



CAP-XX Limited

ABN 47 050 845 291

Annual Report - 30 June 2025

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**CAP-XX Limited
Corporate directory
30 June 2025**

| | |
|--|---|
| Directors | Dr Graham Cooley Chairman |
| | Lars Stegmann Chief Executive Officer |
| | Peter Fraser Non-Executive Director |
| | Dr Anthony Sive Non-Executive Director |
| | Patrick Elliott Non-Executive Director |
| Secretary | Joanna Morbey |
| 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: 6:00 pm (AEDT) date: 28 November 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 Yarra Falls 452 Johnston Street Abbotsford VIC 3067 Australia |
| Registrars to depositary interests | Computershare Investor Services plc The Pavilions Bridgwater Road Bristol BS99 6ZY United Kingdom |
| Nominated adviser and broker to the Company | Allenby Capital 5 St Helen's Place London EC3A 6AB United Kingdom |

CAP-XX Limited
Corporate directory
30 June 2025

| | |
|---|---|
| Auditor | SW Audit Level 6, Aurora Place 88 Philip Street Sydney NSW 2000 Australia |
| Solicitors to the Company as to Australian law | Dentons 77 Castlereagh Street Sydney NSW 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 |

CAP-XX Limited
Chief Executive's review
30 June 2025

Dear Shareholders,

FY25 was a year of both transformation and disciplined execution for CAP-XX. While global economic conditions remained challenging, with rising trade tensions, tariffs, and supply chain pressures impacting the electronics sector, the Group navigated this environment with agility and focus. Three long-term projects reached end-of-life during the year, but transition has allowed us to reallocate resources toward higher-growth, higher-margin opportunities.

Operationally, we made substantial progress. The integration of Datapel WMS and Pipeliner CRM with MYOB has enhanced transparency and efficiency across our operations, while automation and process improvements at our Seven Hills facility have lifted production yields and reduced lead times. These initiatives, together with our diversified production base in Malaysia, China, and Australia, continue to deliver tangible efficiency gains.

Commercially, the relationship with SCHURTER AG is developing well and we have strengthened our global reach through new distribution agreements with Farnell (AVNET), RS Components, and Waldom Electronics, and achieved important design-wins with other major international customers. The early impact of these initiatives is now visible in current trading, with bookings in Q1 FY26 tracking more than 20% ahead of the same period last year.

We also maintained strong financial discipline, closing the financial year with A\$3.96 million in cash and an expected R&D tax credit of A\$1.8 million to be received in due course. This provides CAP-XX with flexibility to continue investing in innovation and growth.

Looking ahead, we are encouraged by growing traction in professional headsets and industrial applications, alongside emerging opportunities in Defence, Aviation, and Satellite markets, sectors where CAP-XX's technology provides clear competitive advantages. Our focus remains on executing with discipline, enhancing margins, and building sustainable value for shareholders.

On behalf of the executive team, I thank our employees for their dedication, our customers for their trust, and our shareholders for their continued support as we advance CAP-XX's next phase of growth.

Yours sincerely,

A handwritten signature in black ink on a light blue background. The signature reads "i.a. L. Stegmann".

Lars Stegmann
Chief Executive Officer

7 November 2025

CAP-XX Limited
Chairman's report
30 June 2025

Dear Shareholders,

FY25 was a pivotal year for CAP-XX, marked by operational improvement, strategic renewal, and clear progress in positioning the Group for sustainable growth. I was honoured to assume the role of Chairman in March 2025, succeeding Patrick Elliott, who continues to serve as a Non-Executive Director after more than a decade of valued leadership. I also wish to thank Steen Feldskov for his contribution prior to stepping down at the last AGM. The appointment of SW Audit as our new auditor during the year reinforces our commitment to strong governance and transparency.

Commercially, the Group made meaningful strides. New distribution partnerships with Farnell (AVNET) and RS Components significantly expanded our global reach, and we have already begun to see the benefits of these relationships in current trading. We also achieved key design-wins, including integration into a next-generation headphone platform with a major Asian manufacturer and, post year-end, a design-win with one of the world's leading semiconductor companies. The collaboration with SCHURTER AG has also begun to convert into orders, supported by a growing opportunity pipeline.

The Board remains disciplined in overseeing capital allocation and cash control. CAP-XX ended the financial year with A\$3.96 million in cash, to be supplemented by an expected A\$1.8 million R&D tax credit receivable in cash in due course. The addition of new institutional shareholders further demonstrates growing confidence in CAP-XX's direction and execution capability.

