

MICRO-X Ltd

ACN 153 273 735

ASX: MX1

CEO Presentation

Building sales of next generation x-ray

29th November 2019

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Managing Director & CEO

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Overview

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Next generation X-ray for global health and security markets

- ASX listed **hi-tech X-ray company** based in Tonsley, Adelaide
- **Next generation, cold cathode, Carbon Nano Tube technology**
 - X-ray products with significant reduction in size, weight and power
- **Platform technology** – health and new security applications
- **Selling first product - Carestream DRX Revolution Nano**
 - Mobile ultra-lightweight digital x-ray system for hospitals
 - Sold into 10 countries including United States – Available for sale in Australia
- **Strategic partnerships and investors**
 - Distribution of Nano - Carestream (ex Kodak Medical, US\$2.5b sales)
 - Security collaboration - Thales (technology giant, €16b sales)
- **Growth trajectory - building customer traction and sales**
 - Accelerated sales and marketing activities + sales infrastructure
 - Second product - Rover product for military market – first contract for sale 1H 2020

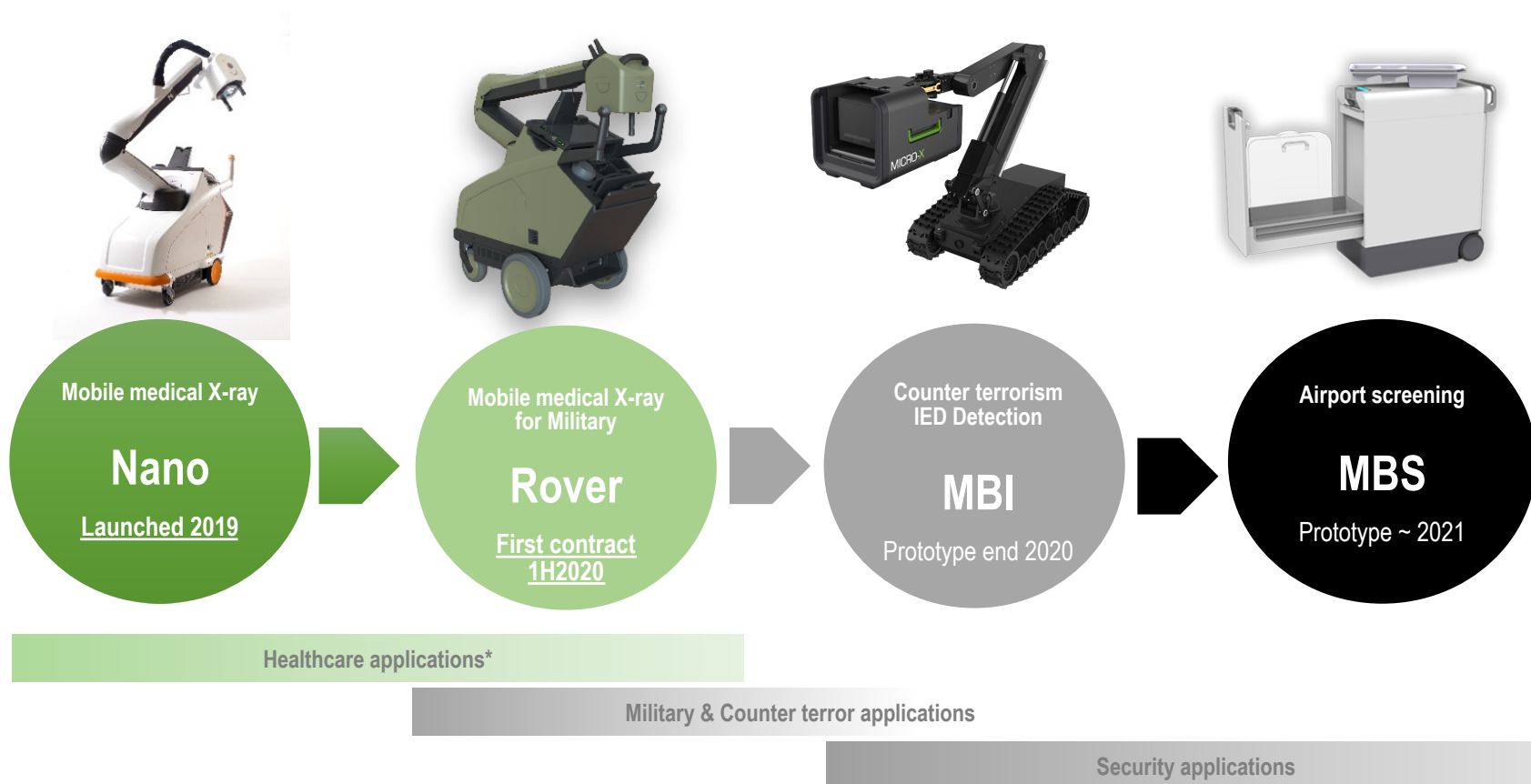


Carestream DRX Revolution Nano

Product roadmap

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Planned product evolution – from current X-ray uses to solving unmet needs



* Additional healthcare opportunities
- e.g. Mobile 3D CT imager for stroke diagnosis

