

Micro-X Limited ACN 153 273 735

Risk management policy

1. Introduction

Micro-X Limited ACN 153 273 735 (“**Micro-X**” or “**the Company**” and, together with its controlled entities, the Group) views effective risk management as key to achieving and maintaining its operational and strategic objectives.

2. Risk oversight

2.1 The Company's board of directors (**Board**) is responsible for:

- (a) setting the risk appetite within which the Board expects management to operate; and
- (b) satisfying itself that the Company has in place an appropriate risk management framework (for both financial and nonfinancial risks)

2.2 To assist the Board in discharging its responsibility in relation to risk management, the Board has delegated certain activities to the Audit and Risk Committee. The objectives of the Audit and Risk Committee are detailed in the Charter for that Committee, and include:

- (a) promoting a culture of compliance;
- (b) providing a forum for communication between the Board and Management in relation to audit and compliance matters affecting the Group; and
- (c) reviewing and commenting on Management's plans for managing the material financial and other risks faced by the Group.

2.3 The senior management of the Group is responsible for:

- (a) designing and implementing risk management and internal compliance and control systems which identify the material risks facing the Group and which are designed to manage those risks within the risk appetite communicated by the Board;
- (b) reviewing and assessing the systems on a regular basis; and
- (c) reporting to the Audit and Risk Committee and the Board on major risks and action plans.

2.4 All employees are responsible for implementing, managing and monitoring these processes and risk plans within their areas of operation.

3. Risk identification and reporting

3.1 Senior management will identify and monitor areas of risk on an ongoing basis, categorised as:

- (a) Strategic (including reputational risk);
 - (b) Operational (including manufacturing, supply chain and ICT);
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- (c) People (including WHS);
 - (d) Legal (including compliance and environmental risk); and
 - (e) Financial
- 3.2 Senior management will report to the Audit and Risk Committee and the Board on a regular basis:
- (a) the major risks referred to in 3.1, identifying those which are new or emerging;
 - (b) the degree of risk involved, including:
 - (i) the probabilities that the risk will materialise; and
 - (ii) if it does, the significance of the potential impact;
 - (c) current approach to managing the risk in keeping with the risk appetite communicated by the Board; and
 - (d) if applicable, any inadequacies in the current approach and possible improvements to more effectively address the risk.

4. Review of risk management

- 4.1 The Audit and Risk Committee will review Micro-X's risk management framework at least annually to satisfy itself and the Board that the framework continues to be sound and that the Group is operating with due regard to the risk appetite set by the Board.
- 4.2 The Board will, before it approves the Group's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion:
- (a) the financial records of the Group have been properly maintained;
 - (b) that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the Group; and
 - (c) that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

5. Review

The Board will periodically review this Policy to check that it is operating effectively and to consider whether any changes are required.

6. Approved and adopted

This risk management policy was approved and adopted by the Board on 15 December 2023.