With a strengthened global distribution network, an expanding design-win portfolio, and a focus on operational efficiency, the Company has entered FY26 with real momentum. While macroeconomic challenges remain, the Board is confident that CAP-XX is well placed to convert its growing commercial pipeline into sustainable revenue and long-term value creation.

On behalf of the Board, I thank our employees for their commitment, our partners and customers for their collaboration, and our shareholders for their ongoing support.

Yours sincerely,



Dr Graham Cooley
Chairman

7 November 2025

Review of Operations and Activities

During the financial year ended 30 June 2025 (“FY25”), CAP-XX Limited continued its transformation toward a more efficient, commercially focused, and sustainable operating model. The Group further consolidated its competitive advantage in **thin, prismatic supercapacitors**, a market characterised by rapid technological change and growing demand across IoT, industrial, and mobility applications.

Operational performance

Management implemented a comprehensive systems upgrade—integrating WMS and CRM tools with the MYOB platform - to strengthen production planning and customer engagement. Manufacturing processes at Seven Hills were optimised, while diversification of production across Malaysia, China, and Australia provided greater supply-chain resilience and improved yields. No environmental non-compliance events were reported.

Commercial and partnership progress

FY25 saw an expansion of the Company’s global sales footprint. A new distribution agreement with **RS Group plc** (signed in June 2025) joined existing relationships with **Farnell (Avnet)** and other global distributors, extending CAP-XX’s reach throughout EMEA and North America. The **technology cooperation with SCHURTER AG**, announced earlier in the year, progressed to first co-branded shipments in January 2025 and is generating a growing pipeline of industrial and medical electronics opportunities.

Research & development

The Company advanced several new product platforms, including **surface-mount (SMT) supercapacitors** capable of automated reflow-oven assembly, **ultra-thin DMH (0.4 mm)** devices for wearables and medical sensors, and **3 V prismatic capacitors** designed to simplify system integration. CAP-XX continues to strengthen its intellectual-property portfolio - seven patent families with seven granted national patents and two further applications pending, reflecting a disciplined “quick-to-file, quick-to-abandon” IP strategy.

Financial results

Group revenue increased 8% to A\$4.94 million (FY24: A\$4.59 million) and gross profit rose 7% to A\$1.47 million (FY24: A\$1.38 million). The **EBITDA loss** improved to **A\$3.04 million** (restated FY24: A\$5.11 million), largely due to lower legacy legal costs and tighter operating expenditure. The **net loss after tax** was **A\$3.93 million** (restated FY24: A\$6.14 million). Cash as at 30 June 2025 was A\$3.96 million (FY24: A\$1.76 million), with an **A\$1.8 million R&D tax credit** expected in due course. Borrowings were fully repaid during the year.

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 is tabled below:

| | 2025 | 2024 |
|--|--------------------|--------------------|
| | \$ | (Restated *) |
| | | \$ |
| EBITDA Calculation | | |
| Loss before income tax attributable to owners of CAP-XX Limited | (3,925,922) | (6,143,542) |
| Depreciation and Amortisation expense | 716,959 | 734,726 |
| Interest Expense | 240,902 | 307,268 |
| Interest Income | (73,993) | (4,929) |
| EBITDA | (3,042,054) | (5,106,477) |

*See note 1(x) for details regarding the restatement as a result of a prior period adjustment

CAP-XX Limited
Business review
30 June 2025

The Company reported an EBITDA loss of A\$3.04 million in FY25. The EBITDA loss decreased by \$2.07m from the restated FY24 mainly due to the decrease in costs associated with resolving the legacy licence fee disputes.

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

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.

Outlook

The Board remains focused on achieving profitability and positive operating cash flow through increased sales volumes, richer product mix, continued efficiency gains, and accelerating design-wins in target markets. CAP-XX enters FY26 with a strengthened balance sheet, a growing customer base, and a clear pathway toward sustainable growth.

**CAP-XX Limited
Directors' report
30 June 2025**

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 2025.

Directors

The following persons were directors of CAP-XX Limited during the financial year:

| | |
|--|--------------------------|
| Dr Graham Cooley | Chairman |
| Lars Stegmann | Chief Executive Officer |
| Patrick Elliott | Non - Executive Director |
| Peter Fraser | Non - Executive Director |
| Dr Anthony Sive | Non - Executive Director |
| Steen Feldskov (appointed 12 April 2022, resigned 13 January 2025) | Non - Executive Director |

The directors have been in office since the start of the year and up to the date of this report unless otherwise stated.

