CAP-XX Limited
ABN 47 050 845 291

Annual report 2024

Contents

Corporate directory

Directors	Patrick Elliott *Chairman* Lars Stegmann *Chief Executive Officer* Peter Fraser (appointed 18 June 2024) *Non-Executive Director* Dr Anthony Sive (appointed 18 June 2024) *Non-Executive Director* Dr Graham Cooley (appointed 18 June 2024) *Non-Executive Director* Steen Feldskov *Non-Executive Director* Bruce Grey (resigned 3 November 2023) *Non-Executive Director*
Secretaries	Robert Buckingham – resigned 1 September 2023 Michael Taylor – resigned 31 May 2024 Joanna Morbey – appointed 31 May 2024
Notice of annual general meeting	The annual general meeting of CAP-XX Limited **will be held at:** CAP-XX Limited Unit 1 13A Stanton Road Seven Hills NSW 2147 Australia **time:** 7.00pm **date:** 13 January 2025
Registered office	Unit 1 13A Stanton Road Seven Hills NSW 2147 Australia
Principal place of business	Unit 1 13A Stanton Road Seven Hills NSW 2147 Australia
Registrars to shares	Computershare Investor Services Pty Limited 6 Hope St, Ermington NSW 2115 Australia
Registrars to depositary interests	Computershare Investor Services plc The Pavilions Bridgwater Road Bristol BS99 6ZY United Kingdom

Corporate directory (continued)

Nominated adviser and broker to the Company	Allenby Capital 5 St Helen's Place London EC3A 6AB
Auditor	BDO Level 11 1 Margaret Street Sydney NSW 2000 Australia
Solicitors to the Company as to Australian law	Dentons 77 Castlereagh Street Sydney New South Wales 2000 Australia
Solicitors to the Company as to English law	DAC Beachcroft 100 Fetter Lane London EC4A 1BN United Kingdom
Bankers	Commonwealth Bank of Australia 120 Pitt Street Sydney, NSW 2000 Australia
Stock exchange listings	Shares are quoted on AIM, a market operated by London Stock Exchange plc under the code CPX
Website address	www.cap-xx.com

Chief Executive’s review

As I look back on the past financial year, I am pleased to share that despite a complex and evolving landscape, our company has demonstrated remarkable resilience and strong growth in the passive electronics market. In a year marked by global economic uncertainties, supply chain disruptions and shifting geopolitical dynamics, we have not only navigated these challenges but have emerged stronger.

The passive electronic components market, like many others, faced significant headwinds due to geopolitical tensions, trade disputes, increased sanctions and regulatory changes. These factors had a direct impact on global supply chains and market access, while rising material costs and logistics delays added additional pressure. Many businesses were forced to rethink their strategies in response to these evolving challenges.

However, we anticipated many of these developments early on and took decisive action. By investing strategically in research and development (R&D) and intellectual property (IP) development, we were able to strengthen our competitive edge. Our commitment to diversifying our supplier relationships, expanding sourcing strategies and investing in advanced technology enabled us to effectively mitigate disruptions. Additionally, by focusing on regional activities, we reduced our dependency on any single market and enhanced our ability to adapt to local regulatory requirements.

I am proud to report that, despite these challenges, we achieved robust sales growth and exceeded our internal FY24 expectations of A$4.4 million, with reported sales revenue of A$4.6 million for FY24. This success is a direct result of the expertise, agility and commitment of our Distribution and Representative Network, as well as our exceptional internal team. Their ability to swiftly respond to market shifts, coupled with a focus on operational excellence, allowed us to capitalise on the growing demand for passive electronic components across key industries such as electric vehicles, telecommunications, healthcare, Industrial IoT and renewable energy.

Looking ahead to the current financial year, we remain optimistic about our future prospects. While geopolitical tensions and economic uncertainty continue to present challenges, we are confident that our strategic initiatives and talented workforce position us well to thrive in this environment. Our focus will remain on innovation, operational efficiency and strengthening our global Distribution Network, all while ensuring that we continue to be a trusted partner to our customers worldwide.

We are pleased to report that we successfully raised a total of GBP 2.15 million in April 2024. Since the financial year end, we have conditionally raised a further GBP 3.025 million, subject to shareholder approval on 5 December 2024. These funds will play a crucial role in securing the working capital necessary for our continued growth and expansion. Further, since the financial year end, we have successfully onboarded the Swiss manufacturer SCHURTER AG as a new strategic partner and our vendor accreditation with DigiKey Corporation in the USA has been upgraded from ‘Marketplace’ to ‘Fulfilment’. With this solid backing, we are well-equipped to accelerate our plans and drive even greater success in the months ahead.

In closing, I would like to extend my deepest gratitude to our employees, whose unwavering dedication has been the driving force behind our success. I also want to thank our shareholders for their continued trust and support. Together, we have built a resilient and forward-looking business, poised to seize the opportunities that lie ahead.

Lars Stegmann
Chief Executive Officer

29 November 2024

Chairman's Report

FY24 was the first full year of CAP-XX's transformation under the leadership of our CEO, Lars Stegman. Lars has made great strides in turning CAP-XX into a customer-focussed designer, manufacturer and supplier of supercapacitor products based on our proprietary technology. Key features of these changes include the appointment of new sales and customer support staff and recruiting a team of distributors to provide CAP-XX with much wider market reach. It is early days in this transformation, but we are now seeing strong growth in sales of our current product range.

To further transform CAP-XX, in June 2024, we added three new Non-Executive Directors who each bring a broad range of very relevant experience and knowledge. Dr Graham Cooley, Peter Fraser and Dr. Anthony Sive were appointed in June 2024 and have in the past few months proven invaluable to the ongoing transformation of the Company. In addition, we have appointed Dr Alex Bilyk as Chief Technology Officer, Jo Morbey as Company Secretary, Keith Siu as Financial Controller and Claire Cheuh as Customer Service lead. These appointments are all about making sure that the Company has the skills in all areas of leadership to succeed in capitalising on the world-leading supercapacitor intellectual property that the Company has developed.

Revenue for FY24 was up 26%, from A$3.6 million to A$4.6 million. The increase of A$1.0 million is represented by a $1.3m increase in product sales and a $0.3m decrease in licence revenue. However, our EBITDA loss increased to A$5.0 million reflecting legal costs as well as costs related to the restructuring of the business. These restructuring costs are expected to be substantially reduced in FY25 and are expensed even though they set the scene for subsequent improvements in trading outcomes.

We had a significant set-back during the year as we lost our legal action against Maxwell Technologies. This action related to patents that had expired so the legal result does not, in any way, impact our ongoing business and our current suite of intellectual property. We have now settled all outstanding legal matters with both Maxwell Technologies and AVX Corporation. This enables the Board and management to be focussed on improving the business performance via product sales.

Our over-arching immediate objective is to get into a cash flow breakeven position. This will require further growth in revenues. For the first quarter of FY25, revenues grew at 36% ahead of the equivalent period in FY24. We consider this a strong performance when compared to an overall sluggishness in global passive electronic components markets. In particular, we are seeing a significant growth in Europe reflecting new design-ins and our expanded distribution network. If we can maintain this rate of growth, then we would anticipate that the Company will start to record a cash breakeven position towards the end of FY26. It should be noted that all the revenue to date in FY25, relate to our existing product set and none from the three new product groups that we have been developing and are now releasing for customer evaluation.

Despite the trading losses and capital constraints, we have maintained our strong focus on research and development. During the year, we filed two international patents. One of these is related to the development of the cylindrical surface mount technology ("SMT") which has the potential to revolutionise the way supercapacitors are mounted on printed circuit boards. These products still achieve energy and power density levels comparable with our standard supercapacitors. The second patent relates to a new polymer binder that enables high-temperature stability, improved environmental attributes and superior electrical performance. Apart from use in electric double-layer supercapacitors, this new binder system can be applied to manufacture and support our new SMT product to withstand the high temperatures of any reflow oven. Further it could be used in any battery supply.

Subsequent to the end of the financial year, we have filed an additional two international patents that build upon the technologies developed around the SMT and the new polymer binder.

We consider these technology developments as break-through, and it is important to have the IP protected by patents.

We have also entered into a strategic technology partnership with SCHURTER AG which has also acquired a 4.69% shareholding in the Company. Through this partnership SCHURTER and CAP-XX will work closely together on technology development and co-branded supercapacitor products. By combining their extensive knowledge and capabilities, CAP-XX and SCHURTER aim to jointly develop innovative, competitive products and new application-specific solutions for the industrial market. This partnership with SCHURTER offers great potential for CAP-XX especially in further development and the introduction of our new product ranges.

On commercialising these technologies, we have made excellent progress in finalising the development of the SMT range and have produced ex-plant samples from our Seven Hills facility for evaluation by our major customers.

The SMT range is break-through technology that, for the first time, allows a supercapacitor to withstand the high temperatures of a re-flow oven. This will enable CAP-XX supercapacitors to be included in electronic devices manufactured by automated assembly lines, with significantly reduced costs. We expect this to enable our SMT device to penetrate many high-volume applications.

We are now in the process of pursuing design wins that would lead to purchase orders and much higher manufacturing volumes.

The second, new product range we have been developing is the DMH range of very thin (0.4 mm) supercapacitors. This provides a form factor suitable for numerous IoT, medical, wearables, telecommunications, drones and other industrial sectors. We are not aware of any competing supercapacitors that are this thin, so believe we have a significant competitive advantage for many potentially high-volume applications. Customer evaluation is underway and initial feedback is encouraging.

Our third significant new product development is the 3V supercapacitor product which we can now produce in volume. 3V supercapacitors offer cost-savings in electronic manufacture as it matches 3V battery systems with a supercapacitor for surge power requirements.

In addition to the development of our own proprietary technologies, we continue to evaluate other related technology developments and, where appropriate, enter into commercial arrangements for evaluation and potential commercialisation. In line with this approach, we have entered into a Joint Venture with Ionic Industries to develop their graphene technologies for supercapacitors. Post the financial year end, we entered into a Memorandum of Understanding with National University of Singapore's Institute for Functional Intelligent Materials ("NUS I-FIM") for collaborative research and development efforts in the field of new technology and substrates.

During the financial year, we raised £2.15 million in equity capital, via a combination of a placing, subscription and retail offer which was completed in April 2024. The proceeds were mainly applied to settle litigation expenses, restructuring costs and general working capital. We are grateful for the support of our shareholders through the provision of the necessary capital. Since the financial year end, we have conditionally raised a further £3.025 million in equity capital in a similar structure to further enhance the Company's financial position and pursue its strategies. Part of the capital raise is subject to shareholder approval on 5 December 2024

To ensure that we maximise the benefits of our existing product range and new products, we have also expanded our distribution network. As an integral part of our new distribution strategy, we are ensuring that the customer and their specific requirements are the core focus. The CAP-XX direct sales force is being expanded to ensure that a greater geographic reach is in place while CAP-XX representatives will have smaller regional territories, with a significant increase in customer communication. To ensure that cash reserves are conserved, the additional sales representatives are being engaged on a commission basis. This has already resulted in driving short-term sales growth and early results are promising. New sales representatives are currently in place in the US (four), Europe (one) and South Africa (one).

Whilst our FY24 results remain below break-even, we have numerous reasons to believe that CAP-XX is on a trajectory to become profitable under Lars Stegmann's leadership. Paramount to this is the strong team of employees we have who have embraced and are contributing to the changes that are needed to enable CAP-XX to perform well for its customers and shareholders while meeting or exceeding the necessary standards of ESG. We are indebted to all of our staff.

The Board is confident that becoming customer-centric with much improved market knowledge, our distribution strategy, and new product introductions will drive the increase in revenues, so the Company achieves its positive EBITDA goal in the shortest possible time frame.

Patrick Elliott
Chairman

29 November 2024

Business Review

Review of Operations and Activities

CAP-XX has made significant strides in its ongoing transformation process, aimed at optimising operations and management to ensure sustainable growth. This strategic initiative has been designed to address both operational efficiency and financial stability, focusing on reducing our burn rate while maintaining the high standards of innovation that define our brand. The adjustments we have implemented are geared towards building a leaner, more adaptive organisation, better suited to navigate the current market landscape and secure long-term success.

Operational Changes

To improve operational efficiency, we have streamlined our planning and working processes through a series of targeted changes:

1. Optimisation of Production Processes: We have implemented advanced resource planning tools and automated workflows that minimise waste and improve production timelines. This has enabled us to reduce excess inventory and better align production capacity with market demand.

2. Focus on Core Competencies: By concentrating resources on high-impact projects and deprioritising non-core activities, we have increased our focus on areas that drive the most value. This shift has allowed us to reallocate efforts towards product innovation and customer-centric solutions.

3. Digital Transformation of Workflows: Our adoption of digital tools has automated many administrative and repetitive tasks, freeing up our teams to focus on strategic initiatives. This transition will lead to a significant reduction in operational costs, alongside faster and more efficient project delivery.

Management Adjustments

As part of our transformation, we have also made adjustments to our management structure to ensure alignment with our strategic goals:

1. Restructuring of Management Team: To support our streamlined operations, we have restructured our management team, focusing on empowering key leaders who can drive agility and innovation. This includes redefining roles and responsibilities to ensure that decision-making is faster and more efficient.

2. Cost-Sensitive Budgeting Approach: Our new budgeting framework is centred on reducing unnecessary expenditures. We have implemented more stringent financial controls across departments, with a focus on monitoring project budgets and prioritising initiatives that promise the highest return on investment.

3. Enhanced Employee Training Programs: We will introduce training programs that promote a culture of efficiency and continuous improvement among our workforce. This initiative will not only improve skillsets but will also foster a mindset of ownership and accountability at all levels.

These transformations have already delivered measurable improvements. Our cash burn rate has decreased by a substantial percentage over the past 12 months, aligning our cash flow with our long-term financial targets. Moreover, the emphasis on optimised planning and enhanced operational discipline has resulted in faster project turnaround times and an improved ability to respond to market shifts. The Company is now better positioned to maintain its leadership in the technology sector while pursuing sustainable growth in a rapidly changing environment.

Looking ahead, we remain committed to further refining our operational strategies and management practices. By maintaining our focus on efficiency, innovation, and fiscal discipline, we are confident in our ability to navigate upcoming challenges and seize new opportunities. Our continued investment in technology and talent will ensure that we remain at the forefront of industry advancements, all while delivering consistent value to our stakeholders.

In summary, the past year has been one of transformation and progress. We are proud of the steps we have taken to optimise our planning and working processes, and we look forward to building on this momentum in the year to come.

Business Environment

The current supercapacitor market, particularly in the Electric Double-Layer Capacitor (EDLC) segment, is characterised by rapid growth driven by increasing demand for energy storage solutions in various applications, including electric vehicles, renewable energy systems, IoT, medical healthcare and industrial equipment. EDLCs are favoured for their high-power density, long cycle life and fast charging capabilities, making them ideal for applications requiring quick bursts of energy and reliable performance.

Within the EDLC segment, prismatic supercapacitors have gained traction due to their compact form factor and ease of integration into space-constrained devices. Prismatic designs offer higher energy density compared to cylindrical counterparts, making them suitable for emerging applications like automotive power systems, grid storage, IoT, medical healthcare and advanced electronics.

