

CAP-XX Limited
ABN 47 050 845 291

Interim report
For the half-year ended 31 December 2020

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 31 December 2020 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*.

CAP-XX Limited
31 December 2020

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 2020.

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 \$1,244,305 during the half-year ended 31 December 2020 (2019: loss of \$1,028,942).

Significant changes in the state of affairs

None to report

Events occurring after the reporting period

The ATO Tax rebate of A\$3.1m relating to FY20 was received early in January 2021 .

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
25th February 2021

CAP-XX Limited

Interim financial report

31 December 2020

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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:

Unit 1
13A Stanton Road
Seven Hills NSW 2147

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 25th February 2021. 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 2020

		Consolidated	
	Notes	Half-year 2020	Half-year 2019
		\$	\$
Currency: Australian Dollars			
Revenue from sale of goods and services	3	2,126,564	1,932,591
Cost of sale of goods and services		(1,158,340)	(862,558)
Gross margin (loss) on sale of goods and services		968,224	1,070,033
Other revenue	3	501	9,964
Other income	4	2,292,781	941,678
General and administrative expenses		(944,949)	(1,205,098)
Process and engineering expenses		(229,994)	(478,521)
Selling and marketing expenses		(437,791)	(404,326)
Research and development expenses		(740,021)	(746,771)
Project Expenses		(2,017,614)	-
Share based payments		(68,192)	(173,774)
Other expenses		(67,250)	(42,127)
(Loss) before income tax		(1,244,305)	(1,028,942)
Income tax benefit/(expense)		-	-
Net loss after income tax for the half year		(1,244,305)	(1,028,942)
(Loss) attributable to members of CAP-XX Limited	5	(1,244,305)	(1,028,942)
Loss per share attributable to the ordinary equity holders of the company		Cents	Cents
Basic loss per share		(0.28)	(0.32)
Diluted loss per share		(0.28)	(0.32)

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 2020

	Notes	Consolidated	
		2020 \$	2019 \$
Currency: Australian Dollars			
Loss for the half year		(1,244,305)	(1,028,942)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		102,943	(13,919)
Other comprehensive loss for the half year, net of tax		<u>102,943</u>	<u>(13,919)</u>
Total comprehensive loss for the half year attributable to owners of CAP-XX Limited		<u>(1,141,362)</u>	<u>(1,042,861)</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 2020

	Notes	31 December 2020	Consolidated 30 June 2020	31 December 2019
<i>Currency: Australian Dollars</i>				
		\$	\$	\$
ASSETS				
Current assets				
Cash and cash equivalents		469,472	2,895,482	1,751,424
Receivables		455,454	576,665	466,152
Inventories		1,041,169	1,290,248	1,503,159
Other	6	5,698,264	3,613,230	1,629,358
Total current assets		7,664,359	8,375,625	5,350,092
Non-current assets				
Property, plant and equipment		2,624,744	1,557,015	1,110,317
Right of Use Assets		3,059,608	3,198,340	
Other		204,808	204,808	236,507
Total non-current assets		5,889,160	4,960,163	1,346,824
TOTAL ASSETS		13,553,519	13,335,788	6,696,917
LIABILITIES				
Current liabilities				
Payables		1,489,078	1,720,179	546,399
Lease Liabilities		268,051	135,272	
Advance payments		1,442,900		
Provisions		1,401,354	1,323,050	833,431
Total current liabilities		4,601,383	3,178,501	1,379,830
Non-current liabilities				
Lease Liabilities		2,241,620	2,524,557	
Provisions		53,332	45,576	41,738
Total non-current liabilities		2,294,952	2,570,133	41,738
TOTAL LIABILITIES		6,896,335	5,748,634	1,421,568
NET ASSETS		6,657,184	7,587,154	5,275,349
EQUITY				
Contributed equity	7	108,153,306	108,010,106	101,915,665
Reserves		6,461,120	6,289,985	6,192,848
Accumulated losses		(107,957,242)	(106,712,937)	(102,833,164)
TOTAL EQUITY		6,657,184	7,587,154	5,275,349

