

CAP-XX Limited
ABN 47 050 845 291

Interim report
For the half-year ended 31 December 2022

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 2022 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 2022.

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
Steen Feldskov	Non-Executive Director
Anthony Kongats	Managing Director

Review of operations

The Group recorded a net loss of \$2,572,828 during the half-year ended 31 December 2022 (2021: loss of \$1,736,448).

Significant changes in the state of affairs

None to report

Events occurring after the reporting period

None to report

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
28th February 2023

CAP-XX Limited

Interim financial report

31 December 2022

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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
Australia

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 23rd February 2022. 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 2022

		Consolidated	
	Notes	Half-year 2022	Half-year 2021
		\$	\$
Currency: Australian Dollars			
Revenue from sale of goods and services	3	1,613,684	2,428,416
Cost of sale of goods and services		(1,015,774)	(1,604,829)
Gross margin (loss) on sale of goods and services		597,910	823,587
Other revenue	3	456	3,120
Other income	4	1,103,384	1,169,442
General and administrative expenses		(1,791,515)	(1,484,788)
Process and engineering expenses		(676,629)	(490,505)
Selling and marketing expenses		(407,085)	(392,564)
Research and development expenses		(900,223)	(729,501)
Share based payments		(387,326)	(435,053)
Other expenses		(111,800)	(200,186)
(Loss) before income tax		(2,572,828)	(1,736,448)
Income tax benefit/(expense)		-	-
Net loss after income tax for the half year		(2,572,828)	(1,736,448)
(Loss) attributable to members of CAP-XX Limited	5	(2,572,828)	(1,736,448)
Loss per share attributable to the ordinary equity holders of the company		Cents	Cents
Basic loss per share		(0.57)	(0.35)
Diluted loss per share		(0.57)	(0.35)

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 2022

	Notes	Consolidated	
		2022 \$	2021 \$
Currency: Australian Dollars			
Loss for the half year		(2,572,828)	(1,736,448)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		(5,108)	(33,476)
Other comprehensive loss for the half year, net of tax		<u>(5,108)</u>	<u>(33,476)</u>
Total comprehensive loss for the half year attributable to owners of CAP-XX Limited		<u>(2,577,936)</u>	<u>(1,769,924)</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 2022

	Notes	31 December 2022	Consolidated 30 June 2022	31 December 2021
<i>Currency: Australian Dollars</i>		\$	\$	\$
ASSETS				
Current assets				
Cash and cash equivalents		494,839	1,614,714	5,055,747
Receivables		567,760	1,116,902	1,123,331
Inventories		2,300,272	1,836,148	1,076,799
Other	6	1,097,305	2,143,011	1,203,308
Total current assets		4,460,176	6,710,775	8,459,185
Non-current assets				
Property, plant and equipment		2,626,643	2,696,120	2,872,517
Right of Use Assets		2,372,360	2,549,276	2,727,890
Other		204,808	204,808	397,063
Total non-current assets		5,203,811	5,450,204	5,997,470
TOTAL ASSETS		9,663,987	12,160,979	14,456,655
LIABILITIES				
Current liabilities				
Payables		1,035,285	1,281,367	1,050,141
Lease Liabilities		205,128	193,261	134,546
Provisions		801,016	868,096	795,164
Total current liabilities		2,041,429	2,342,724	1,979,851
Non-current liabilities				
Lease Liabilities		2,095,836	2,218,062	2,348,248
Provisions		770,957	757,245	761,529
Total non-current liabilities		2,866,793	2,975,307	3,109,777
TOTAL LIABILITIES		4,908,222	5,318,031	5,089,628
NET ASSETS		4,755,765	6,842,948	9,367,027
EQUITY				
Contributed equity	7	114,615,217	114,511,790	114,511,789
Reserves		7,895,991	7,513,773	6,835,441
Accumulated losses		(117,755,443)	(115,182,615)	(111,980,203)
TOTAL EQUITY		4,755,765	6,842,948	9,367,027

