

CAP-XX Limited
ABN 47 050 845 291

Interim report
For the half-year ended 31 December 2019

Interim report

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This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2019 and any public announcements made by CAP-XX Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

Directors' report

Your directors present their report on the consolidated entity (referred to hereafter as the Group) consisting of CAP-XX Limited (the Company or CAP-XX) and the entities it controlled at the end of, or during, the half-year ended 31 December 2019.

Directors

The following persons were directors of CAP-XX Limited during the half-year and up to the date of this report:

Patrick Elliott	Chairman
Bruce Grey	Non-Executive Director
Anthony Kongats	Managing Director

Review of operations

The Group recorded a net loss of \$1,028,942 during the half-year ended 31 December 2019 (2018: loss of \$1,616,372).

The improvement in the trading result was a result of a material increase in total revenue coupled with a decrease in the operating expenditure due in the main to reductions in both general and administrative expenses and the share-based payment expense.

Significant changes in the state of affairs

The Group announced in November 2019 the intention to acquire certain supercapacitor manufacturing assets, intellectual property and product designs from Murata Manufacturing Co., Ltd and relocate them to Australia. The acquisition and related costs and relocation expenses are being funded by a capital raise as highlighted below.

Events occurring after the reporting period

The Group received the net proceeds (A\$6,055,595) from a capital raise which was completed in December 2019.

Unaudited Results

These results were not subject to an independent audit review.

This report is made in accordance with a resolution of the directors.



Patrick Elliott
Director

Sydney
16th March 2020

CAP-XX Limited

Interim financial report

31 December 2019

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This interim financial report covers the consolidated entity consisting of CAP-XX Limited and its subsidiaries. The interim financial report is presented in the **Australian currency**.

CAP-XX Limited is a company limited by shares, incorporated and domiciled in Australia. Its principal place of business is:

Units 9-10
12 Mars Road
Lane Cove NSW 2066

Its registered office is:

Suite 126
117 Old Pittwater Road
Brookvale NSW 2100
Australia

The interim financial report was authorised for issue by the directors on 16th March 2020. The company has the power to amend and reissue the interim financial report.

Through the use of the internet, we have ensured that our corporate reporting is timely, complete, and available globally at minimum cost to the company. All press releases, financial reports and other information are available at our Investors' Centre on our website: www.cap-xx.com.

CAP-XX Limited
Consolidated statement of profit or loss
For the half-year ended 31 December 2019

	Notes	Consolidated	
		Half-year 2019	Half-year 2018
Currency: Australian Dollars		\$	\$
Revenue from sale of goods and services	3	1,932,591	1,603,484
Cost of sale of goods and services		(862,558)	(735,147)
Gross margin (loss) on sale of goods and services		1,070,033	868,337
Other revenue	3	9,964	9,519
Other income	4	941,678	884,211
General and administrative expenses		(1,205,098)	(1,067,995)
Process and engineering expenses		(478,521)	(552,131)
Selling and marketing expenses		(404,326)	(339,220)
Research and development expenses		(746,771)	(809,812)
Share based payments		(173,774)	(567,813)
Other expenses		(42,127)	(41,468)
(Loss) before income tax		(1,028,942)	(1,616,372)
Income tax benefit/(expense)		-	-
Net loss after income tax for the half year		(1,028,942)	(1,616,372)
(Loss) attributable to members of CAP-XX Limited	5	(1,028,942)	(1,616,372)
Loss per share attributable to the ordinary equity holders of the company		Cents	Cents
Basic loss per share		(0.32)	(0.52)
Diluted loss per share		(0.32)	(0.52)

The above statement of profit or loss should be read in conjunction with the accompanying notes.