Corporate Snapshot

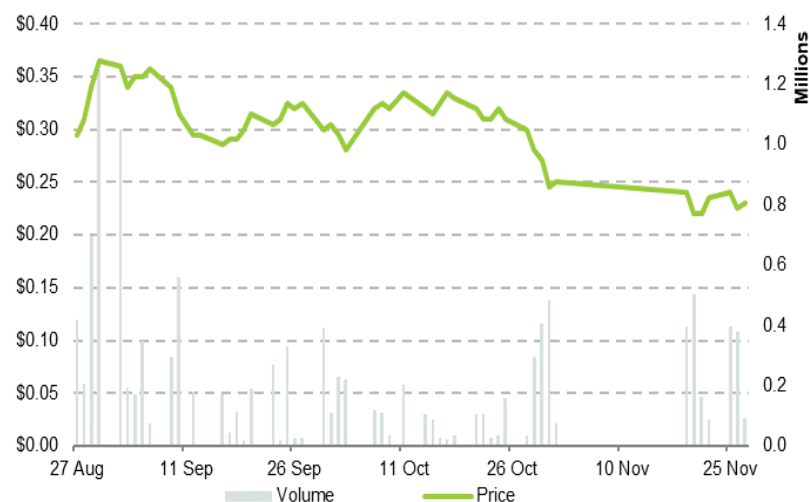
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Growth stage company with institutional and strategic investor support

Share & Trading Statistics (Closing Price on 27 November 2019)	
Share Price	\$0.23 per share
Total Shares On Issue	177.5 million
Options Issued	11.6 million
Convertible Notes	\$4.5 million – convert at 23 to 40 cps
Market Cap	~\$40.8 million

Key Financials & Shareholders	
Current Cash	\$3.6 million (\$1.09 m at 18 Nov 2019 + \$2.5 m first tranche of Placement)
Loan Facilities	SAFA \$3 million facility
Strategic Investors	Carestream (5.7%), Thales (\$10m Con Loan)
Institutional Investors	Thorney (~7%) + Other Institutions (~6%)
Board & Management	~ 10.4% shares

MX1 - Three month trading to 27 Nov 2019



Private Placement

A\$16.5 million via a two tranche Share Placement to Institutional and Sophisticated investors at A\$0.20 per share.

- **Tranche 1: A\$2.5 million** ~ 12.4 million shares – *completed 25 November 2019*
- **Tranche 2: A\$14.0 million** ~ 70.1 million shares - *subject to shareholder approval at an EGM on 19 December 2019*

Business model & Strategies

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Commercialise our proprietary technology products with selected global partners

- **Dual Market strategy** in healthcare and defence/security – based on **proprietary technology**
 - Maintain world leading **in-house design and technology development** capabilities
 - Expand **highly robust quality manufacturing** capability
 - **Enter markets** in partnership with **globally recognised brands**
 - **First product in healthcare builds credibility** before entering **new markets without competition**
- ❖ **Earn attractive margins** as a highly differentiated **technology manufacturer** in **large global markets**
- seek opportunities to **move up the value chain**

New solution in mobile X-ray for healthcare

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Carestream Health is a world leader in mobile X-ray for the healthcare market

- Carestream Health appointed global distributor
- Premium positioning
- **Already sold into 10 countries including U.S.**
 - Now available for sale in Australia
 - New geographies underway
- Strong customer feedback
- High reliability proven
- **\$1.25M sales in June & Sept Quarters**
- Sales expected to grow materially in Dec Quarter after Adelaide Tube approval
- **Addressable market: First Tier: \$300M, Second tier: \$200M**



Carestream trade booth – DRX Revolution Nano

Product Overview

- FDA approved Class II Medical device
- True mobile X-ray device overcoming limitations of competing mobile X-ray
- Light & manoeuvrable 90kg v 350 - 600kg
- Battery operation – 12 hour endurance
- Unique “tusks” for alignment with controls
- Bar code reader for patient-image association
- Small footprint – narrow hospital corridors/lifts
- Exceptional visibility for operator & patient safety
- **Sold as the Carestream DRX Revolution Nano**



Revised Sales & Marketing– building sales traction MICRO-X

Responding to slower than anticipated ramp up

- Early quality/yield and reliability issues – resolved with insourcing
 - Micro-X has insourced and proven a proprietary and superior emitter
 - Lack of tubes from previous supplier severely impacted Sept 2019 Quarter sales
- Sales and Marketing **strategies adapted** for breakthrough technology
 - Reset marketing approach with Carestream
- Customer head to head **demonstrations prove** technology benefits
 - Carestream have dedicated technical sales team actively running
- U.S. reference Hospitals and KOLs – **strong customer endorsement**
 - Broadens awareness and credibility for potential hospital customers
- **Australian market** now open for sales with ARTG and Quantum Health

*The sales pipeline is now growing and traction is building
– this December Quarter should see continued growth*