Despite growing market opportunities, the competitive landscape remains intense with pressure on pricing due to the influx of new manufacturers and the pursuit of economies of scale. However, innovations in materials and improvements in energy density present significant opportunities for differentiation. Companies that can balance cost-efficiency with high-performance characteristics are well-positioned to capture market share and drive growth in this expanding industry.

Opportunities

The supercapacitor market continues to present significant opportunities for growth, driven by the increasing demand for high-efficiency energy storage solutions across automotive, renewable energy, IoT, healthcare and industrial electronic sectors. Our expanded product portfolio, including DMH (smallest formfactor with 0.4mm), DMV (3 Volt version), and SMT (Surface-Mount Technology) supercapacitors, positions us to capture emerging market opportunities and meet diverse customer needs.

The DMH and DMV models are designed to offer superior energy density and enhanced power capabilities, ideal for applications such as wearables, industrial power systems and advanced energy storage. These products align with the market's shift towards electrification and the need for efficient, fast-charging solutions.

The SMT line, offering compact, surface-mounted supercapacitors, caters to miniaturised devices in consumer electronics and IoT applications, where space and power efficiency are critical. This product range enables us to serve new markets and diversify our revenue streams while maintaining our competitive edge through advanced design and integration capabilities.

By strategically expanding into these segments, we aim to leverage our innovation capabilities and secure a strong foothold in the high-growth areas of the supercapacitor market, ensuring long-term profitability and market leadership.

Research and Development

The markets in which the Company operates are competitive and are characterised by rapid technological change. CAP-XX has a strong competitive position in prismatic supercapacitors in all of its target markets as a result of its capability to produce supercapacitors with a high energy and power density in a small, conveniently sized, flat package. CAP-XX's devices are also lightweight, work over a broad temperature range and have an operating lifetime measured in years.

The Company's success depends on its ability to protect and prevent any infringements of its intellectual property. To protect this important asset, the Company has considerable intellectual property embodied in its patents covering the design, manufacture and use of its high-performance supercapacitors. The CAP-XX patent portfolio currently consists of seven patent families, with seven granted national patents with an additional two patent applications pending in various jurisdictions. The Company's intellectual property strategy has been to build value by focusing on opportunities to capture market share and exclude competition, with an IP portfolio capable of generating licensing revenue. The Directors believe that comprehensive embodiments and interlocking patent groups, combined with a 'quick to file, quick to abandon' policy, have given the Company a strong and focused IP portfolio.

Outlook

The major focus for CAP-XX continues to be towards becoming profitable and cashflow positive in FY26. This will be achieved by the transformation process to increase efficiency and lower costs, through an increased focus on the customer supported with a stabilised distribution network, supplemented by the newly launched product families and the intellectual property which the Company is continuously developing.

Financial performance

A reconciliation of the loss attributable to the owners of CAP-XX Limited as reported in the consolidated statement of profit or loss through to EBITDA and Adjusted EBITDA is tabled below:

	Consolidated	
EBITDA and Adjusted EBITDA Calculation		
	2024	2023
	AUD	AUD
Loss attributable to owners of CAP-XX Limited	**(5,987,297)**	(5,559,127)
Depreciation / Amortisation	**734,726**	741,552
Interest Expense	**307,268**	287,208
Interest Income	**(4,929)**	(664)
EBITDA	**(4,950,232)**	(4,531,031)
Share Based payments	**131,399**	613,980
Add back: Non-recurring costs		
Legal costs incurred in resolving licence fee disputes	**2,218,388**	1,472,664
Credit loss associated with licence fee disputes	**75,652**	189,491
Restructuring costs	**954,338**	-
CEO transition costs	**-**	872,122
Deduct: Non-recurring income		
Licence fees and royalties recognised in the year	**-**	(342,998)
Adjusted EBITDA	**(1,570,455)**	(1,725,772)

The Company reported an EBITDA loss of A$5.0 million in FY24. The EBITDA loss increased by $0.4m from FY23 mainly due to the increase in costs associated with resolving the legacy licence fee disputes.

Adjusted EBITDA for FY24 excludes non-recurring transactions associated with resolving the licence fee disputes and the costs incurred in FY24 from restructuring the business. Adjusted EBITDA for FY23 excludes non-recurring transactions associated with resolving the licence fee disputes, the CEO transition costs and excludes non-recurring income following the settlement of the licence fee disputes. Adjusted EBITDA loss has decreased by $0.2m when comparing FY23 performance to FY24.

Certain financial information in the Chairman's Report and Business Review reference Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) and adjusted EBITDA have been derived from the audited financial statements.

EBITDA and adjusted EBITDA positions are non-IFRS financial information used by the Directors and Management to assess the underlying performance of the business and as such have not been audited.

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 year ended 30 June 2024.

Directors

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

Patrick Elliott	Chairman
Steen Feldskov	Non-Executive Director
Lars Stegmann	Chief Executive Officer
Bruce Grey	Non-Executive Director (resigned 3 November 2023)
Dr Graham Cooley	Non-Executive Director (appointed 18 June 2024)
Peter Fraser	Non-Executive Director (appointed 18 June 2024)
Dr Anthony Sive	Non-Executive Director (appointed 18 June 2024)

Principal activities

The Group's principal continuing activities during the financial year consisted of the development, manufacture and sale of supercapacitors. There have been no significant changes in the nature of the Group's activities.

Review of operations

The Group recorded a net loss of $5,987,297 during the year ended 30 June 2024 (2023: loss of $5,559,127). Information on the operations and financial position of the Group and its business strategies and prospects is set out on pages 8 to 10 of this Annual Report.

Significant changes in the state of affairs

There were no significant changes in the group's state of affairs during the financial year ended 30 June 2024.

Matters subsequent to balance date

Since the end of the financial year, the following matters have arisen:-

- On 1 July 2024, the Company granted options over 130,000,000 ordinary shares in the Company to the directors.
- On 16 July 2024, CAP-XX announced that the Company had signed a Memorandum of Understanding with SCHURTER AG ("SCHURTER") to work closely together on technology development and co-branded supercapacitor products. SCHURTER is a world leading Swiss technology company that manufactures and markets components for circuit protection, as well as connectors, switches, EMC and HMI products. SCHURTER currently holds 4.69% of the Company's issued ordinary share capital.
- On 5 August 2024, CAP-XX announced that it had received a notice to exercise warrants over 85,000,000 new ordinary shares in the Company at an exercise price of 0.15 pence per warrant, raising approximately £127,500 for the Company.
- On 14 August 2024, the Company granted options over 60,000,000 ordinary shares in the Company to certain employees.
- The necessary paperwork associated with the receipt of the R&D Tax rebate for the 2024 financial year is in the final stages of being lodged with the relevant Government authorities and is expected to be received before the end of January 2025. The rebate is expected to be approximately A$1.9 million.
- On 31 October 2024, CAP-XX announced that the Company had conditionally raised £0.25 million (before expenses) as a result of certain directors of the Company confirming their intention to subscribe for 227,272,700 new ordinary shares ("Subscription Shares") at the Issue Price of 0.11 pence per Ordinary Share.
- On 1 November 2024, CAP-XX announced that the Company had conditionally raised £2.5 million (before expenses) pursuant to a placing of 2,272,727,200 new ordinary shares ("Placing Shares") at the Issue Price of 0.11 pence per Ordinary Share. The shares will be issued in two tranches. 363,983,965 Placing Shares (the "First Placing Shares") have been issued under the Company's existing authorities on 7 November 2024.
- On 5 November 2024, CAP-XX announced that the Company had conditionally raised £0.275 million (before expenses) pursuant to the completion of its retail offer of 250,000,000 new ordinary shares ("Retail Offer") at the Issue Price of 0.11 pence per ordinary share
- Application will be made for 1,908,743,235 Placing Shares (the "Second Placing Shares") to be admitted to trading on AIM ("Admission"). Subject to, inter alia, the passing of the resolutions at the General Meeting, it is expected that Admission, and commencement of dealings, will take place at 8.00 a.m. on or around 9 December 2024.
- The Second Placing Shares, the Retail Offer and the Subscription Shares are conditional, inter alia, on the passing of a resolution by Shareholders at the General Meeting to be held at the offices of the Company on 5 December 2024.

There were no other matters or circumstances that have arisen since 30 June 2024 that have significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Dividends
No dividends were paid, declared or recommended during the financial year or since 30 June 2024.

Likely developments and expected results of operations
Information on likely developments in the Group's operations and expected results of operations have been discussed in the Chairman's Statement and Business Review.

Environmental regulation
The Group holds an Environment Protection licence and is subject to standard waste management environmental regulations in respect of its research and manufacturing activities conducted at Seven Hills, Sydney, Australia. The licence requires discharges to air and water to be below specified levels of contaminants, and solid wastes to be removed to an appropriate disposal facility. These requirements arise under the Clean Air Act 1961, Clean Waters Act 1970, Pollution Control Act 1970, Noise Control Act 1975 and the Waste Minimisation & Management Act 1995.

During the year there were no breaches of the regulatory requirements.

Information on Directors

Patrick Elliott *Non-executive Chairman. Age 72.*

Experience and qualifications - Pat is a company director specialising in the resources sector with over 40 years' experience in investment and corporate management. His early career was at Consolidated Gold Fields Australia Limited and covered investment analysis and management, minerals marketing (copper, tin, rutile and zircon). In 1979 he went into investment banking and became Head of Corporate Finance for Morgan Grenfell Australia Limited in 1982. Pat subsequently became Managing Director of Natcorp Investments Ltd in 1986, which owned a number of manufacturing businesses. After its takeover he became an active early-stage venture capital investor with an emphasis on resources. He is a director of the NYSE-listed Tamboran Resources Corporation. He is also a director of Rockfire Resources PLC and Kirrama Resources Pty Limited as well as a number of privately owned companies. Pat holds an MBA in Mineral Economics (Macquarie University) and B Comm. (University NSW) and B.Sc. (Auckland University).

Specific Board responsibilities
Chair of the Nomination Committee
Member of the Remuneration Committee

Interests in shares and options
35,864,421 (2023: 12,973,298) ordinary shares in CAP-XX Limited (including shares held by Panstyn Investments Pty Limited).
12,300,000 (2023: 2,300,000) options over ordinary shares in CAP-XX Limited.

Lars Stegmann Chief Executive Officer. Age 54.

Experience and qualifications - Lars has spent more than two decades in international sales, project, and management roles. Lars has considerable experience in the field of power electronics, electronic components and systems, as well as extensive sales and marketing background in the automotive, automation, industrial, marine and medical technology industries. Prior to joining CAP-XX, Lars worked as Vice President and General Manager of C&K, the electronics switch and component manufacturer which is now part of Littelfuse Inc.

Lars holds an engineering degree (Dipl. Ing.) in power electronics and an MBA from Zurich International Business School. He is based in Hamburg Germany.

Specific Board responsibilities
Nil

Interests in shares and options
8,500,000 (2023: Nil) ordinary shares in CAP-XX Limited.
100,000,000 (2023:20,000,000) options over ordinary shares in CAP-XX Limited.

Directors’ report (continued)

Information on Directors (continued)

Bruce Grey Non-executive director. Age 78. (resigned 3 November 2023)

Experience and qualifications - Bruce most recently was Managing Director of the Advanced Manufacturing Cooperative Research Centre and previously Managing Director of the Bishop Technology Group Limited. Bruce was Chairman of Advanced Braking Technology Limited listed on the ASX from 2013 to 2018. Bruce has been an Executive Director of two Australian public companies and for 10 years until 2009, was Chairman of a German joint venture between Bishop and Mercedes-Benz Lenkungen GmbH. Bruce has more than 25 years’ experience in managing industry R&D and 30 plus years’ experience in international commercialisation of Australian innovation and has been directly responsible for creating new manufacturing facilities in Germany, Thailand and South Korea and indirectly the US, all based on Australian innovation. Bruce was Group General Manager of Clyde Industries Limited from 1985 until 1995. In 2005 Bruce was appointed Chairman of the Federal Government’s Advanced Manufacturing Action Agenda.

Bruce is currently Chairman of the Industry Advisory Network for the University of NSW, Faculty of Engineering, School of Manufacturing Engineering. He is also currently Senior Consultant for Cavendish Associates.

Bruce was a director of the Murdoch Children’s Research Institute and Chairman of the IP and commercialisation committee and a member of the audit, finance and risk committee from 2011 to 2018. In 2012 Bruce was appointed to the Australian Federal Government's Clean Technology Investment Committee. Bruce is a Fellow of the Australian Academy of Technological Sciences and Engineering.

Specific Board responsibilities
Member of the Audit Committee retired 3 November 2023
Member of the Remuneration Committee retired 3 November 2023

Interests in shares and options
9,689,987 ordinary shares in CAP-XX Limited (including shares held by Grey Invest Pty Limited).
2,300,000 options over ordinary shares in CAP-XX Limited.

Steen Feldskov *Non-executive director. Age 66.*

Experience and qualifications - Steen joins the CAP-XX board with nearly 40 years of experience working in the electronics industry, with approximately half of that time involved in the sale and marketing of electronic components and the remainder in senior management roles for electronics companies. He is currently the Country Manager for the Danish office of Hamamatsu Photonics Norden AB, a subsidiary of the Tokyo-listed Hamamatsu Photonics K.K. the Japanese manufacturer of optical sensors, electric light sources, and other optical devices.

Steen received a Bachelor of Science degree in Electrical Engineering from the University of Southern Denmark and a Bachelor of Commerce degree in Marketing from the Copenhagen Business School, Denmark. Steen is also a Member of the Danish Management Society

Specific Board responsibilities
Member of the Audit Committee
Member of the Remuneration Committee

Interests in shares and options
5,400,000 (2023:400,000) ordinary shares in CAP-XX Limited
12,300,000 (2023:2,300,000) options over ordinary shares in CAP-XX Limited

Peter Fraser *Non-executive Director. Age 65.*
Appointed 18 June 2024

Experience and qualifications - Peter is a qualified chartered accountant with over 30 years of experience in investment banking and corporate advisory. He currently provides ad hoc financial consulting services to corporates and holds a consulting arrangement with Henslow, the Australian member of global advisory network, Oaklins. Peter has extensive expertise in M&A, corporate strategy and capital raisings. Advisory roles have included working with technology companies specialising in mobile communications and high-tech materials, and running domestic and cross-border transactions across a range of other sectors such as, media, healthcare, business services and mining.

Peter has a Bachelor of Arts degree (in accountancy and business studies) from the University of Strathclyde, and is a member of the Institute of Chartered Accountants of Scotland. Peter also graduated as an associate member of the Securities Institute of Australia.