CAP-XX Limited
Consolidated statement of comprehensive income
For the half year ended 31 December 2019

	Notes	Consolidated	
		2019 \$	2018 \$
Currency: Australian Dollars			
Loss for the half year		(1,028,942)	(1,616,372)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		(13,919)	(38,496)
Other comprehensive loss for the half year, net of tax		<u>(13,919)</u>	<u>(38,496)</u>
Total comprehensive loss for the half year attributable to owners of CAP-XX Limited		<u>(1,042,861)</u>	<u>(1,654,868)</u>

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

CAP-XX Limited
Consolidated statement of financial position
As at 31 December 2019

	Notes	31 December 2019	Consolidated 30 June 2019	31 December 2018
Currency: Australian Dollars		\$	\$	\$
ASSETS				
Current assets				
Cash and cash equivalents		1,751,424	2,429,156	4,623,238
Receivables		466,152	616,219	327,296
Inventories		1,503,159	1,940,171	1,998,065
Other	6	1,629,358	1,838,662	921,106
Total current assets		5,350,092	6,824,208	7,869,705
Non-current assets				
Property, plant and equipment		1,110,317	679,336	590,138
Other		236,507	236,507	236,507
Total non-current assets		1,346,824	915,843	826,645
TOTAL ASSETS		6,696,917	7,740,051	8,696,350
LIABILITIES				
Current liabilities				
Payables		546,399	746,082	835,112
Provisions		833,431	796,695	734,425
Total current liabilities		1,379,830	1,542,777	1,569,537
Non-current liabilities				
Provisions		41,738	52,838	125,018
Total non-current liabilities		41,738	52,838	125,018
TOTAL LIABILITIES		1,421,569	1,595,615	1,694,555
NET ASSETS		5,275,347	6,144,436	7,001,795
EQUITY				
Contributed equity	7	101,915,665	101,915,665	101,867,507
Reserves		6,192,848	6,032,993	5,741,487
Accumulated losses		(102,833,164)	(101,814,222)	(100,607,199)
TOTAL EQUITY		5,275,349	6,144,436	7,001,795

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

CAP-XX Limited
Consolidated statements of changes in equity
For the half-year ended 31 December 2019

	Consolidated			
	Contributed Equity \$	Reserve \$	Accumulated losses \$	Total \$
Balance at 1 July 2018	98,565,062	5,212,170	(98,990,827)	4,786,405
Loss for the period as reported in the 2019 financial statements	-		(2,813,395)	(2,813,395)
Other comprehensive loss	-	(38,660)	-	(38,660)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs and tax	3,350,603			3,350,603
Employee share options - value of employee services	-	859,483	-	859,483
Balance at 30 June 2019	101,915,665	6,032,993	(101,804,222)	6,144,436
Profit for the period as reported in the 2019 interim financial statements	-	-	(1,028,942)	(1,028,942)
Other comprehensive income	-	(13,919)	-	(13,919)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs and tax	-	-	-	-
Employee share options - value of employee services	-	173,774	-	173,774
Balance at 31 December 2019	101,915,665	6,192,848	(102,833,164)	5,275,349

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

CAP-XX Limited
Consolidated Statement of Cash Flows
For the half-year ended 31 December 2019

	Consolidated	
	Half-year 2019	Half-year 2018
Currency: Australian Dollars	\$	\$
Cash flows from operating activities		
Receipts from customers (inclusive of goods and services tax)	1,913,899	2,259,627
Payments to suppliers and employees (inclusive of goods and services tax)	(3,642,199)	(4,303,597)
	(1,728,300)	(2,043,970)
Tax credit received	1,592,042	1,596,547
Interest received	9,964	9,519
Net cash (outflow) from operating activities	(126,294)	(437,904)
Cash flows from investing activities		
Payments for property, plant and equipment	(537,519)	(114,153)
Net cash (outflow) from investing activities	(537,519)	(114,153)
Cash flows from financing activities		
Proceeds from issue of shares	-	3,302,445
Net cash inflow from financing activities	-	3,302,445
Net (decrease) in cash and cash equivalents	(663,813)	2,750,388
Cash and cash equivalents at the beginning of the half-year	2,429,156	1,911,346
Effects of exchange rate changes on cash and cash equivalents	(13,919)	(38,496)
Cash and cash equivalents at the end of the half-year	1,751,424	4,623,238

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

CAP-XX Limited
Notes to the Consolidated Interim Financial Statements
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CAP-XX Limited
Notes to the Consolidated Interim Financial Statements
31 December 2019

Note 1 Significant accounting policies

a) Basis of preparation of half-year report

This interim financial report for the half-year ended 31 December 2019 has been prepared in accordance with Corporations Act 2001 and Australian Accounting Standard AASB 134 Interim Financial Reporting.

