the evolution in the macro environment for global warfare and threat detection, such that it was determined that the Argus, in its current format, did not represent a viable commercial opportunity. The Company will seek to commercialise or partner the Argus imaging chain, software and kit with other partners. With the discontinuation of Argus, the Company has reduced overheads by approximately \$0.7M per annum and has created a provision to write down approximately \$0.9M of Argus inventory. A further \$0.9M of Argus related inventory is expected to be recoverable through the Company's other products or resale to suppliers, subject to some rework.

Additionally, the Company will seek to raise funds and execute partnerships to monetise the Company's security products in development. Post the 2025 Half-Year, the Company executed its first security partnership with Billion Prima Sdn Bhd (**Billion Prima**), a security Company from Malaysia which will provide \$5.6M to the Company. The partnership includes a \$2.4M equity investment in the Company, as well as a \$3.2M commercialisation agreement for assisting to commercialise a baggage and parcel scanner for launch. Billion Prima has been granted exclusive rights to manufacture and sell the unit in South-East Asia for 20 years. The Company retains the right to sell its own baggage scanner unit outside South-East Asia and license the technology in other regions.

The Company will continue to seek additional security partnerships in the near term.

Mobile Digital Radiology/ Medical imaging – Rover Plus and imaging chains

The Company participated in several tenders and evaluations of the Rover Plus with potential large customers and buying groups during the 2025 Half-Year. The Company has reached the second and final stage of an evaluation by a major US Corporation which owns and operates a number of hospitals and treatment clinics, where multiple Rover Plus units are being assessed with patients in the hospital system. In parallel, the Company also progressed discussions with a large US Group Purchasing Organisation. An outcome from both these opportunities is expected in 1H 2025 and while each could generate greatly increased sales of Rover Plus, there is no guarantee of being successful.

The Company also sought to expand its sales of imaging chains, comprising NEX Technology x-ray tubes and high power generators. During the 2025 Half-Year, the Company recorded \$0.3M of revenues relating to the sale of imaging chains. In October 2024, DMS Imaging, a French digital radiology developer, launched a mobile radiology unit, the “Onyx” which leverages Micro-X’s NEX Technology. The Company has a supply agreement with DMS Imaging for the supply of a minimum annual number of imaging chains for use in this product.

Medical CT development products - Head CT

The Company advanced development work of its Head CT unit for stroke diagnosis under its \$8M contract with the Australian Stroke Alliance (**ASA**) in its 'Stroke Golden Hour' project, led by the Melbourne Brain Centre of the Royal Melbourne Hospital and funded by the Federal Government’s Medical Research Future Fund.

A key achievement in the 2025 Half-Year was successfully using a Micro-X Head CT test bench to generate the first full three dimensional or 3D CT images. The images, which showed the skull and soft tissue structure of the brain of a head phantom which mimics a human brain, were reviewed by the ASA who determined that they were of sufficient quality for good visualisation of brain anatomy. This determination triggered a \$0.5M milestone payment to Micro-X from the ASA.

The Company now plans to build three Head CT prototypes for use in human imaging studies at three Australian hospitals, planned for 2025, subject to ethics approvals. The completion of imaging trials is intended to generate clinical data to support a regulatory application for approval to use the Head CT commercially.

This development work on the Head CT resulted in the recognition of \$0.3M in revenues from contract engineering services provided to the ASA during the 2025 Half-Year.

Medical CT development products – Full Body CT

During the 2025 Half-Year, the Company expanded its range of medical CT products in development from the Head CT product to a small, portable, full body CT. This product extension will be enabled through a development contract worth up to US\$16.4m (A\$25m) with ARPA-H to develop a Full Body CT. The Company’s US subsidiary, Micro-X Inc, executed a US\$8.2m (A\$12.5m) contract to develop the first prototype Full Body CT over a 2-year period. There is a further US\$8.2m (A\$12.5m) contract to develop the portable Full Body CT through to FDA 510(k) submission over an additional 3 years which is subject to ARPA-H option.