Specific Board responsibilities
Chairman of the Audit Committee

Information on Directors (continued)

Interests in shares and options
Nil ordinary shares in CAP-XX Limited
10,000,000 options over ordinary shares in CAP-XX Limited

Dr Graham Cooley *Non-executive Director. Age 60.*
Appointed 18 June 2024

Experience and qualifications - Graham started his career in the power sector in 1989, joining the CEGB and becoming Business Development Manager at National Power plc (the UK's largest power generator) and then International Power plc, developing energy storage and new generation technologies. Graham has raised a total of over £600m for British Cleantech SMEs. Graham was CEO of ITM Power plc, the first hydrogen related company listed on the London Stock Market, a founding member of the UK Government's Hydrogen Advisory Council and a Board Member of RenewableUK.

Graham has a BSc. Hons in Physics from Cardiff University, an MPhil and PhD in Materials Physics from Brunel University and an MBA from Bradford University Business School. Graham is an Honorary Professor at Brunel University, a Fellow of The Energy Institute (FEI), The Institute of Metals, Minerals and Mining (FIMMM), The Institution of Engineering and Technology (FIET) and was awarded the Lifetime Fellowship Award by The Bessemer Society. Graham is currently a Non-Executive Director of Cadent Gas and Non-Executive Chairman of Light Science Technologies (AIM: LST).

Specific Board responsibilities
Member of the Nomination Committee
Chair of the Remuneration Committee

Interests in shares and options
355,000,000 ordinary shares in CAP-XX Limited
10,000,000 options over ordinary shares in CAP-XX Limited.

Dr Anthony Sive *Non-executive Director. Age 65.*
Appointed 18 June 2024

Experience and qualifications - Anthony brings over 30 years of international business and management experience, with a particular focus on the manufacturing industry across various sectors. He has a proven track record in driving strategic transformation, enhancing operational efficiency and providing leadership in high-growth environments. His expertise includes digital transformation, business turnaround and growth. Anthony's strategic insight and pragmatic approach to business challenges make him a valuable addition to the board of CAP-XX Limited.

Anthony holds a PhD in Engineering from the University of Cape Town, an MCom in Advanced Finance from UNSW, and a BSc in Mechanical Engineering from the University of the Witwatersrand. He is also a Chartered Professional Engineer (MIEAust CPEng NER APEC Engineer IntPE (Aus)) and a Graduate of the Australian Institute of Company Directors (GAICD).

Specific Board responsibilities
Member of the Audit Committee
Member of the Remuneration Committee

Interests in shares and options
Nil ordinary shares in CAP-XX Limited
10,000,000 options over ordinary shares in CAP-XX Limited

Information on Company Secretaries

The Company Secretary was Robert Buckingham (resigned 1 September 2023). Robert was appointed Company Secretary on 20 April 2006 and is Managing Partner of Allan Hall Partnership, Chartered Accountants, a position he has held since 1989. He has a Bachelor of Commerce degree (honours) from the University of New South Wales and is a member of Chartered Accountants Australia & New Zealand and a Member of CPA Australia.

Michael Taylor, Chief Financial Officer, was appointed as Co-Company Secretary, on 25 November 2008 (resigned 31 May 2024). Michael graduated from Kuring-Gai College with a Bachelor of Business and from Macquarie University with a Master of Applied Finance. He is a Member of CPA Australia.

Joanna Morbey was appointed Company Secretary on 31 May 2024. Joanna is a member of Chartered Accountants Australia and New Zealand (CA ANZ), she brings over 40 years of professional experience in accounting and company secretarial roles across various industries, including investment banking, property development, and mineral exploration. Joanna has served as Company Secretary for several listed companies in Australia.

Directors' report (continued)

Meetings of Directors

The number of meetings of the Company's board of directors and of each board committee held, during the year ended 30 June 2024, and the number of meetings attended by each director were:

	Full Meetings of Directors		Audit Committee Meetings		Remuneration Committee Meetings	
	A	**B**	**A**	**B**	**A**	**B**
Patrick Elliott	18	18	2	2	1	1
Bruce Grey *	2	2	-	-	-	-
Steen Feldskov	18	18	2	2	1	1
Lars Stegmann	18	18	2	2	1	1
Peter Fraser	2	2	-	-	-	-
Anthony Sive	2	2	-	-	-	-
Graham Cooley	2	2	-	-	-	-

A = Number of meetings attended
B = Number of meetings held during the time the director held office or was a member of the committee during the year

* Mr Bruce Grey resigned on 3 November 2023

Directors' remuneration

Year ended 30 June 2024
Details of the remuneration of each director of CAP-XX Limited, for the year ended 30 June 2024, are set out in the following table. The cash bonuses are dependent on the satisfaction of performance conditions. All other elements of remuneration are not directly related to performance.

2024	**Primary**			**Post-employment**		**Equity**	
Name	**Cash salary & accrued fees $**	**Cash bonus $**	**Non-monetary benefits $**	**Super-annuation $**	**Retirement benefits $**	**Options $**	**Total $**
Executive directors							
Lars Stegmann	403,271	-	-	44,360	-	90,702	538,333
Non-executive directors							
Patrick Elliott	-	-	51,948	-	-	35,921	87,869
Peter Fraser	1,950	-	-	215	-	-	2,165
Dr Anthony Sive	1,950	-	-	215	-	-	2,165
Dr Graham Cooley	1,950	-	-	215	-	-	2,165
Bruce Grey *	-	-	17,316	-	-	11,975	29,291
Steen Feldskov	20,826	-	25,974	5,148	-	35,921	87,869
Total	**429,947**	**-**	**95,238**	**50,153**	**-**	**174,519**	**749,857**

* Mr Bruce Grey resigned on 3 November 2023.

Directors' remuneration (continued)

Year ended 30 June 2023
Details of the remuneration of each director of CAP-XX Limited, for the year ended 30 June 2023, are set out in the following table. The cash bonuses are dependent on the satisfaction of performance conditions. All other elements of remuneration are not directly related to performance.

2023	**Primary**			**Post-employment**		**Equity**	
Name	**Cash salary and accrued fees $**	**Cash bonus $**	**Non-monetary benefits $**	**Super-annuation $**	**Retirement benefits $**	**Options $**	**Total $**
Executive directors							
Anthony Kongats *	541,933	-	-	59,104	322,103	109,326	1,032,466
Lars Stegmann	74,477	-	-	7,448	-	15,117	97,042
Non-executive directors							
Patrick Elliott	-	-	48,998	-	-	35,921	84,919
Bruce Grey	-	-	48,998	-	-	35,921	84,919
Steen Feldskov	-	-	48,998	-	-	57,464	106,462
Total	616,410	-	146,994	66,552	322,103	253,749	1,405,808

* Anthony Kongats resigned on 16 May 2023.

Loans to directors and executives
The Group has no loans to directors and/or executives.

Share options granted to directors and employees
Since the end of the financial year:-
- 130,000,000 (2023: nil) options over unissued ordinary shares of CAP-XX have been granted to the directors of the Company as part of their remuneration; and
- 60,000,000 (2023: nil) options over unissued ordinary shares of CAP-XX have been granted to certain employees of the Company as part of their remuneration.

Refer to Note 30 to the financial statements for details on options issued and cancelled during the year.

Shares under option
Unissued ordinary shares of CAP-XX Limited under option at the date of this report are as follows:

Date Options Granted	**Expiry Date**	**Issue Price of Shares**	**Number Under Option**
14 October 2021	14 October 2026	£0.0595	11,865,000
12 April 2022	12 April 2027	£0.0560	2,300,000
13 May 2023	13 May 2028	£0.0131	20,000,000
25 April 2024	25 April 2029	£0.0015	200,000,000
1 July 2024	1 July 2029	£0.0080	130,000,000
14 August 2024	14 August 2029	£0.0080	60,000,000
			424,165,000

No option holder has any right under the options to participate in any other share issue of the Company or of any other entity.

Directors' report (continued)

Indemnification
CAP-XX has agreed to indemnify the current directors and executive officers of the Group and former directors of the Company against all liabilities to another person (other than the Company or a related body corporate) that may arise from their position as directors of the Company and its controlled entities, except where the liability arises out of conduct involving a lack of good faith. The agreement stipulates that the Company will meet the full amount of any such liabilities, including costs and expenses.

No indemnities have been given to any person who is or has been an auditor of the Group.

Proceedings on behalf of the Company
No person has applied to the court under section 237 of the Corporations Act 2001, for leave to bring proceedings on behalf of the Group, or to intervene in any proceedings to which the Group is a party, for the purpose of taking responsibility on behalf of the Group, for all or part of those proceedings.

Insurance Premiums
The directors have not included details of the nature of the liabilities covered nor the amount of the premium paid in respect of the Directors' and Officers' liability insurance contracts, as such disclosure is prohibited under the terms of the contract.

Auditor's independence declaration
A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 18.

Non-audit Services
It is the Group's policy to employ BDO on assignments additional to their statutory audit duties where BDO's expertise and experience with the Group are important. These assignments are principally tax advice where BDO is awarded assignments on a competitive basis. It is the Group's policy to seek competitive tenders for all major consulting projects.

Details of the amounts paid or payable to the auditor (BDO) for audit and non-audit services provided, during the year, are set out in Note 24 to the financial statements.

The Directors are of the opinion that the services disclosed in Note 24 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

(a) all non-audit services have been reviewed and approved to ensure that they do not impact on the integrity and objectivity of the auditor; and
(b) none of the services undermine the general principles relating to auditor independence set out in APES110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the Auditor's own work, acting in a management or decision-making capacity for the Company, acting as an advocate for the Company, or jointly sharing economic risks and rewards.

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

Patrick Elliott
Director

Sydney
29 November 2024

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Fax: +61 2 9240 9821
www.bdo.com.au

Level 11, 1 Margaret Street
Sydney NSW 2000
Australia

DECLARATION OF INDEPENDENCE BY GARETH FEW TO THE DIRECTORS OF CAP-XX LIMITED

As lead auditor of Cap-XX Limited for the year ended 30 June 2024, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Cap-XX Limited and the entities it controlled during the year.

Gareth Few

Gareth Few

Director

BDO Audit Pty Ltd

Sydney

29 November 2024

Corporate Governance Statement

THE QUOTED COMPANY ALLIANCE (QCA) CODE

The Directors recognise the importance of good corporate governance and have chosen to adopt and apply the 2018 Quoted Companies Alliance Corporate Governance Code (the 'QCA Code'). The QCA Code was developed by the QCA in consultation with a number of significant institutional small company investors, as an alternative corporate governance code applicable to AIM companies. The underlying principle of the QCA Code is that "the purpose of good corporate governance is to ensure that the company is managed in an efficient, effective and entrepreneurial manner for the benefit of all shareholders over the longer term".

To determine how the Company addresses the key governance principles defined in the QCA code please refer to the below table.

Pat Elliott, Non-executive Chairman

THE PRINCIPLES OF THE QUOTED COMPANY ALLIANCE (QCA) CODE

DELIVER GROWTH

QCA Code Principle	**Application** (as set out by QCA)	What we do and why
1. Establish a strategy and business model which promote long-term value for shareholders	The board must be able to express a shared view of the company's purpose, business model and strategy. It should go beyond the simple description of products and corporate structures and set out how the company intends to deliver shareholder value in the medium to long-term. It should demonstrate that the delivery of long-term growth is underpinned by a clear set of values aimed at protecting the company from unnecessary risk and securing its long-term future.	The Company's overall immediate business strategic objective is to obtain at a minimum, an operating cash breakeven position by increasing the adoption of the Company's intellectual property and products, both large and small, into key target markets via future license deals, joint ventures and direct product sales. Once this has been achieved, the Company will continue to further develop and drive the adoptions of its intellectual property so that the Company achieves significant profit levels. The key challenges to the business and how these are mitigated is detailed on pages 8 to 10 of the Group's Annual Report and Accounts for the year ended 30 June 2024 under the "Business Review" heading.
2. **Seek to understand and meet shareholder needs and expectations**	Directors must develop a good understanding of the needs and expectations of all elements of the company's shareholder base. The board must manage shareholders' expectations and should seek to understand the motivations behind shareholder voting decisions.	The CAP-XX Board is aware of the need to protect the interests of all shareholders, balancing the interest of minority shareholders with those of institutional shareholders. The Board regards regular communications with shareholders as one of its key responsibilities. CAP-XX is committed to engaging with shareholders and this effort is led by the Chief Executive Officer. In order to gauge shareholder sentiment, CAP-XX meets with key

Corporate Governance Statement (continued)

QCA Code Principle	**Application** (as set out by QCA)	**What we do and why**
		institutional shareholders typically every six months and when necessary, solicits feedback from its larger shareholders via its NOMAD and broker. CAP-XX welcomes shareholder contact at any time and communications should be sent in the first instance to mailto:investor.relations@cap-xx.com. CAP-XX will generally exercise discretion responding to individual shareholders correspondence but will update the market via regulatory and non-regulatory announcements and via its annual and interim financial reports. CAP-XX holds an open Q&A session at every Annual General Meeting and attends investor events to engage with retail shareholders. This communication allows the CAP-XX board to understand the shareholder's views and to ensure that the strategies and objectives of the Company are aligned with shareholders. In its decision-making, the Board will have regard to the ascertained expectations and needs of its shareholders (as appropriate and in accordance with its statutory and fiduciary duties). The Board believes the Company's mode of engaging with shareholders is adequate and effective.
3. **Take into account wider stakeholder and social responsibilities and their implications for long-term success**	Long-term success relies upon good relations with a range of different stakeholder groups both internal (workforce) and external (suppliers, customers, regulators and others). The board needs to identify the company's stakeholders and understand their needs, interests and expectations. Where matters that relate to the company's impact on society, the communities within which it operates or the environment have the potential to affect the company's ability to deliver shareholder value over the medium to long-term, then those matters must be integrated into the company's strategy and business model. Feedback is an essential part of all control mechanisms. Systems need to be in place to solicit, consider and act on feedback from all stakeholder groups.	The Directors are aware of the Company's corporate social responsibilities and the impact the CAP-XX business activities have on the communities in which CAP-XX's businesses operate. On the basis of the Directors' experience and their operational knowledge of the Company, the Directors believe that the key resources and relationships on which the Company relies are the Company's employees, partners, suppliers, regulatory authorities and contractors. The Company's operations and working methodologies take into account the requirement to balance the needs of all these stakeholder groups while maintaining focus on the Board's primary responsibility to promote the success of the Company for the benefits of its shareholders. The executive member of the Board holds regular staff group and individual update meetings in order to communicate CAP-XX's strategy, progress versus targets and to receive feedback and solicit opinion.