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.

Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Review of operations

The loss for the Company after providing for income tax amounted to \$3,925,922 (2024 restated: \$6,143,542).

Refer to the Business Review for commentary.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Group during the financial year.

Matters subsequent to the end of the financial year

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

- On 1 July 2025 the Company issued 1,000,000 options over unissued ordinary shares of CAP-XX have been granted to certain employees of the Company as part of their remuneration.
- On 1 July 2025, the Company issued 14,452,464 ordinary shares in lieu of certain directors' salaries, with Dr Graham Cooley being issued 5,821,600 shares and Lars Stegmann receiving 8,630,864 shares. These shares were issued at a price of 0.22 pence, being the closing mid-market price of the Company's shares on 30 June 2025.
- On 18 July 2025 an update to the collaboration with SCHURTER AG., with the total project pipeline estimated to be approaching USD 2 million of potential revenue to CAP-XX.
- On 5 August 2025, the Company announced that it had a design win with a leading multinational company. The design win project is under commercial confidentiality and involves one of the world's largest semiconductor chip manufacturers, with the potential for broader adoption across additional applications.
- On 16 September 2025, the Company announced that it had successfully implemented a new Warehouse Management System at its manufacturing facility at Seven Hills and at its contract manufacturing partner site in Malaysia, Natingate.

There were no other matters or circumstances that have arisen since 30 June 2025 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.

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.

CAP-XX Limited
Directors' report
30 June 2025

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

Dr Graham Cooley Non-executive Chairman. Age 61.

Appointed 19 March 2025 as Chairman

(from 18 June 2024 to 18 March 2025 held a Non-Executive Director role)

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

573,181,800 (2024: 355,000,000) ordinary shares in CAP-XX Limited

50,000,000 (2024: 10,000,000) options over ordinary shares in CAP-XX Limited.

No share options were exercised during the financial year.

Lars Stegmann Chief Executive Officer. Age 55.

Appointed 11 May 2023

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 (2024: 8,500,000) ordinary shares in CAP-XX Limited.

160,000,000 (2024: 100,000,000) options over ordinary shares in CAP-XX Limited.

No share options were exercised during the financial year.

CAP-XX Limited
Directors' report
30 June 2025

Patrick Elliott Non-executive Director. Age 73.
Appointed 19 March 2025 as Non-Executive Director
(from 11 December 2011 to 18 March 2025 held Chairman role)

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
46,690,630 (2024: 35,864,421) ordinary shares in CAP-XX Limited (including shares held by Panstyn Investments Pty Limited).
12,300,000 (2024: 12,300,000) options over ordinary shares in CAP-XX Limited.

No share options were exercised during the financial year.

Peter Fraser Non-executive Director. Age 66.
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
Member of the Remuneration Committee

Interests in shares and options
9,090,900 (2024: Nil) ordinary shares in CAP-XX Limited
10,000,000 (2024: 10,000,000) options over ordinary shares in CAP-XX Limited

No share options were exercised during the financial year.

Dr Anthony Sive Non-executive Director. Age 66.
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.

CAP-XX Limited
Directors' report
30 June 2025

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 (2024: Nil) ordinary shares in CAP-XX Limited
10,000,000 (2024: 10,000,000) options over ordinary shares in CAP-XX Limited

No share options were exercised during the financial year.

Information on Company Secretaries

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.

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 2025, and the number of meetings attended by each director were:

| | Full Meeting of Directors | | Audit Committee Meetings | | Remuneration Committee Meetings | |
|-----------------|---------------------------|----|--------------------------|---|---------------------------------|---|
| | A | B | A | B | A | B |
| | | | | | | |
| Graham Cooley | 12 | 12 | - | - | 2 | 2 |
| Patrick Elliott | 12 | 11 | - | - | 2 | 2 |
| Lars Stegmann | 12 | 12 | - | - | - | - |
| Peter Fraser | 12 | 12 | 1 | 1 | 2 | 2 |
| Anthony Sive | 12 | 12 | 1 | 1 | 2 | 2 |
| Steen Feldskov* | 8 | 7 | 1 | 1 | - | - |

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

B = Number of meetings attended

* Mr Steen Feldskov resigned on 13 January 2025.