This full body solution will leverage Micro-X’s core technology advancements made through both the US Department of Homeland Security (**DHS**) Baggage CT and Australian Medical Research Futures Fund (**MRFF**) Head CT programs, building on these developments to enable a Full Body CT equivalent to conventional diagnostic CT scanners. The development contract is fully funded and non dilutive with development with all rights retained by the Company. This key development work commenced during November 2024.

The Company has not recognised revenue relating to the \$0.717M receipt received in December 2024 under the guidance of revenue recognition rules in AASB15. This revenue will be recognised in early 2025 when further work is completed.

Security development products – Baggage Scanner & Checkpoints

During the 2025 Half-Year, the Company progressed development, under the Passenger Self Screening Checkpoint contract with the Department of Homeland Security (**DHS**), which provides for up to US \$14.0M (A\$21.0M) in contracted receipts to deliver a prototype of the self-service portal and complete real world airport testing within three years (the **Checkpoint Contract**). The first module, which was originally expected to be completed in late 2024, is in the advanced final stages of its development and is now expected to be ready for delivery to the DHS in early 2025.

During the 2025 Half-Year, the Company continued to progress its CT baggage scanner contract with the DHS, completing the second of two CT baggage scanner prototypes, which is awaiting delivery to the DHS. The first baggage scanner continued to undergo confidential testing at the DHS laboratories and the Company continued to refine its deep learning software detection algorithms that are deployed in the baggage scanner.

The baggage scanner is a key component of the Micro-X self service check-in portal, being developed under the Checkpoint Contract and in February 2025, the Company's wholly owned subsidiary, Micro-X Inc., executed a \$6.1M extension to this Checkpoint Contract. This funding extension is the first of two optional extensions of the DHS contract and will provide funding to continue the Checkpoints development work past the delivery of the first prototype self-screening Checkpoint unit, targeted for 2025.

During the 2025 Half-Year, the Group recognised \$2.666M in revenues from its contract engineering services provided to DHS.

Corporate Activities

During the 2025 Half Year, the Company undertook several cost minimisation and capital management activities. This included the implementation of cost out practices and the reduction of overheads following the discontinuation of the Argus from February 2025. In addition, the Company has achieved a greater proportion of funded development expenditure compared to prior years. To assist in the management of working capital the Company entered a facility to borrow funds against the anticipated 2025 R&D rebate.

The Company also completed the technology transfer to Varex Imaging Corporation (**Varex**) for high-voltage multi-beam x-ray tubes with the achievement of the final milestone under the License Agreement and the receipt of US\$1.0M (A\$1.5M) to the Company. Additionally, Varex has ordered \$0.1M of Micro-X high power generators to support their multi-beam x-ray tubes.

The Company continued its engagement with existing and new investors in Australia and the United States during the 2025 Half-year as it seeks to build further interest and new partnership opportunities.

Significant changes in the state of affairs

There were no other significant changes in the state of affairs of the group during the financial period except as disclosed under principal activities.

Matters subsequent to the end of the financial period

On 31 January 2025, the Company announced a strategy reset to focus on its commercial and development stage medical imaging products for healthcare markets, including the Rover Plus mobile X-ray, the Head CT for mobile stroke detection and the Full Body CT for mobile and remote CT scanning applications. The Full Body CT development product will be funded by up to \$25.0M in non-dilutive funding from the ARPA-H contract awarded in December 2024. As part of the strategy reset, the Company announced it was discontinuing active marketing and selling of the Argus X-ray camera product for the security market. Additionally, the Company would seek to raise funds and execute partnerships to monetise the Company's security products in development. With the discontinuation of Argus, the Company created a provision to write down approximately \$0.9M of Argus inventory, with a further \$0.9M of inventory expected able to be recoverable through the Company's other products or resale to suppliers.

In February 2025, the Company entered a Strategic Agreement with Billion Prima Sdn Bhd, a security Company from Malaysia. The agreement included a \$2.4M equity investment in Micro-X, as well as a \$3.2M commercialisation agreement, of which \$1.0M was paid on execution.