QCA Code Principle	**Application** (as set out by QCA)	**What we do and why**
		The Company endeavours to take account of feedback received from stakeholders, making necessary amendments to working arrangements and operational plans where appropriate and where such amendments are consistent with the Company's long-term strategy. The CAP-XX Board considers the feedback of relevant stakeholders in its decision-making and in the formulation of strategy. However, no material changes to the Company's processes were required for the year ended 30 June 2024, or more recently, as a result of feedback that has been received by the Company from the stated key resources and relationships on which the business relies. The Company takes due account of any impact that its activities may have on the environment and seeks to minimise this impact whenever possible. Through various procedures and systems that the Company operates, especially in the manufacturing process, the Company ensures full compliance with health and safety and environmental legislation relevant to its activities. CAP-XX is certified to IOS9001:2015.
4. **Embed effective risk management, considering both opportunities and threats, throughout the organisation**	The board needs to ensure that the company's risk management framework identifies and addresses all relevant risks in order to execute and deliver strategy; companies need to consider their extended business, including the company's supply chain, from key suppliers to end-customer. Setting strategy includes determining the extent of exposure to the identified risks that the company is able to bear and willing to take (risk tolerance and risk appetite).	The Board has a number of responsibilities specifically relating to risk including: - • Monitoring the effectiveness of CAP-XX's risk management systems, including compliance with regulatory requirements; • Satisfying itself through regular reporting and oversight that appropriate internal and external control mechanisms are in place and are being implemented; and • Approving CAP-XX's financial statements and monitoring financial performance against the approved budget. The Board has established Audit and Remuneration Committees. Full details of which are contained in the Corporate Governance sections of the Company's website. The Board receives regular feedback from its external auditors on the state of its risk management and internal controls. The Board does not consider it would be appropriate to

QCA Code Principle	Application (as set out by QCA)	What we do and why
		have its own internal audit function at the present time, given the Company's size and nature of its current operations. The Group does complete regular fraud and internal risk questionnaires which are completed and reviewed on a six-monthly basis. At present the internal audit of financial controls form part of the responsibilities of the Group's finance function.

MAINTAIN A DYNAMIC MANAGEMENT FRAMEWORK

QCA Code Principle	Application (as set out by QCA)	What we do and why
5. **Maintain the board as a well- functioning, balanced team led by the chair**	The board members have a collective responsibility and legal obligation to promote the interests of the company, and are collectively responsible for defining corporate governance arrangements. Ultimate responsibility for the quality of, and approach to, corporate governance lies with the chair of the board. The board (and any committees) should be provided with high quality information in a timely manner to facilitate proper assessment of the matters requiring a decision or insight. The board should have an appropriate balance between executive and non-executive directors and should have at least two independent non- executive directors. Independence is a board judgement. The board should be supported by committees (e.g. audit, remuneration, nomination) that have the necessary skills and knowledge to discharge their duties and responsibilities effectively. Directors must commit the time necessary to fulfill their roles.	The Board comprises six directors, four of whom are independent non-executive directors. Although some of the non-executive directors are shareholders of the Company, given the size of their shareholding and that none of the non-executive directors have any day-to-day involvement in the running of the business, the Company considers the non-executive directors to be independent. The Chairman of the CAP-XX Board is Mr Patrick Elliott who was first elected to the Board in July 2011. All of the non-executive Directors are subject to election by shareholders at the first Annual General Meeting after their appointment to the Board and at least one third of the Board must retire and seek re-election at every Annual General Meeting. All Directors are expected to devote the necessary time commitments required by their position and where possible should attend all Board meetings. The Board meets at regular scheduled intervals and follows a formal agenda, papers and reports are sent to the Directors in a timely manner, prior to the Board meetings. It also meets as and when required. During the financial year ended 30 June 2024, eighteen Board meetings were held as well as two Audit Committee meetings and one Remuneration Committee meeting.

Corporate Governance Statement (continued)

QCA Code Principle	**Application** (as set out by QCA)	What we do and why
		The Company's Corporate Governance Statement (available on the CAP-XX website) provides further details, including how the Board evaluates its own performance. The CAP-XX Annual Report and Accounts for the year ended 30 June 2024 also explains the governance framework and provides data on the number of Board and Committee meetings (and Director attendance at the same)
6. **Ensure that between them the directors have the necessary up-to-date experience, skills and capabilities**	The board must have an appropriate balance of sector, financial and public markets skills and experience, as well as an appropriate balance of personal qualities and capabilities. The board should understand and challenge its own diversity, including gender balance, as part of its composition. The board should not be dominated by one person or a group of people. Strong personal bonds can be important but can also divide a board. As companies evolve, the mix of skills and experience required on the board will change, and board composition will need to evolve to reflect this change.	Directors who have been appointed to the Board have been chosen because of the skills and experience they offer. Full biographical details of the directors are included on the CAP-XX Website (https://www.cap-xx.com/key-personnel/) and also on pages 11 to 14 of the CAP-XX Annual Report and Accounts for the year ended 30 June 2024. The Company encourages continuing education of its directors and officers where appropriate in order to ensure that they have the necessary skills and knowledge to meet their respective obligations to the Company. As noted above the Company has put in place an Audit Committee and a Remuneration Committee. The responsibilities of both Committees are set out in the Corporate Governance Statement on the CAP-XX website (https://www.cap-xx.com/the-company/corporate-governance/) and the terms of reference.
7. **Evaluate board performance based on clear and relevant objectives, seeking continuous improvement**	The board should regularly review the effectiveness of its performance as a unit, as well as that of its committees and the individual directors. The board performance review may be carried out internally or, ideally, externally facilitated from time to time. The review should identify development or mentoring needs of individual directors or the wider senior management team. It is healthy for membership of the board to be periodically refreshed. Succession planning is a vital task for boards. No member of the board should become indispensable.	At the highest level, the CAP-XX Board judges its own performance by reference to the Company's progress against targets set out in the Company's strategic plan. The Board formally evaluates its own performance as a unit at least once a year with an assessment of its effectiveness. Areas are identified where improvements can be made, and active steps are taken to make improvements accordingly. This assessment is led by CAP-XX Chairman. The Board's annual effectiveness review was conducted, and high-level recommendations were

QCA Code Principle	Application (as set out by QCA)	What we do and why
		discussed and agreed. These recommendations and the associated improvements are consistently being monitored at the regular Board meetings. The performance of the individual Directors including the Chairman are monitored on an ongoing basis. On an annual basis, the Remuneration Committee evaluates the individual Director's performance as part of the review of remuneration and share equity grants. Given the scale and scope of the current operation and the risk management framework, the Directors are of the view that a formal evaluation process of the effectiveness of both the Audit and Remuneration Committees is not required at this stage. The need for an evaluation process is monitored on an on-going basis. The Board and the Remuneration Committee will also regularly discuss the Board's balance, the Board's current skills set and remuneration to ensure that the Board structure is fit for purpose and is appropriate for the next phase of CAP-XX's development and growth. The composition of the Company's Board including individual directors has changed in the past twelve months due to the resignation of one director and the appointment of three new directors during the year. The Board are still of the view that the above processes are appropriate for the Company's requirements, given the size and nature of the CAP-XX business. The Board uses the results of its evaluation process when considering the adequacy of the composition of the Board and any succession planning requirements. However, there are no plans at present for changes or additions to the Board and the Directors believe that the current Board meets the needs of the Company's current and medium-term requirements.
8. **Promote a corporate culture that is based on ethical values and behaviours**	The board should embody and promote a corporate culture that is based on sound ethical values and	The CAP-XX Board considers that confidence in its integrity can only be achieved if its employees and officers

Corporate Governance Statement (continued)

QCA Code Principle	**Application** (as set out by QCA)	What we do and why
	behaviours and use it as an asset and a source of competitive advantage. The policy set by the board should be visible in the actions and decisions of the chief executive and the rest of the management team. Corporate values should guide the objectives and strategy of the company. The culture should be visible in every aspect of the business, including recruitment, nominations, training and engagement. The performance and reward system should endorse the desired ethical behaviours across all levels of the company. The corporate culture should be recognisable throughout the disclosures in the annual report, website and any other statements issued by the company.	conduct themselves ethically in all of their commercial dealings on CAP-XX's behalf. CAP-XX has therefore recognised that it should actively promote ethical conduct amongst its employees, officers and contractors. CAP-XX has adopted, amongst other policies to promote ethical and responsible decision making, a code of conduct which applies to all directors, officers, employees, consultants and contractors of CAP-XX, which the Board and Management will seek to enforce where appropriate. The CAP-XX Board and management conduct themselves ethically at all times and promote a culture that is in line with standards set out on the website. CAP-XX values its reputation for ethical behaviour and has a set of values that are at the core of its business philosophy.
9. **Maintain governance structures and processes that are fit for purpose and support good decision- making by the board**	The company should maintain governance structures and processes in line with its corporate culture and appropriate to its: • size and complexity; and • capacity, appetite and tolerance for risk. The governance structures should evolve over time in parallel with its objectives, strategy and business model to reflect the development of the company.	CAP-XX's Corporate Governance Statement on pages 19 to 27 of the Company's Annual Report for the year ended 30 June 2024 explains the structures which are in place at Board and Committee level and how these interact, including the roles which individual Directors fulfil on the Board. At present, the Board is satisfied with the Company's corporate governance, given the Company's size and the nature of its operations, and as such there are no specific plans for changes to the Company's corporate governance arrangements in the shorter term. There is a clear separation of the roles of Chief Executive Officer and Non-executive Chairman. The Chairman has overall responsibility for corporate governance matters in the Company, leadership of the board and ensuring its effectiveness on all aspects of its role. The Chief Executive Officer leads the executive team and is responsible for implementing those actions required to deliver on the agreed strategy. The matters reserved as the responsibilities of the CAP-XX board include:- • Developing, providing input into and final approval of the Company's strategic plan;

Corporate Governance Statement (continued)

QCA Code Principle	Application (as set out by QCA)	What we do and why
		• Evaluating, approving and monitoring the strategic and financial plans and performance objectives of the Company; • Reviewing, ratifying and monitoring systems of risk management and internal compliance and control, codes of conduct and legal compliance; • Evaluating and monitoring annual budgets and business plans; • Ensuring appropriate resources are available to senior management; • Approving all accounting policies, financial reports and external communications by the Company; • Appointing, re-appointing or removing CAP-XX's external auditors; and • Appointing, monitoring and managing the performance and remuneration of executive directors and senior executives. Details of the Company's audit and remuneration committees, including their terms of reference can be found here: https://www.cap-xx.com/aim-rule-26/ Beneath the Board there is an operational governance framework which facilitates the effective management of the business by an Executive Committee. This organisation structure is kept under continual review and evolves as the needs and requirements of the business changes as it grows and develops.

BUILD TRUST

QCA Code Principle	Application (as set out by QCA)	What we do and why
10. **Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders.**	A healthy dialogue should exist between the board and all of its stakeholders, including shareholders, to enable all interested parties to come to informed decisions about the company. In particular, appropriate communication and reporting structure should exist between the board and all constituent parts of its shareholder base. This will assist: • the communication of shareholders' views to the board; and	The Company's governance structure is explained through the Corporate Governance Statement which is available on the CAP-XX website and is supplemented by the disclosures provided in this compliance statement and explanations set out in the "Corporate Governance" section of the CAP-XX Annual Report for the year ended 30 June 2024. The communication and interaction between CAP-XX and its

	• the shareholders' understanding of the unique circumstances and constraints faced by the company. It should be clear where these communication practices are described (annual report or website).	shareholders are explained in the disclosure above (see principle 2). Audit and Remuneration Committee's membership is included in the CAP-XX Annual Report for the year ended 30 June 2024 as well as the full disclosure of CAP-XX Directors remuneration. Responsibilities of both the Audit and Remuneration Committee's responsibilities can be found on the CAP-XX website (available here https://www.cap-xx.com/aim-rule-26/) Historical Annual and Interim Reports with all notices, circulars and results of resolutions since the Company's ordinary shares were admitted to trading on in April 2006 can also be found on the CAP-XX website (available here https://www.cap-xx.com/investors/financial-performance/ The Company encourages two-way communication with both its institutional and private investors and responds quickly to all queries received. The Chairman talks regularly with the Group's major shareholders and ensures that their views are communicated fully to the Board. The Board recognizes the AGM as an important opportunity to meet private shareholders. The Directors are available to listen to the views of shareholders informally immediately following the AGM.

CAP-XX Limited
Financial statements - 30 June 2024

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This financial report covers the Group consisting of CAP-XX Limited and its subsidiaries.

The financial report is presented in Australian Dollars.

CAP-XX Limited is a company limited by shares, incorporated and domiciled in Australia.

Its principal place of business is:
Unit1
13 A Stanton Road
Seven Hills NSW 2147

Its registered office is:
Unit1
13 A Stanton Road
Seven Hills NSW 2147

A description of the nature of the Group's operations and its principal activities is included in the Chairman's Statement on page 6, Business Review on pages 8 to 10 and in the directors' report on pages 11 to 17, all of which are not part of this financial report.

The financial report was authorised for issue by the directors on 29th November 2024. The Directors have the power to amend and reissue the 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 Group. 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 year ended 30 June 2024

Currency: Australian Dollars	Notes	Consolidated 2024 $	 2023 $
Revenue from contracts with customers	5	**4,593,490**	3,631,690
Cost of sales	7	**(3,214,710)**	(2,060,527)
Gross Profit		**1,378,780**	1,571,163
Other income	6	**1,950,780**	2,165,429
General and administrative expenses		**(2,423,857)**	(2,407,328)
Process and engineering expenses		**(1,320,762)**	(1,357,516)
Selling and marketing expenses		**(691,090)**	(846,536)
Research and development expenses		**(1,264,491)**	(1,377,519)
Legal expenses		**(2,255,213)**	(1,472,664)
Share based payment expense		**(131,399)**	(613,980)
Other expenses		**(192,980)**	(192,080)
Depreciation and Amortisation		**(734,726)**	(741,552)
Interest expense		**(307,268)**	(287,208)
Interest income	5	**4,929**	664
Loss before income tax		**(5,987,297)**	(5,559,127)
Income tax benefit	8	-	-
Net loss for the year		**(5,987,297)**	(5,559,127)
Loss attributable to owners of CAP-XX Limited		**(5,987,297)**	(5,559,127)
Earnings per share for loss attributable to the ordinary equity holders of the Company		**Cents**	Cents
Basic loss per share	32	**(0.54)**	(1.05)
Diluted loss per share	32	**(0.54)**	(1.05)

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

CAP-XX Limited
Consolidated statement of comprehensive income
For the year ended 30 June 2024

		Consolidated	
Currency: Australian Dollars	Notes	2024 $	2023 $
Loss for the year		**(5,987,297)**	(5,559,127)
Other comprehensive income/(loss)			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations	22	**(43,068)**	(27,433)
Other comprehensive income for the year, net of tax		**(43,068)**	(27,433)
Total comprehensive (loss)/income for the year attributable to owners of CAP-XX Limited		**(6,030,365)**	(5,586,560)

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 30 June 2024

Currency: Australian Dollars	Notes	Consolidated 2024 $	2023 $
ASSETS			
Current assets			
Cash and cash equivalents	9	**1,916,995**	2,643,810
Receivables	10	**686,065**	959,515
Inventories	11	**1,678,616**	2,201,906
Other	12	**1,993,015**	2,429,946
Total current assets		**6,274,691**	8,235,177
Non-current assets			
Property, plant and equipment	13	**2,043,449**	2,428,233
Right of use assets	14	**1,847,504**	2,193,777
Other	15	**204,808**	204,808
Total non-current assets		**4,095,761**	4,826,818
Total assets		**10,370,452**	13,061,995
LIABILITIES			
Current liabilities			
Payables	16	**1,658,885**	1,833,557
Lease liabilities	17	**261,521**	194,888
Provisions	18	**456,124**	632,655
Interest bearing liabilities	19	**768,174**	1,038,054
Total current liabilities		**3,144,704**	3,699,154
Non-current liabilities			
Lease liabilities	17	**1,746,642**	2,024,584
Provisions	20	**869,730**	803,910
Total non-current liabilities		**2,616,372**	2,828,494
Total liabilities		**5,761,076**	6,527,648
Net assets		**4,609,376**	6,534,347
EQUITY			
Contributed equity	21	**122,900,813**	119,175,769
Reserves	22	**8,437,602**	8,100,320
Accumulated losses	22	**(126,729,039)**	(120,741,742)
TOTAL EQUITY		**4,609,376**	6,534,347