Manufacturing Nano units to meet demand - Tonsley, Adelaide

Insourcing & Manufacturing Scale up

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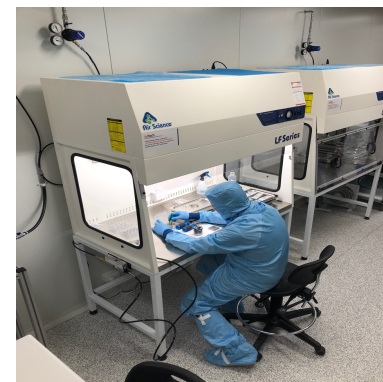
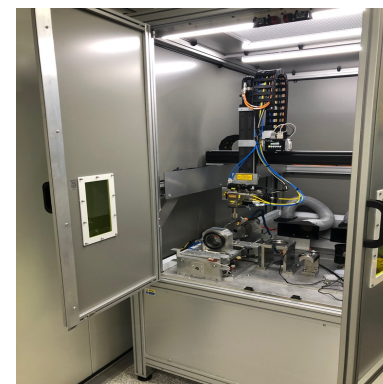
Next stage Expansion and vertical integration of tube supply



Capacity of 85 Nano or Rover units p.m.
Increases with weekend or second shift

Tonsley Facility, Adelaide

- > 1,000 m²
- Capacity for medium term needs
- Dedicated Rover production
- Test facilities for MBI project
- Mechanical & electrical lab space
- Shielded rooms for customer demos
- ISO 13485
- Tonsley Innovation District
– SA Government initiative



First generation Rover – on sale mid-2020

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Responding to US military interest to buy the product

- **U.S. Army – Medical Materiel Agency (medical procurement)**
 - Recent demonstrations at Fort Detrick, Maryland
 - Interest for all three services - supporting deployments and domestic Base and DVA hospitals
 - Planning a Low Rate Initial Production order – **small batch of Rover without tender**
- First generation Rover will be **enhanced output & ruggedised Nano**
 - Design complete and testing underway
- Regulatory pathway - **510(k) filing early 2020** – approval mid 2020
- First sales contracts – **U.S. Army in mid-2020** – six months ahead of plan
 - Delivery for customer testing after passing military risk management framework
 - Revenue recognised on final product acceptance – by end 2020
- Australian Defence Force sales – end 2020
 - Micro-X part of successful tender for JP2060 project – completing final pricing



We aim to be selling to two major defence customers by the end of 2020 - building customer interest for larger follow-on orders

MBI - Third Product in development

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Unmanned assessment of potential *Improvised Explosive Devices*

- Bomb disposal technicians face life threatening harm when placing X-ray detector behind the IEDs
- MBI takes x-ray images without separate detector– **one sided**
- Australian Defence Force **proof of concept imaging completed**
- Customer support - **military and FBI / bomb disposal** interest
- **Addressable market ~\$1.8B**
- **No competition & unmet need means high gross margins**



Above – Illustration of MBI carried by EOD* Robot



Above – Current bomb disposal X-ray imaging technique

* EOD – Explosive Ordnance Disposal

Product Characteristics

- **Multi-beam CNT** imaging with **Backscatter detector** – enables one-sided X-ray image
- Thales collaborating on new tube development
- Light and able to be carried by any EOD* robot – maintaining distance of bomb technician
- Resolution of better than 0.5mm
- **Ideal in a wide range of counter-terrorism scenarios**

Thales partnership & \$10m investment

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Technology partnership with a global leader in defence and aircraft security

- \$10M investment via loan facility
 - \$5m cash already received July 2019 on completion
 - Subject to EGM approval (to be sought by end 2019), Thales has option to convert loan to shares after July 2024
 - Micro-X can elect to repay loan rather than issue shares to Thales
- Contract design and licensing of Airport Checkpoint Security Imaging
- Distribution for MBI in Defence/ security - outside Five-Eyes countries
 - Australia, US, UK, Canada and New Zealand
- Contract manufacture of future miniature X-ray tubes

“....we are at the birth of a new technology evolution. CNT is a game changer in so many fields but none offer such practical and quantifiable benefits as in the X-ray imaging market. From airport checkpoints to counter terrorism activities to future medical imaging devices, Thales and Micro-X are at the cusp of an historical moment. This partnership will give us a technological leap that no one else in this industry has.”

Jean Jacques Guittard, Thales Vice-President, Electron Devices

Milestones - setting our new course

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Focused on delivering commercial outcomes for all stakeholders

CY 2019

Early US sales of Nano
Thales Partnering deal & \$5m
Next Stage Facility expansion
CNT in-sourcing complete
First Nano sales with MX1 tube
Patent published - CNT emitter
Reference hospitals + KOLs
UK Airport security grant award

Q4 – Build sales + pipeline
Q4 – Nano sold in Australia
Q4 – Japan entry strategy
Q4 – Rover tube built & tested

CY 2020

1H – Rover 1st gen 510(k)
 1H - Building Nano sales
 1H – Japanese reg process
 2H – Rover 1st gen U.S. Army sales
 2H – MBI first imaging demo
 2H – Rover 2nd gen 510(k)
 2H – Rover 2nd gen ADF contract

Beyond

Significant Rover & Nano sales
 Japan reg clearance – Nano
 MBI customer demo / testing
 MBI launch in ~ 2022
 Airport security prototype

The above forecast dates are estimated and indicative and may change

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