In February 2025, the Company launched a \$6.0M Capital Raising including a \$2.0M Placement to institutional and sophisticated investors and a \$4.0M Entitlement offer. The Company has completed the Placement of \$2.0M, with \$0.2M from directors subject to shareholder approval in addition to \$1.3M from the accelerated institutional component of the Entitlement Offer. The retail component of the Entitlement Offer is scheduled to close on 14 March 2025.

In February 2025, the Company's wholly owned subsidiary, Micro-X Inc., executed a \$6.1M extension to the existing contract with DHS for the Self-Screening Checkpoint project. This funding extension is the first of two optional extensions of the DHS contract and will provide funding to continue the Checkpoints development work past the delivery of the first prototype self-screening Checkpoint unit.

No other matter or circumstance has arisen since 31 December 2024 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.

Rounding of amounts

The Group 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.

This declaration is made in accordance with a resolution of the Board of Directors.

On behalf of the directors



Mr Patrick O'Brien
Non-Executive Chair

28 February 2025



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

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

As lead auditor for the review of Micro-X Limited for the half-year ended 31 December 2024, 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 review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

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

Andrew Tickle
Director

BDO Audit Pty Ltd

Adelaide, 28 February 2025

Micro-X Limited
Statement of profit or loss and other comprehensive income
For the period ended 31 December 2024

	Note	Consolidated 31 December 2024 \$'000	31 December 2023 \$'000
Total Revenue		3,961	8,196
Other Income		3,440	300
Expenses			
Change in inventory/raw materials and consumables		(1,085)	(3,356)
Write-down of inventory		(899)	-
Employee and director expenses		(8,249)	(7,809)
Selling and distribution costs		(541)	(435)
Office and administrative expenses		(392)	(398)
Corporate expenses		(216)	(271)
Quality and regulatory expenses		(52)	(85)
Project development expenses		(2,335)	(2,208)
Depreciation and amortisation expenses		(1,020)	(791)
Other expenses		(988)	(683)
Finance expenses		(305)	(123)
Total expenses		<u>(16,082)</u>	<u>(16,159)</u>
Total other income		-	-
Loss before income tax expense		(8,681)	(7,663)
Income tax expense	16	-	-
Loss after income tax expense for the period attributable to the owners of Micro-X Limited		(8,681)	(7,663)
Other comprehensive income			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Loss on Foreign Currency Translation		81	(21)
Other comprehensive income for the period, net of tax		<u>81</u>	<u>(21)</u>
Total comprehensive income for the period attributable to the owners of Micro-X Limited		<u>(8,600)</u>	<u>(7,684)</u>
		Cents	Cents
Basic earnings per share	15	(1.49)	(1.48)
Diluted earnings per share	15	(1.49)	(1.48)

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

Micro-X Limited
Statement of financial position
As at 31 December 2024

		Consolidated	
	Note	31 December 2024 \$'000	30 June 2024 \$'000
Assets			
Current assets			
Cash and cash equivalents		2,392	3,228
Trade & other receivables	4	4,268	7,212
Contract assets	5	1,109	2,941
Inventories	6	5,234	5,379
Other Assets	7	772	1,138
Total current assets		13,775	19,898
Non-current assets			
Property, plant and equipment	8	2,443	2,924
Right of use assets	9	3,624	3,953
Intangibles		115	120
Total non-current assets		6,182	6,997
Total assets		19,957	26,895
Liabilities			
Current liabilities			
Trade and other payables		5,376	6,530
Contract liabilities		1,386	255
Borrowings	10	1,520	-
Lease liabilities	9	659	692
Provisions		1,282	1,156
Total current liabilities		10,223	8,633
Non-current liabilities			
Lease liabilities	9	3,004	3,298
Provisions		627	703
Total non-current liabilities		3,631	4,001
Total liabilities		13,854	12,634
Net assets		6,103	14,261
Equity			
Issued capital	11	132,144	131,933
Foreign Currency Translation Reserve		302	221
Convertible Notes		65	65
Share Based Payments Reserve	12	3,848	3,815
Accumulated losses		(130,256)	(121,773)
Total equity		6,103	14,261