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 2020

	Consolidated			
	Contributed Equity \$	Reserve \$	Accumulated losses \$	Total \$
Balance at 1 July 2019	101,915,665	6,032,993	(101,804,222)	6,144,436
Loss for the period as reported in the 2020 financial statements	-		(4,908,715)	(4,908,715)
Other comprehensive loss	-	(22,894)	-	(22,894)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs and tax	6,094,441			6,094,441
Employee share options - value of employee services	-	279,886	-	279,886
Balance at 30 June 2020	108,010,106	6,289,985	(106,712,937)	7,587,154
Profit for the period as reported in the 2020 interim financial statements	-	-	(1,244,305)	(1,244,305)
Other comprehensive income	-	102,943	-	102,943
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs and tax	143,200	-	-	143,200
Employee share options - value of employee services	-	68,192	-	68,192
Balance at 31 December 2020	108,153,306	6,461,120	(107,957,242)	6,657,184

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 2020

	Consolidated	
	Half-year 2020	Half-year 2019
Currency: Australian Dollars	\$	\$
Cash flows from operating activities		
Receipts from customers (inclusive of goods and services tax)	2,460,431	1,913,899
Payments to suppliers and employees (inclusive of goods and services tax)	(5,397,193)	(3,642,199)
	(2,936,762)	(1,728,300)
Tax credit received	-	1,592,042
Interest received	501	9,964
Net cash (outflow) from operating activities	(2,936,261)	(126,294)
Cash flows from investing activities		
Payments for property, plant and equipment	(1,178,792)	(537,519)
Net cash (outflow) from investing activities	(1,178,792)	(537,519)
Cash flows from financing activities		
Proceeds from issue of shares	143,200	-
Proceeds from advance payments	1,442,900	-
Net cash inflow from financing activities	1,586,100	-
Net (decrease) in cash and cash equivalents	(2,528,953)	(663,813)
Cash and cash equivalents at the beginning of the half-year	2,895,482	2,429,156
Effects of exchange rate changes on cash and cash equivalents	102,943	(13,919)
Cash and cash equivalents at the end of the half-year	469,472	1,751,424

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 2020

Note 1 Significant accounting policies

a) Basis of preparation of half-year report

This interim financial report for the half-year ended 31 December 2020 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 31 December 2020 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 31 December 2021.

b) Continuation as a going concern

During the year ended 30 June 2020, the Group incurred an operating loss before tax and net cash outflows from operating activities as disclosed in the statement of profit or loss and the statement of cash flows, respectively. The continuing viability of the Group and its ability to continue as a going concern and meet its debts and commitments as they fall due are dependent upon the Group being successful with respect to the following factors:

- i. The Group receiving the proceeds from the R&D Tax concession which was lodged with the Australian Taxation Office in November 2020. The quantum of the rebate has increased substantially compared to the previous years due to the project costs in respect to the Murata transaction;
- ii. The ability of the Group to raise additional funds from shareholders, new investors and debt markets. The Group has successfully conducted a number of small equity placements in recent years and therefore there is a reasonable expectation that alternate sources of funding can be sourced;
- iii. Ongoing technology license discussions with numerous existing and new customers need to be finalised to ensure that ongoing revenue and cash flow is generated in a timely manner;
- iv. Increasing opportunities from existing and emerging markets are realised into sales revenue with the Group needing to ensure that product development and manufacturing capacity is available to satisfy the customers product specifications and timing demands; and
- v. Continue the close and effective monitoring of the Group's operating expenditure, including the continued realisation of identified operating cost initiatives. The Board approves an annual budget and regularly receives forecasts from management to monitor performance against budget and to consider longer term prospects.

As a result of the above factors, there is material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern and therefore it may be unable to realise its assets and settle its liabilities and commitments in the normal course of business and at the amounts stated in the financial statements.

However, the Directors believe that the Group will be successful in achieving favourable outcomes on the above matters and that it will have sufficient funds to pay its debts and meet its commitments for at least the next 12 months from the date of this financial report, and accordingly, have prepared the financial report on a going concern basis. At this time, 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 recorded in the financial report at 30 December 2020. As such, no adjustments have been made to the financial statements relating to the recoverability and classification of the asset carrying amounts or classification of liabilities that might be necessary should the Group not continue as a going concern.