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

CAP-XX Limited
Consolidated statement of changes in equity
For the year ended 30 June 2024

		Consolidated			
Currency: Australian Dollars	**Notes**	**Contributed Equity $**	**Reserves $**	**Accumulated losses $**	**Total $**
Balance at 30 June 2022		114,511,790	7,513,773	(115,182,615)	6,842,948
Loss for the year		-	-	(5,559,127)	(5,559,127)
Other comprehensive income		-	(27,433)	-	(27,433)
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs and tax	21	4,663,979	-	-	4,663,979
Employee share options - value of employee services	22	-	613,980	-	613,980
Balance at 30 June 2023		**119,175,769**	**8,100,320**	**(120,741,742)**	**6,534,347**
Loss for the year		-	-	(5,987,297)	(5,987,297)
Other comprehensive income		-	(43,068)	-	(43,068)
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs and tax	21	3,725,044	-	-	3,725,044
Share warrants issued		-	249,016	-	249,016
Employee share options - value of employee services	22	-	131,334	-	131,334
Balance at 30 June 2024		**122,900,813**	**8,437,602**	**(126,729,039)**	**4,609,376**

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 year ended 30 June 2024

Currency: Australian Dollars	Notes	Consolidated 2024 $	Consolidated 2023 $
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		**4,958,534**	3,806,845
Payments to suppliers and employees (inclusive of goods and services tax)		**(10,891,212)**	(9,976,681)
		(5,932,678)	(6,169,836)
R&D Tax incentive received		**2,078,779**	2,043,384
Interest paid		**(188,465)**	(207,787)
Interest received		**4,929**	664
Net cash (outflow) from operating activities	29	**(4,037,435)**	(4,333,575)
Cash flows from investing activities			
Payments for property, plant and equipment (net)	13	**(20,381)**	(118,166)
Net cash (outflow) from investing activities		**(20,381)**	(118,166)
Cash flows from financing activities			
Proceeds from issue of shares	21	**4,321,723**	5,074,950
Costs associated with the issue of shares	21	**(347,662)**	(410,971)
Repayment of borrowings	19	**(1,111,934)**	-
Proceeds from borrowings	19	**723,251**	1,038,054
Principal repayments for lease liabilities		**(211,309)**	(193,763)
Net cash inflow from financing activities		**3,374,069**	5,508,270
Net increase/(decrease) in cash and cash equivalents		**(683,747)**	1,056,529
Cash and cash equivalents at the beginning of the financial year		**2,643,810**	1,614,714
Effects of exchange rate changes on cash and cash equivalents		**(43,068)**	(27,433)
Cash and cash equivalents at the end of the financial year	9	**1,916,995**	2,643,810

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

Contents of the notes to the financial statements

Note 1 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the consolidated entity consisting of CAP-XX Limited and its subsidiaries.

All amounts shown are in Australian Dollars, rounded to the nearest Dollar, unless otherwise stated.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*. CAP-XX Limited is a for-profit entity for the purpose of preparing the financial statements.

Compliance with IFRS
The consolidated financial statements of the CAP-XX Limited Group also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Historical cost convention
These financial statements have been prepared under the historical cost convention.

Critical accounting estimates
The preparation of financial statements in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

(b) Continuation as a going concern

During the year ended 30 June 2024, the Group incurred an operating loss before tax and recorded 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.

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 ability of the Group to raise additional funds from shareholders, new investors and debt markets. The Group successfully conducted a significant equity placement in March 2024. A further significant equity placement was announced by the company on 31 October 2024. On 5 November 2024, the Company announced that it had conditionally raised gross proceeds of approximately £3.025 million (before expenses) through a Company Placing, Subscription and Retail Offer. The first tranche of shares under the Company Placing were issued on 7 November 2024 and the company received gross proceeds into the bank account of £0.4 million (before expenses) on 11 November 2024. The second tranche of shares under the Company Placing, the Subscription and the Retail Offer are conditional, inter alia, on the passing of a resolution by shareholders at the General Meeting which will be held on 5 December 2024. Should the resolution be approved, application will be made for the Second Placing Shares, Subscription Shares and the Retail Offer Shares to be admitted to trading on or around 9 December 2024. Should the resolution be approved, it is anticipated that the Company will receive gross proceeds into the bank account of £1.9 million (before expenses) on, or around, 11 December 2024. Further details of the equity placement are contained within note 28 to the financial statements, Events occurring after the balance sheet date. Based on the information provided above, the directors consider that there is a reasonable expectation that alternate sources of funding can be sourced;

ii. The Group receiving the proceeds from the R&D Tax concession which is in the final stages of being lodged with the Australian Taxation Office. CAP-XX has a proven track record with R&D rebate submissions over several years and this year's return is consistent with previous years. A portion of the R&D rebate will be used to repay the short term loan;

iii. 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; and

Note 1 Summary of significant accounting policies (continued)

(b) Continuation as a going concern (continued)

iv. Continue the close and effective monitoring of the Group's operating expenditure, including the continued realisation of identified operating cost initiatives. The Board regularly receives forecasts and updates from management to monitor performance against plan and to consider longer term prospects.

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 June 2024. 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.

(c) Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of CAP-XX Limited ("Company" or “Parent Entity”) as at 30 June 2024 and the results of all subsidiaries for the year then ended. CAP-XX Limited and its subsidiaries together are referred to in this financial report as the “Group” or the “Consolidated Entity”.

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the entity to affect those returns through its power to direct the activities of the entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Consolidated Entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the Group. Losses incurred by the Group are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative transaction differences recognised in equity.

The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

(d) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board.

Note 1 Summary of significant accounting policies (continued)

(e) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is CAP-XX Limited's functional and presentation currency. The functional currency is deemed to be Australian dollars given this is the currency of the primary country whose competitive forces and regulations determine the sales price of its goods and services. Further to this, it is the currency in which debt funding has been obtained historically, as well as the currency that receipts from operating activities are retained in.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss on a net basis within other income or other expenses.

(iii) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each statement of profit or loss are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

When a foreign operation is sold, a proportionate share of such exchange differences are recognised in the statement of profit or loss as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entities and translated at the closing rate.

(f) Revenue recognition

The Group applies the principles outlined within AASB 15 "Revenue from contracts with customers" . The core principle of AASB 15 is that revenue should only be recognised as the entity receives the benefit of the goods or services provided under a commercial contract, in an amount that reflects the consideration to which the entity expects to be entitled for the transfer of the goods or services. A practical expedient has been adopted whereby the impact of significant financing components have not been considered as the Group expected, at contract inception, that the period between the transfer of the good or service and when the customer pays for that good or service is less than one year.

Determining the transaction price

The Group's revenue is derived from fixed price agreements and therefore the amount of revenues to be earned from each agreement is determined by reference to those fixed prices. There is no variable consideration within these agreements.

Allocation of amounts to performance obligations

For most agreements, there is only one performance obligation and a fixed unit price for the good or service provided. As such, there is no judgement involved in the allocation of amounts to specific performance obligations. In those instances where there is more than one performance obligation, the unit price is clearly defined and is allocated against the specific performance obligation. Some goods sold by the Group include warrantees which require the Group to either replace or mend a defective product during the warranty period if the goods fail to comply with agreed-upon specifications. In accordance with AASB 15, such assurance warranties are not accounted for as separate obligations and hence no revenue is allocated to them.

Sale of goods revenue is recognised at a point in time when the Group have met all of their performance obligations including delivery, if applicable. There is limited judgement in identifying the point control passes; once the goods have left the warehouse or when the goods are delivered, depending on the type of good.

Note 1 Summary of significant accounting policies (continued)

(f) Revenue recognition (continued)

Royalty agreements are in place, whereby customers are required to pay the Group a portion of sales revenue, in return for the use of patented software. Revenue is recognised at a point in time when the underlying goods are sold. Fixed rate royalties are recognised over the period of the underlying agreement.

Licence revenue in relation to the contracted use of the Group's patents or technology is recognised at a point in time when the licence agreement is signed and the Group has the present right to payment.

(g) Government grants

Grants from the government, including the R&D Tax incentive, are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Income from government grants, including the R&D tax incentive, is recognised in the statement of profit or loss when the right to receive the payment is established.

(h) Income tax

The income tax expense or benefit for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised directly in equity. In this case, the tax is also recognised directly in equity.

Tax consolidation legislation

CAP-XX Limited and its wholly owned Australian controlled entities have implemented the tax consolidation legislation as of 1 July 2002.

The head entity, CAP-XX Limited, and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a standalone taxpayer in its own right.

In addition to its own current and deferred tax amounts, CAP-XX Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

Tax funding agreements are currently not in place. Amounts assumed are recognised as a contribution to (or distribution from) wholly owned tax consolidated entities.

Note 1 Summary of significant accounting policies (continued)

(i) Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

The Group recognises a loss allowance for expected credit losses on financial assets which are measured at amortised cost. The measurement of the loss allowance depends upon the Group's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

(j) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of approximately three months that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(k) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less any allowance for expected credit loss. Trade receivables are generally due for settlement no more than 30 days from the date of recognition.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by directly reducing the carrying amount. An allowance for expected credit loss is specifically recognised when there is objective evidence that the Group will not be able to collect the receivable. Financial difficulties of the debtor or default payments are considered objective evidence of impairment.

To measure expected credit losses on a collective basis, trade receivables are grouped based on similar credit risk and aging. The expected loss rates are based on the Group's historical credit losses experienced over the two-year period prior to the period end. The historical loss rates are then adjusted for both current and forward-looking information on macroeconomic factors affecting the Group's customers.

(l) Inventories

Raw materials, work in progress and finished goods are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on a basis of first in first out. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Raw materials held for development purposes are also stated at the lower of cost and net realisable value, hence are generally recognised in the statement of profit or loss as an expense when received.

(m) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values due to their short-term nature.

Note 1 Summary of significant accounting policies (continued)

(n) Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of profit or loss during the financial period in which they are incurred. Capital work in progress is not depreciated until the asset is installed and ready for use.

Depreciation on assets is calculated using the straight-line method to allocate their cost amounts, net of their residual values over their estimate useful lives as follows:

Furniture and fittings	2-10 years
Plant and equipment – Manufacturing	2-10 years
Plant and equipment – Research & Development	2-10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 1(i)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of profit or loss.

(o) Right of use Asset

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

(p) Research & Development

Research expenditure is recognised as an expense as incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when it is probable that the project will, after considering its commercial and technical feasibility, be completed and generate future economic benefits and its costs can be measured reliably. The expenditure capitalised comprises all directly attributable costs, including costs of materials, services, direct labour and an appropriate proportion of overheads. Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use on a straight-line basis over its useful life, which varies from 3 to 5 years.

(q) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. Due to their short-term nature, they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 55 days of recognition.

Note 1 Summary of significant accounting policies (continued)

(r) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

(s) Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

(t) Employee benefits

(i) Wages and salaries and annual leave
Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in other provisions in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Long service leave
The liability for long service leave is recognised as part of the provision for employee benefits and measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(iii) Retirement benefit obligations
The Group does not maintain a Group superannuation plan. The Group makes defined fixed percentage contributions for all Australian resident employees to complying third party superannuation funds. The Group’s legal or constructive obligation is limited to these contributions.

Contributions to the defined contribution complying third party superannuation funds are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(iv) Share-based payments
Share-based compensation benefits are provided to employees via the CAP-XX Limited Employee Share Option Plan. Information relating to this scheme is set out in note 30.

The fair value of options granted under the CAP-XX Limited Employee Share Option Plan is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options.

The fair value at grant date is determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the non-tradeable nature of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

Non marketing vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-marketing vesting conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

The CAP-XX Limited Employee Share Option Plan is administered by the Board of Directors of CAP-XX Limited. When options are exercised, the entity transfers the appropriate amount of shares to the employee. The proceeds received net of any directly attributable transactions costs are credited directly to equity.

Note 1 Summary of significant accounting policies (continued)

(t) Employee benefits (continued)

(v) Bonus plans
The Group recognises a liability and an expense for bonuses where contractually obliged or where there is a past practice that has created a constructive obligation.

(u) Lease liability

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group’s incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

(v) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where such ordinary shares are subsequently re-issued, any consideration received, net of any directly attributable incremental transactions costs and the related income tax effects, is included in equity attributable to the owners of Group.

(w) Earnings per share

(i) Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Group, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

(ii) Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(x) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flow.

Note 1 Summary of significant accounting policies (continued)

(y) New, revised or amending Accounting Standards and Interpretations adopted

The Group has adopted all new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted. These new or amended Accounting Standards and Interpretations have not had a material effect on the financial statements for the year ended 30 June 2024.

(z) New Accounting Standards and Interpretations not yet mandatory or early adopted

Any revised or amending Accounting Standards or Interpretations that are not yet mandatory for the year ended 30 June 2024 have not been early adopted.

(aa) Parent entity financial information

The financial information for the parent entity, CAP-XX Limited, disclosed in note 33 has been prepared on the same basis as the consolidated financial statements, except as set out below:

(ab*) Investments in subsidiaries*
Investments in subsidiaries are accounted for at cost in the financial statements of CAP-XX Limited.

Note 2 Financial risk management

The Group's activities expose it to a variety of financial risks; market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

The Group holds the following financial instruments, which are measured at amortised cost:

	Consolidated	
	2024	2023
	$	$
Financial assets		
Cash and cash equivalents	**1,916,994**	2,643,810
Trade and other receivables	**941,888**	1,524,269
	2,858,882	4,168,079
Financial liabilities		
Trade and other payables	**1,658,885**	1,833,557
Interest bearing liabilities	**768,174**	1,038,054
Lease liabilities	**2,008,163**	2,219,472
	4,435,222	5,091,083

(a) Market risk

Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the entity’s functional currency.

The Group operates internationally and is exposed to foreign exchange risk arising particularly from currency exposures to the US dollar. The Group sells most of its products and services in US dollars, buys the majority of its raw materials and pays its contract tolling fees in US dollars. This arrangement acts as a natural hedge to minimise foreign exchange risk by the Group paying for products and services in the same currency that the Group receives revenue.

Foreign exchange risk is managed centrally by the Group’s Finance team under the direction of the Board. The finance team manages risk exposures through delegated authority limits and defined measures. The Finance team regularly monitors the Group’s exposure to foreign exchange risk and reports to the Board.