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

Micro-X Limited
Statement of changes in equity
For the period ended 31 December 2024

	Issued capital	Share Based Payment reserve	Foreign currency translation reserve	Convertible notes	Accumulated Losses	Total equity
Consolidated	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2023	125,396	3,852	14	65	(112,134)	17,193
Loss after income tax expense for the period	-	-	-	-	(7,663)	(7,663)
Other comprehensive income for the period, net of tax	-	-	(21)	-	-	(21)
Total comprehensive income for the period	-	-	(21)	-	(7,663)	(7,684)
<i>Transactions with owners in their capacity as owners:</i>						
Issue of rights under Employee Equity Plan	-	322	-	-	-	322
Expiry of rights under Employee Equity Plan	-	(126)	-	-	126	-
Exercise of Rights under Employee Equity Plan	707	(707)	-	-	-	-
Issue of shares in lieu of cash payments	54	-	-	-	-	54
Issue of shares under Employee Gift Plan	78	-	-	-	-	78
Balance at 31 December 2023	<u>126,235</u>	<u>3,341</u>	<u>(7)</u>	<u>65</u>	<u>(119,671)</u>	<u>9,963</u>
	Issued capital	Share Based Payment reserve	Foreign currency translation reserve	Convertible notes	Accumulated Losses	Total equity
Consolidated	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2024	131,933	3,815	221	65	(121,773)	14,261
Loss after income tax expense for the period	-	-	-	-	(8,681)	(8,681)
Other comprehensive income for the period, net of tax	-	-	81	-	-	81
Total comprehensive income for the period	-	-	81	-	(8,681)	(8,600)
<i>Transactions with owners in their capacity as owners:</i>						
Issue of rights under Employee Equity Plan	-	359	-	-	-	359
Expiry of rights under Employee Equity Plan	-	(198)	-	-	198	-
Exercise of Rights under Employee Equity Plan	128	(128)	-	-	-	-
Issue of shares under Employee Gift Plan	83	-	-	-	-	83
Balance at 31 December 2024	<u>132,144</u>	<u>3,848</u>	<u>302</u>	<u>65</u>	<u>(130,256)</u>	<u>6,103</u>

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

Micro-X Limited
Statement of cash flows
For the period ended 31 December 2024

	Consolidated	
	31 December 2024	31 December 2023
	\$'000	\$'000
Cash flows from operating activities		
Receipts from customers	1,254	4,922
Payments to suppliers	(15,465)	(13,938)
Interest received	62	41
R&D incentive tax refunds	6,414	6,232
Grant funding received	-	284
Receipts in relation to ASA MRFF Program	514	1,608
Receipts in relation to DHS Checkpoint Program	3,400	1,688
Receipts in relation to ARPA-H Program	717	-
Receipts in relation to Varex Technology Transfer	1,469	-
Interest Paid	(195)	-
Lease interest payments	(84)	(113)
Net cash from/(used in) operating activities	<u>(1,914)</u>	<u>724</u>
Cash flows from investing activities		
Payments for plant and equipment	(66)	(283)
Net cash used in investing activities	<u>(66)</u>	<u>(283)</u>
Cash flows from financing activities		
Proceeds from borrowings	6,088	-
Repayment of borrowings	(4,568)	-
Repayment of lease liabilities	(324)	(357)
Payments for Capital raising costs	(52)	-
Net cash from/(used in) financing activities	<u>1,144</u>	<u>(357)</u>
Net increase/(decrease) in cash and cash equivalents	(836)	84
Cash and cash equivalents at the beginning of the financial period	<u>3,228</u>	<u>5,223</u>
Cash and cash equivalents at the end of the financial period	<u><u>2,392</u></u>	<u><u>5,307</u></u>

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

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Micro-X Limited
Notes to the financial statements
31 December 2024

Note 1. General information

The financial statements cover Micro-X Limited as a Group. The financial statements are presented in Australian dollars, which is Micro-X Limited's functional and presentation currency.

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 28 February 2025.