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 2022

	Consolidated			
	Contributed Equity \$	Reserve \$	Accumulated losses \$	Total \$
Balance at 1 July 2021	108,766,530	6,433,864	(110,243,755)	4,956,639
Loss for the period as reported in the 2021 financial statements	-		(4,938,860)	(4,938,860)
Other comprehensive loss	-	(53,490)	-	(53,490)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs and tax	5,745,259			5,745,259
Employee share options - value of employee services	-	1,133,399	-	1,133,399
Balance at 30 June 2022	114,511,789	7,513,773	(115,182,615)	6,842,948
Profit for the period as reported in the 2021 interim financial statements	-	-	(2,572,828)	(2,572,828)
Other comprehensive income	-	(5,108)	-	(5,108)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs and tax	103,428	-	-	103,428
Employee share options - value of employee services	-	387,326	-	387,326
Balance at 31 December 2022	114,615,217	7,895,991	(117,755,443)	4,755,765

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 2022

	Consolidated	
	Half-year 2022	Half-year 2021
Currency: Australian Dollars	\$	\$
Cash flows from operating activities		
Receipts from customers (inclusive of goods and services tax)	2,180,265	2,565,957
Payments to suppliers and employees (inclusive of goods and services tax)	(5,322,963)	(5,191,497)
	(3,142,698)	(2,625,540)
Tax credit received	2,043,384	3,211,314
Interest received	456	3,121
Net cash (outflow) from operating activities	(1,098,858)	588,895
Cash flows from investing activities		
Payments for property, plant and equipment	(119,337)	(27,532)
Net cash (outflow) from investing activities	(119,337)	(27,532)
Cash flows from financing activities		
Proceeds from issue of shares	103,428	5,745,259
Proceeds from advance payments	-	(1,400,000)
Net cash inflow from financing activities	103,428	4,345,259
Net (decrease) in cash and cash equivalents	(1,114,767)	4,906,622
Cash and cash equivalents at the beginning of the half-year	1,614,714	182,601
Effects of exchange rate changes on cash and cash equivalents	(5,108)	(33,476)
Cash and cash equivalents at the end of the half-year	494,839	5,055,747

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 2022

Note 1 Significant accounting policies

a) Basis of preparation of half-year report

This interim financial report for the half-year ended 31 December 2022 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 2022 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 2022.

b) **Continuation as a going concern**

During the half year ended 31 December 2022, 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. Due to these operating losses and net cash outflows, 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.

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 number and size of several business development opportunities from existing and emerging markets are converted 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 for existing and new products;
- ii. Ongoing technology license disputes with several existing and new customers need to be finalised to ensure that ongoing revenue and cash flow is generated in a timely manner and associated legal expenditure is minimised;
- iii. 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; and
- iv. 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.

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 31 December 2022. 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 30 June 2022.

CAP-XX Limited
Notes to the Consolidated Interim Financial Statements
31 December 2022

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

	Geographical Segment			
	Asia Pacific	Europe	North America	Total
	\$	\$	\$	\$
31 December 2022				
Revenue	440,432	802,395	370,857	1,613,684
Cost of sales	(1,015,774)	-	-	(1,015,774)
Gross Profit/(Loss)	(575,342)	802,395	370,857	597,910
Interest revenue	456	-	-	456
Other income	1,103,384	-	-	1,103,384
General and administrative expenses	(1,791,515)	-	-	(1,791,515)
Process and engineering expenses	(676,629)	-	-	(676,629)
Selling and marketing expenses	(407,085)	-	-	(407,085)
Research and development expenses	(900,223)	-	-	(900,223)
Share based payments	(387,326)	-	-	(387,326)
Other expenses	(111,800)	-	-	(111,800)
Profit/ (Loss) before income tax	(3,746,080)	802,395	370,857	(2,572,828)
Income tax benefit				
Net profit/(loss) for the half year	(3,746,080)	802,395	370,857	(2,572,828)
Other comprehensive income				
Exchange differences arising in translation of foreign operations	(5,108)	-	-	(5,108)
Total comprehensive income/(loss), net of tax	(3,751,188)	802,395	370,857	(2,577,936)
Total assets	9,663,987	-	-	9,663,987
Total liabilities	4,755,765	-	-	4,755,765

Profit/(Loss) before income tax includes the following specific expenses:

Interest expense
Depreciation
Share based payments

125,999	-	-	-	125,999
366,059	-	-	-	366,059
387,326	-	-	-	387,326

CAP-XX Limited
Notes to the Consolidated Interim Financial Statements
31 December 2022

Note 2 Segment information (continued)

31 December 2021

Revenue

Cost of sales

Gross Profit/(Loss)