Note 2 Financial risk management (continued)

(a) Market risk (continued)

Sensitivity analysis
The Group's after tax loss and equity for the year would have been $114,103 lower / $114,103 higher (2023: $52,630 lower/ $57,893 higher) had the Australian dollar strengthened / weakened by 10% against the US dollar, mainly as a result of foreign exchange gains / losses on the translation of US dollar denominated sales and purchases of goods and services.

The Group's exposure to foreign currency risk at the end of the reporting period, was as follows:

As at 30 June 2024	**USD**	**GBP**	**Euro**	**JPY**
	$	**£**	**€**	Y
Cash and cash equivalents	**112,228**	**414,610**	**56,918**	**1,644**
Trade receivables	**475,052**	**-**	**-**	**-**
Trade payables	**464,070**	**51,935**	**10,338**	**10,338**

As at 30 June 2023	USD	GBP	Euro	JPY
	$	£	€	Y
Cash and cash equivalents	170,579	859,228	16,219	-
Trade receivables	608,158	-	-	-
Trade payables	496,798	38,073	73,924	-

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The Group has some concentration of credit risk. The Group has policies in place to ensure that sales of products are made to customers with an appropriate credit history. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The consolidated entity does not hold any collateral.

The Group has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the Group based on recent sales experience, historical collection rates and forward-looking information that is available.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year. These indicators also suggest whether there has been an increase in credit risk.

Cash and cash equivalents are placed in financial institutions with good credit ratings.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash, to ensure debts are paid as and when they fall due. The Group has experienced recurring operating losses and operating cash outflows since inception to 30 June 2024 as the Group is transitioning from development stage. Historically the Group has not committed to any credit facilities and rather has relied upon equity financing through private and public equity investors. Recently, the Group has entered into a credit facility with a finance provider which uses the R&D rebate as collateral. Once the R&D rebate is received the finance provider is paid the amount drawn down at this date. Details of the current status of this facility can be found in note 19.

Details of the liquidity risk associated with the Group's lease liabilities are outlined in note 17.

Note 2 Financial risk management (continued)

(d) Interest rate risk

The Group's interest-rate risk mainly arises from interest bearing assets, with the Group's income and operating cash flows exposed to changes in market interest rates. The interest bearing assets have been predominantly deposited at short term fixed rates exposing the Group to cash flow interest-rate risk.

The Group's exposure to interest-rate risk is immaterial in terms of the possible impact on profit or loss or equity. It has therefore not been included in the sensitivity analysis.

(e) Fair value estimation

The carrying amount of financial assets and liabilities recorded in the financial statements represents their respective net fair value unless otherwise noted, determined in accordance with the accounting policies disclosed in note 1.

Note 3 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Apart from the going concern assumption as discussed in note 1(b), the estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(b) Critical judgements in applying the entity's accounting policies

(i) Impairment loss on plant and equipment

The Group has continued to use the Sydney, Australia manufacturing site for the production of electrode material and selected supercapacitor product lines, whilst the larger volume supercapacitor product lines are outsourced.

In assessing the carrying value of its plant and equipment, the Group considers whether previous impairment write downs remain adequate and the current depreciation rates fairly reflect the carrying value of such assets.

(ii) Fair value of share options

Share-based compensation benefits are provided to employees through the CAP-XX Limited Employee Share Option Plan. The fair value of options granted under the CAP-XX Limited Employee Share Option Plan is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options. The fair value at grant date is determined using the Black-Scholes option pricing model. The key inputs and assumptions used in the model is set out in note 30.

(iii) Inventory provision

The Group makes estimates and assumptions concerning the future saleability of inventory for amounts in excess of cost. The provision for inventory obsolescence is based on management's expectation of the future price of inventory, taking into account the age and condition and demand of the inventory and management's assessment of future demand for the inventory.

(iv) Lease make good provision

A provision has been made for the present value of anticipated costs for the future restoration of leased premises. The provision includes future cost estimates associated with departing the premise at the termination of the current lease period and requires assumptions regarding the cost estimates and departure dates. The provision recognised is periodically reviewed and updated based on the facts and circumstances available at the time.

Note 3 Critical accounting estimates and judgements (continued)

(v) Warranty provision

In determining the level of provision required for warranties, the Group has made judgements in respect of the expected performance of the products, the number and frequency of customers who will actually claim under the stated warranty and the costs of fulfilling the conditions of the warranty. The provision is based on estimates generated from historical warranty data associated with similar products and services.

(vi) Research and development incentive

Judgement is required in determining the amount of grant revenue relating to the research and development incentive claim. There are certain transactions and calculations undertake during the ordinary course of business for which the ultimate tax determination may be subject to change. The Group calculates its research and development claim based on the Group's understanding of the tax law. Where the final outcome of these matters is different from the amounts that were initially recorded, such differences will impact the profit or loss in the year in which such determination is made.

Note 4 Segment information

(a) Description of segments

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 three main geographical areas being Asia Pacific, Europe and Americas. Segment revenues are allocated based on the country in which the user is located. Cost of sales are allocated based on the country in which the production of supercapacitors occurs.

30 June 2024	Geographical Segments			
	Asia Pacific $	Europe $	Americas $	Total $
Revenue	1,478,534	2,659,134	455,822	4,593,490
Cost of sales	(3,214,710)	-	-	(3,214,710)
Gross (Loss) / Profit	**(1,736,174)**	**2,659,134**	**455,822**	**1,378,780**
Other income	1,950,780	-	-	1,950,780
General and administrative expenses	(2,423,857)	-	-	(2,423,857)
Process and engineering expenses	(1,320,762)	-	-	(1,320,762)
Selling and marketing expenses	(691,090)	-	-	(691,090)
Research and development expenses	(1,264,491)	-	-	(1,264,491)
Legal expenses	(2,255,213)	-	-	(2,255,213)
Share based payment expenses	(131,399)	-	-	(131,399)
Other expenses	(192,980)	-	-	(192,980)
Depreciation / Amortisation	(734,726)	-	-	(734,726)
Interest Expense	(307,268)	-	-	(307,268)
Interest income	4,929	-	-	4,929
Net (loss) / profit for the year	**(9,102,253)**	**2,659,134**	**455,822**	**(5,987,297)**
Other comprehensive income				
Exchange differences arising in translation of foreign operations	(43,068)	-	-	(43,068)
Total comprehensive income / (loss), net of tax	**(9,145,321)**	**2,659,134**	**455,822**	**(6,030,365)**
Total assets	**10,370,452**	**-**	**-**	**10,370,452**
Total liabilities	**5,761,076**	**-**	**-**	**5,761,076**

Net (loss) / profit for the year includes the following specific expenses:

Depreciation and amortisation	734,726	-	-	734,726
Share based payments	131,399	-	-	131,399

Note 4 Segment information (continued)

30 June 2023	Geographical Segments			
	Asia Pacific	Europe	North America	Total
	$	$	$	$
Revenue	880,877	1,967,154	783,659	3,631,690
Cost of sales	(2,060,527)	-	-	(2,060,527)
Gross (Loss)/Profit	(1,179,650)	1,967,154	783,659	1,571,163
Other income	2,165,429	-	-	2,165,429
General and administrative expenses	(2,407,328)	-	-	(2,407,328)
Process and engineering expenses	(1,357,516)	-	-	(1,357,516)
Selling and marketing expenses	(846,536)	-	-	(846,536)
Research and development expenses	(1,377,519)	-	-	(1,377,519)
Legal expenses	(1,472,664)	-	-	(1,472,664)
Share based payment expenses	(613,980)	-	-	(613,980)
Other expenses	(192,080)	-	-	(192,080)
Depreciation / Amortisation	(741,552)	-	-	(741,552)
Interest Expense	(287,208)	-	-	(287,208)
Interest income	664	-	-	664
Net (loss) / profit for the year	(8,309,940)	1,967,154	783,659	(5,559,127)
Other comprehensive income				
Exchange differences arising in translation of foreign operations	(27,433)	-	-	(27,433)
Total comprehensive income/(loss), net of tax	(8,337,373)	1,967,154	783,659	(5,586,560)
Total assets	13,061,995	-	-	13,061,995
Total liabilities	6,527,648	-	-	6,527,648
Net (loss) / profit for the year includes the following specific expenses:				
Depreciation and amortisation	741,552	-	-	741,552
Share based payments	613,980	-	-	613,980

(b) Major customers

During the year ended 30 June 2024, one customer based in Europe contributed 12% of the Group’s total revenue (2023: 13%).

Except as disclosed above, no other customer contributed more than 10% of the Group’s total revenue.

Note 5 Revenue

	Consolidated	
	2024	2023
	$	$
Sales revenue		
Sale of goods (recognised at a point in time)	**4,593,490**	3,288,692
Licence Fees & Royalties (recognised at a point in time)	**-**	342,998
	4,593,490	3,631,690
Other revenue		
Interest	**4,929**	664

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 4.

Consolidated – 2024	**Supercapacitors $**	**Licence Fees and Royalties $**	**Total $**
Geographical regions			
Asia Pacific	1,478,534	-	1,478,534
Europe	2,659,134	-	2,659,134
Americas	455,822	-	455,822
Consolidated - 2024	**4,593,490**	**-**	**4,593,490**

Consolidated – 2023			
Geographical regions			
Asia Pacific	880,877	-	880,877
Europe	1,967,154	-	1,967,154
Americas	440,661	342,998	783,659
Consolidated – 2023	3,288,692	342,998	3,631,690

Note 6 Other income

	Consolidated	
	2024	2023
	$	$
Foreign Exchange Gains – (net)	**-**	22,045
R&D Tax Incentive	**1,950,780**	2,143,384
	1,950,780	2,165,429

Note 7 Expenses

	Consolidated	
	2024	2023
	$	$
Loss before income tax includes the following specific expenses:		
Cost of sale of goods		
Direct materials and labour	**2,722,251**	1,805,749
Movement in stock provision	**95,892**	(19,033)
Indirect manufacturing expenses	**396,567**	273,811
Total cost of sale of goods	**3,214,710**	2,060,527
Depreciation		
Plant and equipment	**387,354**	384,635
Furniture and fittings	**262**	294
Leasehold improvements	**837**	1,124
Right of use Assets	**346,273**	355,499
Total depreciation	**734,726**	741,552
Other expenses – movement in provisions		
Allowance for expected credit loss	**75,652**	189,491
Provision for make good on premises	**52,086**	40,999
Provision for Withholding Tax Diminution	**-**	18,274
	127,738	248,764
Finance costs		
Interest – lease liabilities	**188,465**	206,663
Interest – R&D Advance	**118,803**	80,545
	307,268	287,208
Employee benefits expense	**3,551,320**	4,161,394
Superannuation expense	**379,701**	397,130
Share based payments	**131,334**	613,980

Note 8 Income tax benefit

	Consolidated	
	2024	2023
	$	$
(a) Numerical reconciliation of income tax benefit to prima facie tax benefit		
Loss before tax	**(5,987,297)**	(5,559,127)
Tax at the Australian tax rate of 25% (2023: 25%)	**(1,496,824)**	(1,389,782)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Share based payments	**32,833**	153,245
(Non-assessable) / non-deductible items	**553,603**	773,126
	(910,388)	(463,411)
Benefit arising from temporary differences and tax losses not recognised	**910,388**	463,411
Income tax benefit	**-**	-

(b) Tax losses

Unused tax losses for which no deferred tax asset has been recognised	**101,939,936**	96,618,330
Potential tax benefit @ 25% (2022: 25%)	**25,064,970**	24,154,582

All unused tax losses were incurred by Australian entities. The deferred tax assets in relation to the tax losses will only be obtained if:

i) the Group derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised, and
ii) the Group continues to comply with the conditions for deductibility imposed by tax legislation, and
iii) no changes in tax legislation adversely affect the Group in realising the benefit from the deductions for the losses.

(c) Unrecognised temporary differences

Temporary differences for which no deferred tax asset has been recognised	**3,309,880**	3,092,505
Potential tax benefit @ 25% (2023: 25%)	**827,470**	773,126

CAP-XX Limited and its wholly owned Australian controlled entities have implemented the tax consolidation legislation as of 1 July 2002. The accounting policy in relation to this legislation is set out in note 1(h). CAP-XX Limited has not recognised any tax consolidation distribution from or to wholly tax consolidated entities.

Note 9 Current assets – Cash and cash equivalents

	Consolidated	
	2024	2023
	$	$
Cash at bank and on hand	**355,113**	402,636
Cash on deposit	**1,561,882**	2,241,174
	1,916,995	2,643,810

Note 10 Current assets – Receivables

	Consolidated	
	2024	**2023**
	$	**$**
Trade receivables	**721,661**	919,459
Other receivables	**-**	581,079
Provision for expected credit losses	**(35,596)**	(541,023)
	686,065	959,515

Movements in the provision for expected credit losses are as follows:

	Consolidated	
	2024	**2023**
	$	**$**
Opening balance	**541,023**	351,532
Receivables written off during the year	**(581,079)**	-
Allowance for expected credit loss	**75,652**	189,491
Closing balance	**35,596**	541,023

(a) Past due but not impaired

There were no trade receivables at 30 June 2024 that were past due but not impaired (2023: Nil).

(b) Fair value and credit risk

Due to the short-term nature of these receivables, their carrying value is assumed to approximate their fair value. The current receivables are non-interest bearing. There is some concentration of credit risk with respect to current receivables, as the Group has a limited number of customers, internationally dispersed.

(c) Foreign exchange and interest rate risk

Information about the Group's exposure to foreign currency risk and interest rate risk in relation to trade and other receivables is provided in note 2.