Note 2. Material accounting policy information

New or amended Accounting Standards and Interpretations adopted

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

The adoption of these standards did not result in significant changes to the Group's accounting policies and had no material impact to the Group's financial statements, except as disclosed below.

AASB 2021-2 Amendments to Australian Accounting Standards - Disclosures of Accounting Policies and Definition of Accounting Estimates

The amendment took effect from 1 January 2023, requiring entities to disclose only material accounting policy information rather than all significant accounting policies. The amendment also provides guidance on which accounting policy information is expected to be material. Management adopted the amendment for the first time this financial year, assessing the material accounting policies to the user and removing accounting policies that were standardised information or information that only duplicates or summarises the requirements of the Standards.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Basis of preparation

These general purpose financial statements for the interim half-year reporting period ended 31 December 2024 have been prepared in accordance with Australian Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit orientated entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2024 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the policies stated below.

Note 2. Material accounting policy information (continued)

Going Concern

The Group incurred a net loss after tax for the half-year ended 31 December 2024 of \$8.681M (half-year ended December 2023: \$7.663M loss) and had net cash outflows from operating and investing activities of \$1.98M (half-year ended December 2023 net cash inflows from operating and investing activities of \$0.441M).

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:

- In February 2025, the Group entered a \$5.6 million strategic partnership with Malaysian security company Billion Prima Inc., to develop and launch a baggage and parcel scanning product within 12 months using Micro-X core NEX Technology. This partnership included an equity investment of \$2.4M and a commercialisation agreement of \$3.2M for Micro-X to assist in commercialising the baggage and parcel scanning product over 12 months. The \$2.4M funds from the equity investment and the first \$1.0M under commercialisation agreement, were received in February 2025;
- In February 2025, the Group announced a \$6.0M capital raising to support its commercial activities in Mobile Imaging and Head CT. The Capital Raising includes a \$2.0M placement and a \$4.0M Entitlement Offer. The Placement was fully subscribed including \$0.2M from directors subject to shareholder approval, and \$1.8M has been completed. The Institutional component of the Entitlement Offer was completed raising \$1.3M and the retail component of the Entitlement Offer has opened to raise up to an additional \$2.7M and is due to close on 14 March 2025;
- Beyond the Billion Prima contract the Group has \$14.1M of contracted milestones for development work due to be received in the next 12 months. These revenues are subject to satisfaction of milestones, under the contracts with the Australian Stroke Alliance for the CT Brain Scanner, U.S Advanced Research Projects Agency for Health (ARPA-H) U.S. Department of Homeland Security for the CT Baggage Scanner and Airport Self Service Portal;
- The Group expects that future sales of its Rover Plus will incur limited new costs to complete with inventory on hand of \$4.3M (30 June 2023: \$3.9M) available to be converted into positive cashflow;
- The Group will continue to explore additional partnership opportunities to monetise its security products; and
- As the Group is an ASX-listed entity, it has the option to raise additional funds if required.

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 2025 Half-Year report as at 31 December 2024.

Should the Group not achieve these outcomes, including the failure to meet milestones, to secure additional capital or to secure additional partnerships, there may be uncertainty whether the Group would continue as a going concern and therefore whether it would realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report. The Financial Report does not include adjustments relating to the recoverability or classification of the recorded asset amounts or to the amounts or classification of liabilities that might be necessary should the Group not be able to continue as a going concern.

Comparatives

The consolidated financial statements provide comparative information in respect of the previous period. Comparative figures have been adjusted to conform to changes in presentation for the current Financial Year.

Revenue recognition – Agent versus Principal determination

Micro-X utilises sub-contractors as part of delivering its engineering contract services. For certain sub-contractors, the Group has used its judgement to assess its relationship considering the nature of the contractual terms, assess control of the services and responsibility of parties involved. Where the Group has determined that it acts as an agent for all or part of a contract, the Group offsets its contract engineering revenue and relevant project costs.