Whilst there is a Nomination Committee, there were no meetings held this financial year ended 30 June 2025.

CAP-XX Limited
Directors' report
30 June 2025

Directors' remuneration

Year ended 30 June 2025

Details of the remuneration of each director of CAP-XX Limited, for the year ended 30 June 2025, 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.

| | Primary | | Non-monetary benefits | Post-employment | | Equity | | Total |
|-------------------------|----------------------------|---------------|-----------------------|-----------------|---------------------|----------------|------------------|-------|
| | Cash salary & accrued fees | Cash bonus | | Super-annuation | Retirement benefits | Options | | |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | |
| Executive directors | | | | | | | | |
| Lars Stegmann | 473,644 | 39,832 | - | 57,257 | - | 223,628 | 794,361 | |
| Non-executive directors | | | | | | | | |
| Dr Graham Cooley | 46,721 | - | - | - | - | 109,489 | 156,210 | |
| Patrick Elliott | 25,000 | - | 49,249 | - | - | 14,356 | 88,605 | |
| Peter Fraser | 50,732 | - | - | - | - | 7,180 | 57,912 | |
| Dr Anthony Sive | 49,251 | - | - | - | - | 7,180 | 56,431 | |
| Steen Feldskov* | 29,910 | - | 97,890 | - | - | 14,356 | 142,156 | |
| | <u>675,258</u> | <u>39,832</u> | <u>147,139</u> | <u>57,257</u> | <u>-</u> | <u>376,189</u> | <u>1,295,675</u> | |

* Mr Steen Feldskov resigned on 13 January 2025.

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.

| | Primary | | Non-monetary benefits | Post-employment | | Equity | | Total |
|-------------------------|----------------------------|------------|-----------------------|-----------------|---------------------|----------------|----------------|-------|
| | Cash salary & accrued fees | Cash bonus | | Super-annuation | Retirement benefits | Options | | |
| 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 | |
| | <u>429,947</u> | <u>-</u> | <u>95,238</u> | <u>50,153</u> | <u>-</u> | <u>174,519</u> | <u>749,857</u> | |

* Mr Bruce Grey resigned on 3 November 2023.

** Mr Steen Feldskov resigned on 13 January 2025.

Shares under option

Unissued ordinary shares of CAP-XX Limited under option at 30 June 2025 are as follows:

| Grant date | Expiry date | Exercise Price* £ | Number under option |
|-----------------|-----------------|----------------------|---------------------|
| 14 October 2021 | 14 October 2026 | 0.0595 | 8,365,000 |
| 12 April 2022 | 12 April 2027 | 0.0560 | 2,300,000 |
| 11 May 2023 | 11 May 2028 | 0.0131 | 20,000,000 |
| 17 June 2024 | 17 June 2029 | 0.0008 | 130,000,000 |
| 14 August 2024 | 14 August 2029 | 0.0008 | 42,000,000 |
| 18 March 2025 | 18 March 2030 | 0.0013 | 40,000,000 |
| 25 March 2025 | 25 March 2030 | 0.0013 | 60,000,000 |
| | | | 302,665,000 |

* Exercise prices are denominated in pounds Sterling

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

Additionally 115,000,000 warrants held by Allenby Capital remain unexercised as at 30 June 2025.

There were 1,000,000 share options over unissued ordinary shares granted since the end of the financial year to certain employees of the Company as part of their remuneration. These options have an exercise price of £0.0022, vest immediately and have a term of five years to 1 July 2030.

Refer to Note 32 to the consolidated financial statements for details on options issued and cancelled during the year.

Loans to directors and executives

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

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.

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.

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.

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 immediately after this directors' report.

Non-audit Services

It is the Group's policy to employ SW Accountants & Advisors ("SW"), an associated entity of SW Audit, on assignments additional to their statutory audit duties where SW's expertise and experience with the Group are important. These assignments are principally tax compliance where SW is awarded assignments on a competitive basis. It is the Group's policy to seek competitive tenders for all major projects.

CAP-XX Limited
Directors' report
30 June 2025

Details of the amounts paid or payable to the auditor and its associated entities (during this financial year there were two set of auditors remunerated) for audit and non-audit services provided, during the year, are set out in Note 25 to the consolidated financial statements.

The Directors are of the opinion that the services disclosed in Note 25 to the consolidated 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.