Note 11 Current assets – Inventories

	Consolidated	
	2024	2023
	$	$
Raw materials and stores	**861,150**	1,052,509
Work in progress	**97,553**	77,764
Finished goods	**994,083**	1,249,911
Obsolescence provision	**(274,170)**	(178,278)
	1,678,616	2,201,906

Note 12 Current assets – Other

	Consolidated	
	2024	2023
	$	$
Research & Development - Tax Credit	**1,942,001**	2,070,000
Prepayments	**39,185**	348,128
Other Receivables	**11,829**	11,818
	1,993,015	2,429,946

Note 13 Non-current assets – Property, plant and equipment

	Consolidated	
	2024	2023
	$	$
Plant and equipment at cost	**20,162,848**	20,146,977
Accumulated depreciation	**(18,127,870)**	(17,740,516)
Capital Works in Progress	**-**	12,203
Net book amount	**2,034,978**	2,418,664
Furniture and fittings at cost	**69,394**	69,394
Accumulated depreciation	**(67,392)**	(67,130)
Net book amount	**2,002**	2,264
Leasehold improvements at cost	**478,469**	478,470
Accumulated depreciation	**(472,001)**	(471,165)
Net book amount	**6,468**	7,305
Total property, plant and equipment	**20,710,712**	20,707,044
Total accumulated depreciation	**(18,667,263)**	(18,278,811)
Total net book amount	**2,043,449**	2,428,233

Movement in classes of assets: Consolidated	**Plant and equipment $**	**Leasehold improvements $**	**Furniture and Fittings $**	**Total $**
Year ended 2024				
Opening net book amount	**2,418,664**	**7,305**	**2,264**	**2,428,233**
Additions	**20,381**	**-**	**-**	**20,381**
Disposals	**(16,712)**	**-**	**-**	**(16,712)**
Depreciation	**(387,354)**	**(837)**	**(262)**	**(388,453)**
Closing net book amount	**2,034,979**	**6,468**	**2,002**	**2,043,449**

Movement in classes of assets: Consolidated	**Plant and equipment $**	**Leasehold improvements $**	**Furniture and Fittings $**	**Total $**
Year ended 2023				
Opening net book amount	2,685,754	8,429	1,937	2,696,120
Additions	117,545	-	621	118,166
Depreciation	(384,635)	(1,124)	(294)	(386,053)
Closing net book amount	2,418,664	7,305	2,264	2,428,233

Note 14 Non-current assets – Right of use assets

	Consolidated	
	2024	2023
	$	$
Right-of-use assets at cost	**3,407,991**	3,407,991
Accumulated depreciation	**(1,560,487)**	(1,214,214)
Net book amount	**1,847,504**	2,193,777

Movement in classes of assets: Consolidated	**Office Premises & Warehouse**	**Office Equipment**	**Total**
	$	**$**	**$**
Year ended 2024			
Opening book amount	2,175,276	18,501	2,193,777
Additions	-	-	-
Depreciation	(327,772)	(18,501)	(346,273)
Closing net book amount	1,847,504	-	1,847,504

Movement in classes of assets: Consolidated	**Office Premises & Warehouse**	**Office Equipment**	**Total**
Year ended 2023			
Opening book amount	2,505,857	43,419	2,549,276
Additions	-	-	-
Depreciation	(330,581)	(24,918)	(355,499)
Closing net book amount	2,175,276	18,501	2,193,777

Note 15 Non-current assets - Other

	Consolidated	
	2024	2023
	$	$
Rental bond	**204,808**	204,808

A term of the current lease agreement for the Seven Hills premises is a requirement for the Group to have a bank guarantee in place as security for the landlord against loss or damage from any event of default. The rental bond of $204,808 represents the current value of this bank guarantee.

Note 16 Current liabilities – Payables

	Consolidated	
	2024	2023
	$	$
Trade payables	**1,523,202**	1,677,270
Other payables and accrued expenses	**135,683**	156,287
	1,658,885	1,833,557

The carrying amount of trade and other payables are assumed to approximate to their fair values due to their short-term nature.

Note 17 Lease liabilities

	2024	2023
	$	$
Lease Liabilities – current	**261,521**	194,888
Lease liabilities – non current	**1,746,642**	2,024,584
	2,008,163	2,219,472

The Group holds a 10-year lease for property in Seven Hills, Sydney, NSW. This lease agreement includes an option to extend for 2 additional periods of 5 years. As at 30 June 2024, the Group have not included this option to extend within the lease liability, with such an extension not considered to be reasonably certain.

Reconciliation of lease liabilities at the beginning and end of the financial year are set out below:

	2024	**2023**
	$	**$**
Opening balance	**2,219,472**	2,411,323
Additions	-	-
Interest on lease liabilities	**188,465**	206,663
Repayments on lease liabilities	**(399,774)**	(398,514)
Balance as at 30 June 2024	**2,008,163**	2,219,472

The following are the remaining contractual maturities for the Group's lease liabilities:

	Less than 1 year	**2-5 years**	**Over 5 years**	**Contractual cash flows**	**Carrying Amount**
	$	**$**	**$**	**$**	**$**
Year ended 2024					
Lease liabilities	429,671	1,851,509	286,975	2,568,155	2,008,163

	Less than 1 year	**2-5 years**	**Over 5 years**	**Contractual cash flows**	**Carrying Amount**
	$	**$**	**$**	**$**	**$**
Year ended 2023					
Lease liabilities	399,774	1,797,581	770,573	2,967,928	2,219,472

Note 18 Current liabilities – Provisions

	Consolidated	
	2024	2023
	$	$
Employee benefits – annual leave and long service leave	**456,124**	632,655
	456,124	632,655

(a) Amounts not expected to be settled within the next 12 months

	Consolidated	
	2024	2023
	$	$
Annual leave obligation not expected to be settled within 12 months	**152,300**	198,799

(b) Risk exposure

Information about the Group's exposure to foreign exchange risk is provided in note 2.

(c) Product returns and warranties

Provision is made for estimated product returns and warranty claims in respect of products sold. The Group provides a one-year warranty on products sold to customers. There is no warranty provision as at 30 June 2024 (2023: nil).

Note 19 Current liabilities – Interest bearing liabilities

	Consolidated	
	2024	2023
	$	$
Short term borrowings	**768,174**	1,038,054
	768,174	1,038,054

Movement in interest bearing liabilities	Consolidated	
	2024	2023
	$	$
Carrying amount at start of year	**1,038,054**	-
Repayments	**(1,111,934)**	-
Borrowings drawn down	**723,251**	957,509
Interest expense	**118,803**	80,545
Carrying amount at end of year	**768,174**	1,038,054

The group has entered into a short term credit facility with a finance provider, with the expected R&D rebate used as collateral.

Note 20 Non-current liabilities – Provisions

	2024	2023
	$	$
Employee benefits – long service leave	**83,867**	70,133
Make good provision	**785,863**	733,777
	869,730	803,910

Note 20 Non-current liabilities – Provisions (continued)

(a) Make good provision

The Group is required to restore the leased premises of its office/warehouse to their original condition at the end of the respective lease term. A provision has been recognised for the present value of the estimated expenditure required to remove any leasehold improvements.

(b) Movements in provisions

Movements in the make good on premises provision during the financial year are set out below:

	Consolidated	
	2024	2023
	$	$
Carrying amount at start of year	**733,777**	692,778
Additions	**-**	-
Charged to profit or loss	**52,086**	40,999
Carrying amount at end of year	**785,863**	733,777

Note 21 Contributed equity

	Consolidated	
	2024	2023
(a) Share capital	**Shares**	Shares
Fully paid ordinary shares (no par value)	2,908,226,437	716,014,958

(b) Movement in ordinary share capital:

Date	Details	Number of shares	Issue price	$
1 July 2022	Opening balance	509,173,491		114,511,790
12 July 2022	Issue of Shares	1,062,343	$0.10	103,427
12 May 2023	Issue of Shares	76,535,370	$0.02	1,860,322
6 June 2023	Issue of Shares	129,243,754	$0.02	3,111,201
6 June 2023	Issue of Shares – Costs	-		(410,971)
30 June 2023	Closing balance	716,014,958		119,175,769
1 July 2023	**Opening balance**	**716,014,958**		**119,175,769**
30 November 2023	Issue of Shares - Directors	4,173,369	$0.0339	141,665
11 April 2024	Issue of Shares	103,854,880	$0.0020	212,393
25 April 2024	Issue of Shares	2,049,183,230	$0.0020	3,897,664
25 April 2024	Issue of Shares	35,000,000	$0.0020	70,000
		2,908,226,437		**123,497,491**
Less: cost of capital raising				
Invoices paid for professional services				(347,662)
Warrants issued				(249,016)
Total costs of capital raising				**(596,678)**
30 June 2024	**Closing Balance**	**2,908,226,437**		**122,900,813**

Note 21 Contributed Equity (continued)

(c) Ordinary shares

At 30 June 2024, there were 2,908,226,437 (2023: 716,014,958) issued ordinary shares which were fully paid, with no par value. Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Group in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

(d) Options

Information relating to the CAP-XX Limited Employee Share Option Plan, including details of options issued, exercised and lapsed during the financial year and options outstanding at the end of the financial year, is set out in note 30.

On 25 April 2024, 200,000,000 warrants were issued by the Company to Allenby Capital Limited with a subscription price payable on exercise of GBP 0.0015 (0.15 pence) per warrant share. The expiry date of the warrants is 24 April 2029. No warrants were exercised during the year.

(e) Capital management plan

The consolidated entity's objectives when managing capital is to safeguard its ability to continue as a going concern that it can provide returns for shareholders and benefits to other stakeholders and to maintain an optimum structure to reduce the cost of capital.

The consolidated entity would look to raise capital when an opportunity to invest in a business or company was value adding relative to the company's current share price at the time of the investment. The consolidated entity would actively pursue additional investments in the short term as it continues to integrate and grow its existing business in order to maximise synergies.

The capital risk management policy remains unchanged from the 2023 Annual report.

Note 22 Reserves and accumulated losses

	Consolidated	
	2024	2023
	$	$
(a) Reserves		
Foreign currency translation reserve	**(402,215)**	(359,147)
Share-based payments reserve	**8,839,817**	8,459,467
	8,437,602	8,100,320
Movements:		
Foreign currency translation reserve		
Balance 1 July	**(359,147)**	(331,714)
Currency translation differences arising during the year	**(43,068)**	(27,433)
Balance 30 June	**(402,215)**	(359,147)
Share-based payments reserve		
Balance 1 July	**8,459,467**	7,845,487
Share warrants issued	**249,016**	-
Option expense	**131,334**	613,980
Balance 30 June	**8,839,817**	8,459,467

Note 22 Reserves and accumulated losses (continued)

(b) Accumulated losses

	Consolidated	
	2024	2023
Movements in accumulated losses were as follows:		
	$	$
Balance 1 July	**(120,741,742)**	(115,182,615)
Net (loss) for the year	**(5,987,297)**	(5,559,127)
Balance 30 June	**(126,729,039)**	(120,741,742)

(c) Nature and purpose of reserves

(i) Foreign currency translation reserve

Exchange differences arising on translation of the foreign controlled entity are taken to the foreign currency translation reserve, as described in note 1(e). The reserve is recognised in profit and loss when the net investment is disposed of.

(ii) Share-based payments reserve

The share-based payments reserve is used to recognise the fair value of options issued but not exercised.

Note 23 Key management personnel disclosures

(a) Directors

The names of the directors who have held office during the financial year are as follows:

Patrick Elliott
Chairman

Lars Stegmann
Chief Executive Officer

Peter Fraser (appointed 18 June 2024)
Non-Executive Director

Dr Anthony Sive (appointed 18 June 2024)
Non-Executive Director

Dr Graham Cooley (appointed 18 June 2024)
Non-Executive Director

Steen Feldskov
Non-Executive Director

Bruce Grey (resigned 3 November 2023)
Non-Executive Director

(b) Key management personnel compensation

Key management personnel (KMP) compensation is set out below. KMP are those persons having authority and responsibility for planning, directing and controlling the major activities of the Company, directly or indirectly, including any Director. Details regarding the KMP are outlined below:-

Directors

Name	Position	Term as KMP
Patrick Elliott	Chairman	Full Year
Lars Stegmann	Chief Executive Officer	Full Year
Steen Feldskov	Non-Executive Director	Full Year
Bruce Grey	Non-Executive Director	1 July 2023 to 3 November 2023
Peter Fraser	Non-Executive Director	18 June 2024 to 30 June 2024
Dr Anthony Sive	Non-Executive Director	18 June 2024 to 30 June 2024
Dr Graham Cooley	Non-Executive Director	18 June 2024 to 30 June 2024

Note 23 Key management personnel disclosures (continued)

	Consolidated	
	2024	2023
	$	$
Short-term benefits	**525,185**	763,404
Post-employment benefits	**50,153**	388,655
Share-based payments	**174,519**	253,749
Total	**749,857**	1,405,808

(c) Other transactions with key management personnel or entities related to them

The following directors of the Company, and therefore each a related party as defined in the AIM Rules for Companies, participated in a subscription of new ordinary shares in the Company on 25 April 2024 (the "FY24 Subscription"):

- Patrick Elliot, the Company's Chairman, subscribed for 21,500,000 new ordinary shares in the FY24 Subscription, which represented an amount of $21,100 at the FY24 Subscription's issue price of 0.1 pence per new ordinary share (the "FY24 Issue Price").

- Lars Stegmann, the Company's Chief Executive Officer, subscribed for 8,500,000 new ordinary shares in the Subscription, which represented an amount of £8,500 at the FY24 Issue Price.

- Steen Feldskov, one of the Company's Non-Executive Directors, subscribed for 5,000,000 new ordinary shares in the Subscription, which represented an amount of £5,000 at the FY24 Issue Price.

The following directors of the Company, and therefore each a related party as defined in the AIM Rules for Companies, intend to participate in a subscription of new ordinary shares in the Company following the publication of the audited accounts for the year ended 30 June 2024 (the "FY25 Subscription"):

- Graham Cooley, one of the Company's Non-Executive Directors, intends to subscribe for 218,181,800 new ordinary shares in the FY25 Subscription, which represents an amount of £240,000 at the FY25 Subscription's issue price of 0.11 pence per new ordinary share (the "FY25 Issue Price").

- Peter Fraser, one of the Company's Non-Executive Directors, intends to subscribe for 9,090,900 new ordinary shares in the FY25 Subscription, which represents an amount of £10,000 at the FY25 Issue Price.

Note 24 Remuneration of auditors

	Consolidated	
	2024	2023
	$	$
BDO		
Audit services		
Audit of financial statements	**76,115**	69,996
Total remuneration for audit services	**76,115**	69,996
Taxation services		
Tax compliance services, including review of company income tax returns, employee share scheme and R&D Tax concession	**70,547**	77,785
Total remuneration of BDO	**146,662**	147,781

It is the Group's policy to employ BDO on assignments additional to their statutory audit duties where BDO's expertise and experience with the Group are important. These assignments are principally tax advice, or where BDO is awarded assignments on a competitive basis. It is the Group's policy to seek competitive tenders for all major consulting projects.

Note 25 Commitments and contingencies

The historical legal case with Maxwell Technologies, a wholly owned subsidiary of Tesla Inc. was settled during the period, with CAP-XX required to pay the counterparty's legal costs. This has been recorded as a liability as at 30 June 2024. There are no contingent liabilities in relation to this matter, or any other matter as at 30 June 2024 (2023: nil).

Note 26 Related party transactions

(a) Parent entity

The ultimate parent entity within the Group is CAP-XX Limited.

(b) Subsidiaries

Interests in subsidiaries are set out in note 27.

(c) Key management personnel

Disclosures relating to key management personnel are set out in note 23.

Note 27 Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1(c):

Name of entity	Country of incorporation	Class of shares	Equity holding *	
			30 June 2024 %	30 June 2023 %
CAP-XX (Australia) Pty Ltd	Australia	Ordinary	100	100
CAP-XX Research Pty Ltd	Australia	Ordinary	100	100
CAP-XX USA, Inc	United States	Ordinary	100	100

* The proportion of ownership interest is equal to the proportion of voting power held.