Determination of net realisable value for inventories

Management reviews the Group's inventories levels in order to identify slow-moving and obsolete material and identifies items of inventories which have a market price that is lower than its carrying amount. Changes in demand levels, technological developments and pricing competition could affect the scalability and values of the inventories which could then consequentially impact the Group's results, cash flows and financial position. Management has written down of its Argus value to its expected recoverable amount as disclose under Note 6. The written down has been included in "cost of sales".

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Micro-X Limited
Notes to the financial statements
31 December 2024

Note 3. Operating segments

The Group has operations in Australia, the US (Micro-X Inc) & the UK (Micro-X UK Operations Limited).

Operating Segment information

For management purposes, the Group has been split into companies. Due to limited activity, Micro-X UK Operations Limited has been aggregated into the Parent Company.

	Micro-X Limited Australia \$'000	Micro-X Inc United States \$'000	Total \$'000
Revenue			
Sales to external customers	1,901	2,060	3,961
Other revenue	3,440	-	3,440
Total revenue	<u>5,341</u>	<u>2,060</u>	<u>7,401</u>
Expenses			
Depreciation and amortisation	(904)	(116)	(1,020)
Finance costs	(297)	(8)	(305)
Other expenses	(11,964)	(2,792)	(14,757)
Total expenses	<u>(13,165)</u>	<u>(2,916)</u>	<u>(16,082)</u>
Loss before income tax expense	<u>(7,824)</u>	<u>(856)</u>	<u>(8,681)</u>

	Micro-X Limited Australia \$'000	Micro-X Inc United States \$'000	Total \$'000
Total Assets	16,389	3,568	19,958
Total Liabilities	<u>(5,238)</u>	<u>(8,617)</u>	<u>(13,855)</u>
Net Assets	<u><u>11,151</u></u>	<u><u>(5,049)</u></u>	<u><u>6,103</u></u>

Note 4. Trade & other receivables

	Consolidated	
	31 December 2024 \$'000	30 June 2024 \$'000
Trade receivables	945	781
Research & Development Tax Incentive receivable	3,300	6,373
Other receivables	21	20
	<u>4,266</u>	<u>7,174</u>
GST receivable	2	38
	<u><u>4,268</u></u>	<u><u>7,212</u></u>

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Micro-X Limited
Notes to the financial statements
31 December 2024

Note 5. Contract assets

	Consolidated	
	31 December	30 June
	2024	2024
	\$'000	\$'000
<i>Current assets</i>		
Contract assets	1,109	2,941

Note 6. Inventories

	Consolidated	
	31 December	30 June
	2024	2024
	\$'000	\$'000
<i>Current assets</i>		
Raw materials	5,398	5,212
Less: Provision for write-down of Argus inventory	(899)	-
	<u>4,499</u>	<u>5,212</u>
Finished goods - at cost	735	167
	<u>5,234</u>	<u>5,379</u>

On 31 January 2025, the Company announced the discontinuation of Argus. As at 31 December 2024 the Company has created a provision to write down approximately \$0.9M of Argus inventory. A further \$0.9M of Argus related inventory is expected to be recoverable through the Company's other products, resale to suppliers or monetized through Strategic Partnering opportunities.

Note 7. Other

	Consolidated	
	31 December	30 June 2024
	2024	2024
	\$'000	\$'000
<i>Current assets</i>		
Other current assets	772	1,138

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Micro-X Limited
Notes to the financial statements
31 December 2024

Note 8. Property, plant and equipment

	Consolidated	
	31 December 2024 \$'000	30 June 2024 \$'000
Leasehold improvements - at cost	1,771	1,765
Less: Accumulated depreciation	<u>(1,010)</u>	<u>(912)</u>
	761	853
Plant and equipment - at cost	3,760	3,915
Less: Accumulated depreciation	<u>(2,402)</u>	<u>(2,169)</u>
	1,358	1,746
Fixtures and fittings - at cost	262	252
Less: Accumulated depreciation	<u>(157)</u>	<u>(137)</u>
	105	115
Computer equipment - at cost	707	685
Less: Accumulated depreciation	<u>(525)</u>	<u>(481)</u>
	182	204
Capital - Work in Progress	<u>37</u>	<u>6</u>
	<u>2,443</u>	<u>2,924</u>