The accounting policies adopted are consistent with those of the previous financial year ended 31 December 2021.

CAP-XX Limited
Notes to the Consolidated Interim Financial Statements
31 December 2020

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 2020	Geographical Segment			
	Asia Pacific	Europe	North America	Total
	\$	\$	\$	\$
Revenue	1,017,027	536,933	572,604	2,126,564
Cost of sales	(1,158,340)	-	-	(1,158,340)
Gross Profit/(Loss)	(141,313)	536,933	572,604	968,224
Interest revenue	501	-	-	501
Other income	2,292,781	-	-	2,292,781
General and administrative expenses	(944,949)	-	-	(944,949)
Process and engineering expenses	(229,994)	-	-	(229,994)
Selling and marketing expenses	(437,791)	-	-	(437,791)
Research and development expenses	(740,021)	-	-	(740,021)
Project expenses	(2,017,614)	-	-	(2,017,614)
Share based payments	(68,192)	-	-	(68,192)
Other expenses	(67,250)	-	-	(67,250)
Profit/ (Loss) before income tax	(2,353,842)	536,933	572,604	(1,244,305)
Income tax benefit				
Net profit/(loss) for the half year	(2,353,842)	536,933	572,604	(1,244,305)
Other comprehensive income				
Exchange differences arising in translation of foreign operations	102,943	-	-	102,943
Total comprehensive income/(loss), net of tax	(2,250,899)	536,933	572,604	(1,141,362)
Total assets	13,553,519	-	-	13,553,519
Total liabilities	6,896,335	-	-	6,896,335
Profit/(Loss) before income tax includes the following specific expenses:				
Interest expense	47,375	-	-	47,375
Depreciation	234,910	-	-	234,910
Share based payments	68,192	-	-	68,192

CAP-XX Limited
Notes to the Consolidated Interim Financial Statements
31 December 2020

Note 2 Segment information (continued)

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	(1,874,792)	382,877	462,973	(1,028,942)
Income tax benefit				
Net profit/(loss) for the year	(1,874,792)	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, 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

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 2020

Note 3 Revenue

	Consolidated	
	2020	2019
	\$	\$
Sales revenue		
Sale of goods (recognised at a point in time)	1,728,563	1,368,163
Licence Fees & Royalties (recognised at a point in time)	398,001	564,428
	2,126,564	1,932,591
Other revenue		
Interest	501	9,964

Note 4 Other Income

	Consolidated	
	2020	2019
	\$	\$
Foreign Exchanges Gains – (net)	15,630	69,755
R&D Tax Incentive – FY20	1,789,205	871,923
Bad Debt Provision	100,044	-
Government Grants	387,902	-
Total Other Income	2,292,781	941,678

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 2020 accounts is \$1,789k (2019: \$872k). CAP-XX successfully lodged their claim for this incentive in relation to the FY2020 year and received \$3.1m in January 2021. (2019: \$1.6m)

Note 6 Other Assets

	Consolidated	
	2020	2019
	\$	\$
R&D Rebate – Australian Tax Office (FY20)	3,120,324	728,719
R&D Rebate – Australian Tax Office (FY21)	1,789,205	-
Royalty Payments – Accrual	391,255	394,452
Prepayments	386,063	495,003
Other	11,417	11,184
Total Other Assets	5,698,264	1,629,358

CAP-XX Limited
Notes to the Consolidated Interim Financial Statements
31 December 2020

Note 7 Contributed equity

Movement in ordinary share capital:

Date	Details	Number of shares	Issue price	\$
1 July 2019	Balance	324,514,775		101,915,665
3 January 2020	Issue of Shares	113,861,662	\$0.05	6,402,257
3 January 2020	Issue of Shares - Costs	-		(406,553)
30 June 2020	Issue of Shares	1,552,762	\$0.06	98,737
30 June 2020	Balance	439,929,199		108,010,106
1 July 2020	Balance	439,929,199		108,010,106
3 September 2020	Issue of Shares	2,186,612	\$0.07	143,200
31 December 2020	Balance	442,115,811		108,153,306

CAP-XX Limited
31 December 2020

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 2020 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
25th February, 2021