Dr Graham Cooley
Chairman

7 November 2025

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor of CAP-XX Limited, I declare that, to the best of my knowledge and belief, during the year ended 30 June 2025 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit, and
- ii. 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.



Kamal Thakkar
Partner

SW Audit
Chartered Accountants

Sydney
7 November 2025



**CAP-XX Limited
Corporate Government Statement**

THE QUOTED COMPANY ALLIANCE (QCA) CODE

The Directors recognise the importance of good corporate governance and have chosen to adopt and apply the 2023 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”.

The Code was updated in 2023 to provide more emphasis on, inter alia (i) the importance of a clear and long-term purpose, strategy and business model that promotes value for shareholders; (ii) the workforce as a key stakeholder; and (iii) including recommendations around remuneration-related voting and the independence of the Board.

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

Dr Graham Cooley, 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 purpose, 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. | <p>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 licence 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.</p> <p>The key challenges to the business and how these are mitigated are detailed in the Company's Annual Report for the year ended 30 June 2025 under the "Business Review" heading and in Note 1 of the Annual Report.</p> |
| 2. Promote a corporate culture that is based on ethical values and behaviours. | <p>The board should embody and promote a corporate culture that is based on sound ethical values and behaviours and use it as an asset and a source of competitive advantage.</p> <p>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.</p> <p>The culture should be visible in every aspect of the business, including recruitment, nominations,</p> | <p>The CAP-XX Board considers that confidence in its integrity can only be achieved if its employees and officers 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.</p> <p>The CAP-XX Board and management conduct themselves ethically at all times and promote</p> |

**CAP-XX Limited
Corporate Government Statement**

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| | <p>training and engagement. The performance and reward system should endorse the desired ethical behaviours across all levels of the company.</p> <p>The corporate culture should be recognisable throughout the disclosures in the annual report, website and any other statements issued by the company.</p> | <p>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.</p> |
| <p>3. Seek to understand and meet shareholder needs and expectations.</p> | <p>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.</p> | <p>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.</p> <p>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 institutional shareholders typically every six months and when necessary, solicits feedback from its larger shareholders via its Nominated Adviser and broker. CAP-XX welcomes shareholder contact at any time and communications should be sent in the first instance to investor.relations@cap-xx.com</p> <p>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.</p> <p>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).</p> <p>The Board believes the Company's mode of engaging with shareholders is adequate and effective.</p> |
| <p>4. Take into account wider stakeholder and social and environmental responsibilities and their implications for long-term success.</p> | <p>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</p> | <p>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.</p> |

**CAP-XX Limited
Corporate Government Statement**

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| | <p>understand their needs, interests and expectations.</p> <p>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.</p> <p>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.</p> | <p>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.</p> <p>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 2025, 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.</p> <p>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 ISO9001:2015.</p> |
| <p>5. Embed effective risk management, internal controls and assurance activities, considering both opportunities and threats, throughout the organisation.</p> | <p>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.</p> <p>Setting strategy includes determining the extent of exposure to the identified risks that the company is able to bear and willing</p> | <p>The Board has a number of responsibilities specifically relating to risk including:</p> <ul style="list-style-type: none"> ● 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. |

**CAP-XX Limited
Corporate Government Statement**

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| | <p>to take (risk tolerance and risk appetite).</p> | <p>The Board has established Audit, Remuneration and Nomination Committees. Full details of which are contained in the Corporate Governance sections of the Company's website.</p> <p>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 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 at least once a year.</p> <p>At present the internal audit of financial controls form part of the responsibilities of the Group's finance function.</p> |
|--|--|---|

MAINTAIN A DYNAMIC MANAGEMENT FRAMEWORK

| QCA Code Principle | Application (as set out by QCA) | What we do and why |
|---|--|---|
| <p>6. Establish and maintain the board as a well-functioning, balanced team led by the chair.</p> | <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>Directors must commit the time necessary to fulfill their roles.</p> | <p>The Board comprises five directors, four of whom are independent non-executive directors, the fifth being the Company's chief executive officer. 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 Dr Graham Cooley who was first elected to the Board in June 2024.</p> <p>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.</p> <p>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 2025, twelve Board meetings were held as well as two Remuneration Committee meetings, one Audit Committee meeting. There were no Nomination Committee meetings held this financial year.</p> |