Note 9. Right of use assets

The Group leases land and buildings for its offices and production facilities under agreements of between 5 to 10 years with, in some cases an option 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	
	31 December 2024 \$'000	30 June 2024 \$'000
<i>Non-current assets</i>		
Right-of-use Assets	6,650	6,577
Less: Accumulated depreciation	<u>(3,026)</u>	<u>(2,624)</u>
	<u>3,624</u>	<u>3,953</u>

	Consolidated	
	31 December 2024 \$'000	30 June 2024 \$'000
Opening Balance	3,953	4,615
Modification of Lease Agreement	25	-
Revaluation	10	68
CY Depreciation	<u>(364)</u>	<u>(730)</u>
	<u>3,624</u>	<u>3,953</u>

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

Micro-X Limited
Notes to the financial statements
31 December 2024

Note 9. Right of use assets (continued)

	Consolidated	
	31 December 2024 \$'000	30 June 2024 \$'000
Opening Balance	3,988	4,703
Additions/Exchange Rate Movements	16	2
Modification to Lease Agreement	25	-
Accretion of interest	97	231
Payments	(463)	(946)
	<u>3,663</u>	<u>3,990</u>
Current	659	692
Non-Current	3,004	3,298

Note 10. Borrowings

	Consolidated	
	31 December 2024 \$'000	30 June 2024 \$'000
<i>Current liabilities</i>		
Borrowings	<u>1,520</u>	<u>-</u>

In December 2024, the Company accessed a \$1.5M loan in relation to a prepayment loan on the financial year 2025 R&D tax rebate from the ATO. No principal repayment is due until the R&D Tax refund is received or 31 December 2025, whichever is earlier.

Note 11. Issued capital

	Consolidated			
	31 December 2024 Shares	30 June 2024 Shares	31 December 2024 \$'000	30 June 2024 \$'000
Ordinary shares - fully paid	<u>583,146,799</u>	<u>581,603,759</u>	<u>132,144</u>	<u>131,933</u>

In the period, 1,543,040 shares were issued in relation to the conversion of rights issued under Employee Equity Plan and issues of shares under the Employee gift plan.

Details	Shares	Assessed Price	\$'000
Opening Balance July 2024	581,603,759		131,933
Exercise of Rights under Employee Equity Plan	555,008	\$0.230	128
Issue of Shares under Employee Gift Plan	988,032	\$0.084	83
Closing Balance December 2024	583,146,799		132,144

Note 12. Share based payments reserve

	Consolidated	
	31 December 2024 \$'000	30 June 2024 \$'000
Share-based payments Reserve	3,848	3,815

Refer to the Statement of Changes in Equity for detailed movement in the Share Based Payment Reserve.

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 under its Employee Equity Plan on 27 December 2024. The rights hold various service and performance conditions which vest over 3 years.

The following assumptions have been used:

Description	STI Performance Rights	LTI Service Rights	LTI Performance Rights
Valuation Date	27 Dec 2024	27 Dec 2024	27 Dec 2024
Number of instruments issued	8,838,077	9,930,240	7,082,425
Spot Price	\$0.08	\$0.08	\$0.08
Exercise Price	Nil	Nil	Nil
Life (Years)	1	3	3
Volatility*	N/A	N/A	80%
Dividend Yield	0.00%	0.00%	0.00%
Risk Free Rate	N/A	N/A	3.9%
Assessed Value	\$0.08	\$0.08	\$0.051

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:

	2024 FY Number	2024 FY WAFV	2023 FY Number	2023 FY WAFV
Outstanding at 1 July	37,333,550	\$0.159	30,584,965	\$0.202
Granted during the period	25,850,742	\$0.080	18,699,413	\$0.109
Exercised during the period	(555,008)	\$0.230	(3,620,481)	\$0.250
Expired during the period	(6,467,390)	\$0.159	(8,330,347)	\$0.166
Outstanding at 31 December	56,161,893	\$0.122	37,333,550	\$0.159