The financial report covers the consolidated entity of CAP-XX Limited and its controlled entities. The financial report has been presented in Australian dollars, the group's presentation currency. The report consists of the financial statements, notes to the financial statements and the directors' declaration.

The interim financial report does not include all the notes of the type normally included in an annual financial report.

Accordingly, this report is to be read in conjunction with the annual report made by CAP-XX Limited for the year ended 30 June 2019 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 same accounting policies have been followed as those applied in the financial report for the year ended 30 June 2019.

b) Continuation as a going concern

The Directors have prepared the financial statements on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business. The Group has sufficient cash to fund operations for more than one year based on anticipated levels of operational cash flow including the proceeds of a committed capital raise.

The accounting policies adopted are consistent with those of the previous financial year ended 30 June 2019.

CAP-XX Limited
Notes to the Consolidated Interim Financial Statements
31 December 2019

Note 2 Segment information

Business segments – primary reporting

Management has determined the operating segment based on the reports reviewed by the Board that are used to make strategic decisions. Management has identified one reportable segment which is the development, manufacture and sale of supercapacitors.

Although the Group is managed on a global basis, it generates revenue in 3 main geographical areas being Asia Pacific, North America and Europe. Segment revenues are allocated based on the country in which the user is located

31 December 2019	Geographical Segment			
	Asia Pacific	Europe	North America	Total
	\$	\$	\$	\$
Revenue	1,086,741	382,877	462,973	1,932,591
Cost of sales	(862,558)	-	-	(862,558)
Gross Profit/(Loss)	224,183	382,877	462,973	1,070,033
Interest revenue	9,964	-	-	9,964
Other income	941,678	-	-	941,678
General and administrative expenses	(1,205,098)	-	-	(1,205,098)
Process and engineering expenses	(478,521)	-	-	(478,521)
Selling and marketing expenses	(404,326)	-	-	(404,326)
Research and development expenses	(746,771)	-	-	(746,771)
Share based payments	(173,774)	-	-	(173,774)
Other expenses	(42,127)	-	-	(42,127)
Profit/ (Loss) before income tax	(1,860,383)	382,877	462,973	(1,028,942)
Income tax benefit				
Net profit/(loss) for the half year	(1,860,383)	382,877	462,973	(1,028,942)
Other comprehensive income				
Exchange differences arising in translation of foreign operations	(13,919)	-	-	(13,919)
Total comprehensive income/(loss), net of tax	(1,888,711)	382,877	462,973	(1,042,861)
Total assets	6,696,917	-	-	6,696,917
Total liabilities	1,379,830	-	-	1,379,830
Profit/(Loss) before income tax includes the following specific expenses:				
Interest expense	-	-	-	-
Depreciation	106,538	-	-	106,538
Share based payments	173,774	-	-	173,774

CAP-XX Limited
Notes to the Consolidated Interim Financial Statements
31 December 2019

Note 2 Segment information (continued)

31 December 2018

	Geographical Segment			Total \$
	Asia Pacific \$	Europe \$	North America \$	
Revenue	755,997	406,793	440,694	1,603,484
Cost of sales	(735,147)	-	-	(735,147)
Gross Profit/(Loss)	20,850	406,793	440,694	868,337
Interest revenue	9,519	-	-	9,519
Other income	884,211	-	-	884,211
General and administrative expenses	(1,067,995)	-	-	(1,067,995)
Process and engineering expenses	(552,131)	-	-	(552,131)
Selling and marketing expenses	(339,220)	-	-	(339,220)
Research and development expenses	(809,812)	-	-	(809,812)
Share based payments	(567,813)	-	-	(567,813)
Other expenses	(41,468)	-	-	(41,468)
Profit/ (Loss) before income tax	(2,463,859)	406,793	440,694	(1,616,372)
Income tax benefit				
Net profit/(loss) for the year	(2,463,859)	406,793	440,694	(1,616,372)
Other comprehensive income				
Exchange differences arising in translation of foreign operations	(38,496)	-	-	(38,496)
Total comprehensive income, net of tax	(2,502,355)	406,793	440,694	(1,654,868)
Total assets	8,696,350	-	-	8,696,350
Total liabilities	1,694,555	-	-	1,694,555
Profit/(Loss) before income tax includes the following specific expenses:				
Interest expense	-	-	-	-
Depreciation	96,964	-	-	96,964
Share based payments	567,813	-	-	567,813

The consolidated entity operates in a single business segment which is the development, manufacture and sale of super capacitors.