**CAP-XX Limited
Corporate Government Statement**

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| | | <p>The Company's Corporate Governance Statement (available on the CAP-XX website) provides further details, including how the Board evaluates its own performance.</p> <p>The CAP-XX Annual Report and Accounts for the year ended 30 June 2025 also explains the governance framework and provides data on the number of Board and Committee meetings (and Director attendance at the same).</p> |
| <p>7. Maintain appropriate governance structures and ensure that individually and collectively the directors have the necessary up-to-date experience, skills and capabilities.</p> | <p>The company should maintain governance structures and processes in line with its corporate culture and appropriate to its:</p> <ul style="list-style-type: none"> • size and complexity; and • capacity, appetite and tolerance for risk. <p>The governance structures should evolve over time in parallel with its objectives, strategy and business model to reflect the development of the company.</p> <p>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.</p> <p>The board should not be dominated by one person or a group of people.</p> <p>Strong personal bonds can be important but can also divide a board.</p> <p>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.</p> | <p>CAP-XX's Corporate Governance Statement attached to the Company's Annual Report for the year ended 30 June 2025 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.</p> <p>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.</p> <p>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.</p> <p>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:</p> <ul style="list-style-type: none"> ● Developing, providing input into and final approval of the Company's strategic plan; ● 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 |

**CAP-XX Limited
Corporate Government Statement**

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| | | <ul style="list-style-type: none"> ● Appointing, monitoring and managing the performance and remuneration of executive directors and senior executives. <p>Details of the Company's Audit, Remuneration and Nomination Committees, including their terms of reference can be found here: https://www.capxx.com/aim-rule-26/</p> <p>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.</p> <p>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.capxx.com/key-personnel/) and also in the CAP-XX Annual Report and Accounts for the year ended 30 June 2025.</p> <p>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.</p> <p>As noted above the Company has put in place an Audit Committee, a Remuneration Committee and a Nomination Committee. The responsibilities of all three Committees are set out in the Corporate Governance Statement on the CAP-XX website (https://www.cap-xx.com/thecompany/corporate-governance/) along with the terms of reference.</p> |
| <p>8. Evaluate board performance based on clear and relevant objectives, seeking continuous improvement.</p> | <p>The board should regularly review the effectiveness of its performance as a unit, as well as that of its committees and the individual directors.</p> <p>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.</p> <p>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.</p> | <p>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 the CAP-XX Chairman.</p> <p>The Board's annual effectiveness review was conducted, and high-level recommendations were discussed and agreed. These recommendations and the associated improvements are consistently being monitored at the regular Board meetings.</p> |

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| | | <p>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.</p> <p>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.</p> <p>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 a change in chairmanship. 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.</p> |
| <p>9. Establish a remuneration policy which is supportive of long-term value creation and the company's purpose, strategy and culture.</p> | <p>The remuneration policy should be designed to motivate management and promote the long-term growth of shareholder value.</p> <p>The policy must reflect the company's overall purpose and strategic objectives, to ensure that remuneration practices are not only competitive but also relevant to the company's missions and values.</p> <p>Companies are encouraged to put their annual remuneration reports and policies to a shareholder vote at each annual general meeting.</p> <p>The remuneration practices should promote good behaviours and decision-making within the organisation. This includes ensuring that the structure of pay</p> | <p>The Company has in place competitive remuneration for all levels of staff and management.</p> <p>Remuneration is reviewed by management annually if not more frequently.</p> <p>To encourage workforce engagement, short-term and long-term incentives are available, and an employee option scheme is in place.</p> <p>In addition, a Remuneration Committee exists as a sub-committee of the Board with the function of assessing management's views of the Company's remuneration levels.</p> |

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| | and incentives encourages ethical conduct and aligns with the company's culture. | |
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BUILD TRUST

| QCA Code Principle | Application (as set out by QCA) | What we do and why |
|--|---|--|
| <p>10. Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other key stakeholders.</p> | <p>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.</p> <p>In particular, appropriate communication and reporting structure should exist between the board and all constituent parts of its shareholder base. This will assist:</p> <ul style="list-style-type: none"> ● the communication of shareholders' views to the board; and ● the shareholders' understanding of the unique circumstances and constraints faced by the company. <p>It should be clear where these communication practices are described (annual report or website).</p> | <p>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 2025.</p> <p>The communication and interaction between CAP-XX and its shareholders are explained in the disclosure above (see principle 3).</p> <p>Audit, Remuneration and Nomination Committee membership is included in the CAP-XX Annual Report for the year ended 30 June 2025 as well as the full disclosure of CAP-XX Directors remuneration. Responsibilities of each Committee can be found on the CAP-XX website (available here https://www.cap-xx.com/aim-rule-26/)</p> <p>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/)</p> <p>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.</p> <p>The Board recognises 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.</p> |