Note 13. Dividends

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

Micro-X Limited
Notes to the financial statements
31 December 2024

Note 14. Events after the reporting period

On 31 January 2025, the Company announced a strategy reset to focus on its commercial and development stage medical imaging products for healthcare markets, including the Rover Plus mobile X-ray, the Head CT for mobile stroke detection and the Full Body CT scanner for mobile and remote CT scanning applications. The Full Body CT development product will be funded by up to \$25.0M in non-dilutive funding from the ARPA-H contract awarded in December 2024. As part of the strategy reset, the Company announced it was discontinuing active marketing and selling of the Argus X-ray camera product for the security market. Additionally, the Company would seek to raise funds and execute partnerships to monetise the Company's security products in development. With the discontinuation of Argus, the Company has written down approximately \$0.9M of Argus inventory, with a further \$0.9M of inventory potentially able to be recovered through the Company's other products or resale to suppliers.

In February 2025, the Company entered a Strategic Agreement with Billion Prima Sdn Bhd, a security Company from Malaysia. The agreement included a \$2.4M equity investment in Micro-X, as well as a \$3.2M commercialisation agreement, of which \$1.0M was paid on execution.

In February 2025, the Company launched a \$6.0M Capital Raising including a \$2.0M Placement to institutional and sophisticated investors and a \$4.0M Entitlement offer. The Company has completed the Placement of \$2.0M, with \$0.2M from directors subject to shareholder approval and \$1.3M from the accelerated institutional component of the Entitlement Offer. The retail component of the Entitlement Offer is scheduled to close on 14 March 2025.

In February 2025, the Company's wholly owned subsidiary, Micro-X Inc., executed a \$6.1M extension to the existing contract with the DHS for the Self-Screening Checkpoint project. This funding extension is the first of two optional extensions of the DHS contract and will provide funding to continue the Checkpoints development work past the delivery of the first prototype self-screening Checkpoint unit.

Note 15. Earnings per share

	Consolidated	
	31 December 2024	31 December 2023
	\$'000	\$'000
Loss after income tax attributable to the owners of Micro-X Limited	<u>(8,681)</u>	<u>(7,663)</u>
	Cents	Cents
Basic earnings per share	(1.49)	(1.48)
Diluted earnings per share	(1.49)	(1.48)
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>581,645,552</u>	<u>517,068,830</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>581,645,552</u>	<u>517,068,830</u>

Micro-X Limited
Notes to the financial statements
31 December 2024

Note 16. Income tax

	Consolidated	
	31 December 2024	31 December 2023
	\$'000	\$'000
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>		
Loss before income tax expense	(8,681)	(7,663)
Tax at the statutory tax rate of 25%	(2,170)	(1,916)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Entertainment expenses	1	-
Share-based payments	110	100
R&D tax incentive income	(825)	-
Feedstock adjustment	53	-
R&D expenditure	1,897	1,475
Effect of R&D concessions	-	(2,421)
Deferred tax asset not recognised	-	2,421
Other-assessable income	(10)	-
	(944)	(341)
Current period tax losses not recognised	695	551
Current period temporary differences not recognised	249	(210)
Income tax expense	-	-

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Micro-X Limited
Directors' declaration
31 December 2024

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2024 and of its performance for the financial period 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.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



Mr Patrick O'Brien
Non-Executive Chair

28 February 2025

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

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Micro-X Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2024, 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 half-year ended on that date, material accounting policy information and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- i. Giving a true and fair view of the Group's financial position as at 31 December 2024 and of its financial performance for the half-year ended on that date; and
- ii. Complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of 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 the audit of the annual 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 the same terms if given to the directors as at the time of this auditor's review report.

Material uncertainty relating 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 conclusion is not modified in respect of this matter.



Responsibility of the directors for the financial report

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that is true and fair and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2024 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

A handwritten version of the BDO logo in blue ink, with the letters 'BDO' in a cursive, stylized font.

BDO Audit Pty Ltd

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

Andrew Tickle

Director

Adelaide, 28 February 2025