Note 28 Events occurring after the balance sheet date

Since the end of the financial year, the following matters have arisen:-

- On 1 July 2024, the Company granted options over 130,000,000 ordinary shares in the Company to the directors. Further details are disclosed in Note 30 to the financial statements.
- On 16 July 2024, CAP-XX announced that the Company had signed a Memorandum of Understanding with SCHURTER AG (“SCHURTER”) to work closely together on technology development and co-branded supercapacitor products. SCHURTER is a world leading Swiss technology company that manufactures and markets components for circuit protection, as well as connectors, switches, EMC, and HMI products. SCHURTER currently holds 4.69% of the Company’s issued ordinary share capital.
- On 5 August 2024, CAP-XX announced that it had received a notice to exercise warrants over 85,000,000 new ordinary shares in the Company at an exercise price of 0.15 pence per warrant, raising approximately £127,500 for the Company.
- On 14 August 2024, the Company granted options over 60,000,000 ordinary shares in the Company to certain employees. Further details are disclosed in Note 30 to the financial statements.
- The necessary paperwork associated with the receipt of the R&D Tax rebate for the 2024 financial year is in the final stages of being lodged with the relevant Government authorities and is expected to be received before the end of January 2025. The rebate is expected to be approximately A$1.9 million
- On 31 October 2024, CAP-XX announced that the Company had conditionally raised £0.25 million (before expenses) as a result of certain directors of the Company confirming their intention to subscribe for 227,272,700 new ordinary shares ("Subscription Shares") at the Issue Price of 0.11 pence per Ordinary Share.
- On 1 November 2024, CAP-XX announced that the Company had conditionally raised £2.5 million (before expenses) pursuant to the Placing of 2,272,727,200 new ordinary shares ("Placing Shares") at the Issue Price of 0.11 pence per Ordinary Share. The shares will be issued in two tranches. 363,983,965 Placing Shares (the "First Placing Shares") have been issued under the Company's existing authorities on 7 November 2024.
- On 5 November 2024, CAP-XX announced that the Company had conditionally raised £0.275 million (before expenses) pursuant to the completion of a retail offer of 250,000,000 new ordinary shares (“Retail Offer”) at the Issue Price of 0.11 pence per ordinary share
- Application will be made for 1,908,743,235 Placing Shares (the "Second Placing Shares") to be admitted to trading on AIM (“Admission”). Subject to, inter alia, the passing of the resolutions at the General Meeting, it is expected that Admission, and commencement of dealings, will take place at 8.00 a.m. on or around 9 December 2024.
- The Second Placing Shares, the Retail Offer and the Subscription Shares are conditional, inter alia, on the passing of a resolution by Shareholders at the General Meeting to be held at the offices of the Company on 5 December 2024.

There were no other matters or circumstances that have arisen since 30 June 2024 that have significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Note 29 Reconciliation of loss after tax to net cash outflow from operating activities

	Consolidated	
	2024	2023
	$	$
Net loss after tax	**(5,987,297)**	(5,559,127)
Depreciation and amortisation	**734,726**	741,552
Expected credit loss expense	**75,652**	189,491
Interest charged on financial liability	**118,803**	80,545
Non-cash employee benefit expense – share based payments	**131,399**	613,980
Changes in assets and liabilities:		
(Increase) / Decrease in receivables	**197,798**	(32,105)
(Increase) / Decrease in inventories	**523,290**	(365,758)
(Increase) / Decrease in other assets	**436,931**	(286,935)
(Decrease) / Increase in payables	**(158,025)**	665,409
(Decrease) / Increase in provisions	**(110,712)**	(380,627)
Net cash outflow from operating activities	**(4,037,435)**	(4,333,575)

Note 30 Share-based payments

(a) CAP-XX Limited Employee Share Option Plan

The CAP-XX Limited Employee Share Option Plan (the “CAP-XX Limited Plan”) provides for the grant of share options for the purchase of ordinary shares of the Group by officers, employees, consultants, advisors and directors of the Group or a related body corporate. The Board is responsible for the administration of the CAP-XX Limited Plan. The Board determines the term of each option, the option exercise price, and the number of shares for which each option is granted and the rate at which each option is exercisable. Unless otherwise determined by the Board an offer of Options must not provide for an exercise price that is less than the volume weighted average sale price of a share traded on AIM over a defined period.

Set out below is a summary of options granted under the CAP-XX Limited Plan:

Grant Date	Expiry date	Exercise price	Balance at start of the year	Granted during the year	Exercised during the year	Forfeited & expired during the year	Balance at end of the year	Exercisable at end of the year
		$	Number	Number	Number	Number	Number	Number
Consolidated – 2024								
14 October 2021	14 October 2026	£0.0595	34,440,000	-	-	(22,440,000)	12,000,000	12,000,000
12 April 2022	12 April 2027	£0.0560	2,300,000	-	-	-	2,300,000	1,012,000
11 May 2023	11 May 2028	£0.0131	20,000,000	-	-	-	20,000,000	4,000,000
			56,740,000	**-**	**-**	**(22,440,000)**	**34,300,000**	**17,012,000**
Weighted Average Exercise Price			**$0.10**			**$0.10**	**$0.10**	**$0.10**

Note 30 Share-based payments (continued)

(a) CAP-XX Limited Employee Share Option Plan (continued)

Fair value of options granted

There were no share options issued during the year ended 30 June 2024 (2023: 20,000,000).

On 1 July 2024 130,000,000 options were offered to directors of the Company under the following terms:

Year to which offer applies:	FY 2025
Date of Offer:	1 July 2024
Offer Close Date:	1 July 2024
Vesting Date/s:	20% (2,000,000) on 1 July 2025 20% (2,000,000) on 1 July 2026 20% (2,000,000) on 1 July 2027 20% (2,000,000) on 1 July 2028 20% (2,000,000) on 1 July 2029
Expiry Date:	1 July 2029
Black-Scholes valuation	$0.00359 (valued independently)
Acquisition Price	Nil cash consideration
Exercise price	$0.08

On 14 August 2024 60,000,000 options were offered to certain employees of the Company under the following terms:

Year to which offer applies:	FY 2025
Date of Offer:	1 July 2024
Offer Close Date:	1 July 2024
Vesting Date/s:	20% (2,000,000) on 1 July 2025 20% (2,000,000) on 1 July 2026 20% (2,000,000) on 1 July 2027 20% (2,000,000) on 1 July 2028 20% (2,000,000) on 1 July 2029
Expiry Date:	1 July 2029
Black-Scholes valuation	$0.00359 (valued independently)
Acquisition Price	Nil cash consideration
Exercise price	$0.08

Year ended 30 June 2023

The assessed fair value at grant date of options granted, during the year ended 30 June 2023, under the CAP-XX Limited Plan was A$0.02 on 11 May 2023. The fair value at grant date is determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the vesting and performance criteria, the impact of dilution, the non-tradeable nature of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

The model inputs for options granted included:

(a) options are granted for nil consideration, have a:

- 4 - 10 year life and 25% vest 24 months after the Vesting Commencement Date, and 6.25% of Total Option shall vest on each subsequent quarterly anniversary of the Vesting Commencement Date thereafter;
- specific vesting criteria in some minor instances.

(b) exercise price: refer tables above

(c) grant date: refer tables above

(d) expiry date: refer tables above

(e) share price at grant date

(f) expected volatility of share price over option life of 79.6%

(g) risk free rate of 2.75%

Note 30 Share-based payments (continued)

Grant Date	Expiry date	Exercise price	Balance at start of the year	Granted during the year	Exercised during the year	Forfeited & expired during the year	Balance at end of the year	Exercisable at end of the year
		$	Number	Number	Number	Number	Number	Number
Consolidated – 2023								
11 December 2017	11 December 2022	£0.1150	14,695,000	-	-	(14,695,000)		
14 October 2021	14 October 2026	£0.0595	34,490,000	-	-	(50,000)	34,440,000	17,655,200
12 April 2022	12 April 2027	£0.0560	2,300,000	-	-	-	2,300,000	1,012,000
11 May 2023	11 May 2028	£0.0131	-	20,000,000	-	-	20,000,000	-
			51,485,000	20,000,000	-	(14,745,000)	56,740,000	18,667,200
Weighted Average Exercise Price			$0.10	$0.02		$0.10	$0.08	$0.11

Fair value of options granted

There were 20,000,000 share options issued for the year ended 30 June 2023 (2022: 36,965,000).

The assessed fair value at grant date of options granted, during the year ended 30 June 2023, under the CAP-XX Limited Plan was A$0.02 on 11 May 2023. The fair value at grant date is determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the vesting and performance criteria, the impact of dilution, the non-tradeable nature of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

The model inputs for options granted included:

(a) options are granted for nil consideration, have a:
  - 4 -10 year life and 25% vest 24 months after the Vesting Commencement Date, and 6.25% of Total Option shall vest on each subsequent quarterly anniversary of the Vesting Commencement Date thereafter;
  - specific vesting criteria in some minor instances.

(b) exercise price: refer tables above

(c) grant date: refer tables above

(d) expiry date: refer tables above

(e) share price at grant date

(f) expected volatility of share price over option life of 79.6%

(g) risk free rate of 2.75%

(b) Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the period as part of employee benefit expense were as follows:

	Consolidated 2024 $	Consolidated 2023 $
Options issued under CAP-XX Limited Employee Share Option Plan	**131,399**	613,980
	131,399	613,980

Note 31 Economic dependency

The Group is highly dependent upon a small number of customers and potential customers. Alternative sources of revenue are being sought to reduce future dependency on any particular entity.

The Group is also dependent upon Malaysian contract manufacturers to fulfil a large proportion of sales orders and external shareholders due to the capital raising activities during the year.

Note 32 Earnings per share

Earnings per share for (loss) attributable to the ordinary equity holders of the Group.

	Consolidated	
	2024	2023
	Cents	Cents
(a) Basic earnings per share		
(Loss) attributable to the ordinary equity holders of the Company	**(0.54)**	(1.05)
(b) Diluted earnings per share		
(Loss) attributable to the ordinary equity holders of the Company	**(0.54)**	(1.05)

	Consolidated	
	2024	2023
	Number	Number
(c) Weighted average number of shares used as the denominator		
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	**1,118,079,098**	529,010,650
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	**1,118,079,098**	529,010,650

Options are considered to be potential ordinary shares. The options are not included in the calculation of diluted earnings per share because they are anti-dilutive. These options could potentially dilute basic earnings per share in the future.

Note 33 Parent Entity

(a) Summary financial information

The individual financial statements for the parent entity show the following aggregate amounts:

	2024	2023
	$	$
Statement of financial position		
Current assets	**6,049,407**	5,062,879
Total assets	**6,049,407**	5,062,879
Current liabilities	**1,344,558**	1,965,685
Total liabilities	**1,344,558**	1,965,685
Net Assets	**4,704,849**	3,097,194
Shareholders' equity		
Issued capital	**122,900,813**	119,175,769
Reserves		
Share-based payments	**8,839,817**	8,459,467
Accumulated losses ***(i)***	**(127,035,781)**	(124,538,042)
Loss for the year	**(2,497,738)**	(5,707,584)
Total comprehensive income / (loss)	**(2,497,738)**	(5,707,584)

***(i) Reconciliation to prior year* accumulated losses**

Balance at beginning of period 1/07/2023	(124,538,042)
Net loss for the year	(2,497,738)
Balance at end of period 30/06/2024	**(127,035,781)**

(b) Contingent Assets

The parent had no material contingent assets as at 30 June 2024 and 30 June 2023.

(c) Contingent Liabilities

The parent had no material contingent liabilities as at 30 June 2024 and 30 June 2023.

(d) Capital commitments - Property, plant and equipment

The parent had no capital commitments for property, plant and equipment as at 30 June 2024 and 30 June 2023.

(e) Significant accounting policies

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 1

Consolidated entity disclosure statement

The following provides information about the subsidiaries included in the consolidated financial statements of CAP-XX Limited as at 30 June 2024.

Name of entity	Type of Entity	Ownership interest 2024 %	Ownership interest 2023 %	Principal place of business / Country of incorporation	Country of residence for tax purposes
CAP-XX (Australia) Pty Ltd	Body corporate	100%	100%	Australia	Australia
CAP-XX Research Pty Ltd	Body corporate	100%	100%	Australia	Australia
CAP-XX USA, Inc *	Body corporate	100%	100%	USA	USA

* Effective control of the foreign subsidiary occurs from Australia and as such the entity will be dual residence in domestic country and Australia

Directors' declaration

The Directors of CAP-XX Limited (the Company) declare that:

- In the Directors' opinion the Financial Statements and notes for the financial year ended 30 June 2024 set out on pages 28 to 68 are in accordance with the Corporations Act 2001 (Cth), including:

  i) Complying with the Australian Accounting Standards and Corporations Regulations 2001; and
  ii) Giving a true and fair view of the financial position and performance of the Company and the consolidated entity.

- In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
- The basis of preparation notes confirms that the Financial Statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.
- The Directors have been given a declaration by the Chief Executive Officer in the form contained in section 295A of the Corporations Act 2001 for the financial year ended 30 June 2024.
- In the Directors opinion the consolidated entity disclosure statement required by subsection 295(3A) of the Corporations Act 2001 is true and correct.

This declaration is made in accordance with a resolution of the Directors.

Patrick Elliott
Chairman

Sydney
29 November 2024

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INDEPENDENT AUDITOR'S REPORT

To the members of CAP-XX Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of CAP-XX Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2024, the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including material accounting policy information, the consolidated entity disclosure statement and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

(i) Giving a true and fair view of the Group's financial position as at 30 June 2024 and of its financial performance for the year ended on that date; and

(ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 1 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the group's ability to continue as a going concern and therefore the group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Valuation of inventory

Key audit matter	How the matter was addressed in our audit
As at 30 June 2024, the Group holds $1,678,616 of inventory (2023: $2,201,906) as disclosed in Note 11, which represents a significant asset to the Group. Significant judgement and estimation is required in relation to assessing the net realisable value of inventory, and this is considered a key audit matter.	Our procedures to address this key audit matter included, but were not limited to: • Attended stock counts at all inventory locations as at year end, agreeing stock on hand to year end inventory reporting; • Evaluated management's calculations of inventory cost, and assessing whether the cost exceeds the net realisable value of each inventory item; and • Assessed management's provision for stock obsolescence, ensuring that this adequately captured slow moving items that may need to be sold below cost, or written off.

Impairment of assets

Key audit matter	How the matter was addressed in our audit
At 30 June 2024, the group had net assets of $4,609,376 (2023: $6,534,347). An impairment test is required where there are indicators of impairment for a cash generating unit under Australian Accounting Standard (AASB) 136 Impairment of Assets. The assessment of the carrying value of a cash generating unit requires management to make significant accounting judgements and estimates in producing a discounted cash flow model to determine whether the assets are appropriately carried.	Our procedures to address this key audit matter included, but were not limited to: • Obtained management's value in use calculations to assess the recoverable amount of assets; • Assessed the appropriateness of forecasts based on past performance, and past ability to meet forecasts; • Assessed future performance based on known required expenditure as well as known and expected sales channels; and • Ensured the discount rate applied in the value in use model is appropriate and supportable.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2024, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of:

a) the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001; and

b) the consolidated entity disclosure statement that is true and correct in accordance with the Corporations Act 2001, and

for such internal control as the directors determine is necessary to enable the preparation of:

i) the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and

ii) the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (http://www.auasb.gov.au/Home.aspx) at:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our auditor's report.

BDO Audit Pty Ltd

BDO

Gareth Few

Gareth Few
Director

Sydney, 29 November 2024