Interest revenue

Other income

General and administrative expenses

Process and engineering expenses

Selling and marketing expenses

Research and development expenses

Share based payments

Other expenses

Profit/ (Loss) before income tax

Income tax benefit

Net profit/(loss) for the year

Other comprehensive income

Exchange differences arising in translation of foreign operations

Total comprehensive income, net of tax

Total assets

Total liabilities

	Geographical Segment			Total \$
	Asia Pacific \$	Europe \$	North America \$	
Revenue	1,157,740	1,060,971	209,705	2,428,416
Cost of sales	(1,604,829)	-	-	(1,604,829)
Gross Profit/(Loss)	(447,089)	1,060,971	209,705	823,587
Interest revenue	3,120	-	-	3,120
Other income	1,169,442	-	-	1,169,442
General and administrative expenses	(1,484,788)	-	-	(1,484,788)
Process and engineering expenses	(490,505)	-	-	(490,505)
Selling and marketing expenses	(392,564)	-	-	(392,564)
Research and development expenses	(729,501)	-	-	(729,501)
Share based payments	(435,053)	-	-	(435,053)
Other expenses	(200,186)	-	-	(200,186)
Profit/ (Loss) before income tax	(3,007,124)	1,060,971	209,705	(1,736,448)
Income tax benefit				
Net profit/(loss) for the year	(3,007,124)	1,060,971	209,705	(1,736,448)
Other comprehensive income				
Exchange differences arising in translation of foreign operations	(33,476)	-	-	(33,476)
Total comprehensive income, net of tax	(3,040,600)	1,060,971	209,705	(1,769,924)

14,456,655	-	-	-	14,456,655
5,089,628	-	-	-	5,089,628

Profit/(Loss) before income tax includes the following specific expenses:

Interest expense
Depreciation
Share based payments

183,779	-	-	-	183,779
380,395	-	-	-	380,395
435,053	-	-	-	435,053

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 2022

Note 3 Revenue

	Consolidated	
	2022	2021
	\$	\$
Sales revenue		
Sale of goods (recognised at a point in time)	1,426,675	2,428,416
Licence Fees & Royalties (recognised at a point in time)	187,009	-
	<u>1,613,684</u>	<u>2,428,416</u>
Other revenue		
Interest	456	3,120
	<u>456</u>	<u>3,120</u>

Note 4 Other Income

	Consolidated	
	2022	2021
	\$	\$
Foreign Exchanges Gains – (net)	-	76,308
R&D Tax Incentive	1,103,384	1,093,134
Bad Debt Provision	-	-
Government Grants	-	-
Total Other Income	<u>1,103,384</u>	<u>1,169,442</u>

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 2022 accounts is \$1,103k (2021: \$1,093k). CAP-XX successfully lodged their claim for this incentive in relation to the FY2022 year and received \$2.1m in November 2022. (2021: \$3.2m)

Note 6 Other Assets

	Consolidated	
	2022	2021
	\$	\$

R&D Rebate – Australian Tax Office (FY22)	1,042,575	990,000
Royalty Accrual	-	-
Prepayments	43,165	201,891
Other	11,565	11,417
Total Other Assets	<u>1,097,305</u>	<u>1,203,308</u>

CAP-XX Limited
Notes to the Consolidated Interim Financial Statements
31 December 2022

Note 7 Contributed equity

Movement in ordinary share capital:

Date	Details	Number of shares	Issue price	\$
1 July 2021	Balance	456,804,083		108,766,530
4 August 2021	Issue of Shares	51,629,100	\$0.10	5,335,475
4 August 2021	Exercise of Options			771,109
4 August 2021				(456,053)
30 November 2021	Issue of Shares	<u>740,308</u>	\$0.13	<u>94,728</u>
30 June 2022	Balance	<u>509,173,491</u>		<u>114,511,789</u>
1 July 2022	Balance	509,173,491		114,511,789
12 July 2022	Issue of Shares	<u>1,062,343</u>	\$0.10	<u>103,428</u>
31 December 2022	Balance	<u>510,235,834</u>		<u>114,615,217</u>

CAP-XX Limited
31 December 2022

Directors' declaration

The directors of CAP-XX Limited declare that:

- (a) The financial statements and notes, as set out on pages 4 to 15 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 2022 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
28th February, 2023