CAP-XX Limited
Notes to the Consolidated Interim Financial Statements
31 December 2019

Note 3 Revenue

	Consolidated	
	2019	2018
	\$	\$
Sales revenue		
Sale of goods (recognised at a point in time)	1,360,006	1,174,304
Licence Fees & Royalties (recognised at a point in time)	572,585	429,180
	1,932,591	1,603,484
Other revenue		
Interest	9,964	9,519

Disaggregation of Revenue

The Group has disaggregated revenue into various categories in the following table which is intended to

- Depict how the nature, timing and uncertainty of revenue and cash flows are affected by economic date; and
- Enable users to understand the relationship with revenue segment information provided in Note 2.

	Supercapacitors	Licence Fees and Royalties	Total
Consolidated - 2019			
<i>Geographical regions</i>			
Asia Pacific	814,872	271,869	1,086,741
Europe	382,877	-	382,877
Americas	162,257	300,716	462,973
	1,360,006	572,585	1,932,591

	Supercapacitors	Licence Fees and Royalties	Total
Consolidated – 2018			
<i>Geographical regions</i>			
Asia Pacific	558,817	197,180	755,997
Europe	406,793	-	406,793
Americas	208,695	231,999	440,694
	1,174,305	429,179	1,603,484

Note 4 Other Income

	Consolidated	
	2019 \$	2018 \$
Foreign Exchanges Gains – (net)	69,755	36,620
R&D Tax Incentive	871,923	822,128
Government Grants	-	25,463
Total Other Income	941,678	884,211

Note 5 Loss for the half-year

Loss for the half-year includes the benefits of the Australian Taxation Offices R&D cash offset incentive. The amount included in the December 2019 accounts is \$872k (2018: \$8220k). CAP-XX successfully lodged their claim for this incentive in relation to the FY2019 year and received \$1.6m in December 2019. (2018:\$1.6m)

Note 6 Other Assets

	Consolidated	
	2019 \$	2018 \$
R&D Rebate – Australian Tax Office (FY19)	-	751,000
R&D Rebate – Australian Tax Office (FY20)	728,719	-
Royalty Payments – Accrual	394,452	80,320
Prepayments	495,004	78,959
Other	11,184	10,827
Total Other Assets	1,629,358	921,106

Note 7 Contributed equity

Movement in ordinary share capital:

Date	Details	Number of shares	Issue price	\$
01 July 2018	Opening balance	299,886,087		98,565,062
23 July 2018	Issue of Shares (Exercise of Options)	937,500	\$0.09	82,608
26 October 2018	Issue of Shares (Exercise of Options)	2,340,886	\$0.09	202,241
09 November 2018	Issue of Shares	20,588,236	\$0.14	2,970,995
31 December 2018	Issue of Shares	263,132	\$0.18	46,602
28 June 2019	Issue of Shares	498,934	\$0.10	48,157
30 June 2019	Balance	<u>324,514,775</u>		<u>101,915,665</u>
01 July 2019	Opening balance	<u>324,514,775</u>		<u>101,915,665</u>
31 December 2019	Balance	<u>324,514,775</u>		<u>101,915,665</u>

CAP-XX Limited
31 December 2019

Directors' declaration

The directors of CAP-XX Limited declare that:

- (a) The financial statements and notes, as set out on pages x to xx are in accordance with the Corporations Act 2001 including that they:
 - (i) give a true and fair view of the financial position as at 31 December 2019 and the performance for the half year ended on that date of the consolidated entity; and
 - (ii) comply with AASB 134 Interim Financial Reporting and the Corporations Regulations 2001 and other mandatory reporting requirements.
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors, and is signed for and on behalf of the directors;



Patrick Elliott
Director

Sydney
16th March, 2020