CAP-XX Limited
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30 June 2025

Consolidated Financial Statements – 30 June 2025

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General information

The consolidated financial statements cover the Group consisting of CAP-XX Limited and its subsidiaries. The consolidated financial statements are presented in Australian dollars, which is CAP-XX Limited's functional and presentation currency.

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

Registered office

Unit 1
13 A Stanton Road
Seven Hills NSW 2147

Principal place of business

Unit 1
13 A Stanton Road
Seven Hills NSW 2147

A description of the nature of the company's operations and its principal activities are included in the directors' report, which is not part of the consolidated financial statements.

The consolidated financial statements were authorised for issue, in accordance with a resolution of directors, on 7 November 2025. The directors have the power to amend and reissue the consolidated financial statements.

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

CAP-XX Limited
Consolidated statement of profit or loss and other comprehensive income
For the year ended 30 June 2025

| | Note | 2025 \$ | 2024 (Restated *) \$ |
|--|-------------|---------------------------|-----------------------------------|
| Revenue | | | |
| Revenue from contracts with customers | 5 | 4,939,728 | 4,593,490 |
| Cost of sales | 7 | <u>(3,470,348)</u> | <u>(3,214,710)</u> |
| Gross profit | | <u>1,469,380</u> | <u>1,378,780</u> |
| Other income | 6 | 2,141,349 | 1,950,780 |
| Finance income | 6 | 73,993 | 4,929 |
| Expenses | | | |
| Process and engineering expenses | | (2,041,669) | (2,055,488) |
| Research expenses | | (1,275,412) | (1,264,491) |
| Other expenses | | (24,711) | (349,225) |
| Finance costs | 7 | (240,902) | (307,268) |
| Selling and marketing expenses | | (695,307) | (691,090) |
| General and administrative expenses | | <u>(3,332,643)</u> | <u>(4,810,469)</u> |
| Loss before income tax expense | 7 | (3,925,922) | (6,143,542) |
| Income tax expense | 8 | <u>-</u> | <u>-</u> |
| Loss after income tax expense for the year attributable to the owners of CAP-XX Limited | | <u><u>(3,925,922)</u></u> | <u><u>(6,143,542)</u></u> |
| Other comprehensive income | | | |
| <i>Items that may be reclassified subsequently to profit or loss</i> | | | |
| Exchange differences on translation of foreign operations | | <u>(56,640)</u> | <u>(43,068)</u> |
| Other comprehensive income for the year, net of tax | | <u>(56,640)</u> | <u>(43,068)</u> |
| Total comprehensive income for the year attributable to the owners of CAP-XX Limited | | <u><u>(3,982,562)</u></u> | <u><u>(6,186,610)</u></u> |
| Earnings per share for loss attributable to the Ordinary equity holders of the Company | | | |
| Basic loss per share | 33 | (0.08) | (0.55) |
| Diluted loss per share | 33 | (0.08) | (0.55) |

*See note 1(x) for details regarding the restatement as a result of a prior period adjustment

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

CAP-XX Limited
Consolidated statement of financial position
As at 30 June 2025

| | Note | 2025 \$ | 2024 (Restated *) \$ |
|--------------------------------|------|----------------------|----------------------------|
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | 9 | 3,956,163 | 1,760,750 |
| Trade and other receivables | 10 | 2,471,775 | 2,628,066 |
| Inventories | 11 | 991,017 | 1,678,616 |
| Other assets | 12 | 65,937 | 51,014 |
| Total current assets | | <u>7,484,892</u> | <u>6,118,446</u> |
| Non-current assets | | | |
| Property, plant and equipment | 13 | 1,699,718 | 2,043,449 |
| Intangibles | 14 | 149,715 | - |
| Right-of-use assets | 15 | 1,515,161 | 1,847,504 |
| Other assets | 16 | 204,808 | 204,808 |
| Total non-current assets | | <u>3,569,402</u> | <u>4,095,761</u> |
| Total assets | | <u>11,054,294</u> | <u>10,214,207</u> |
| Liabilities | | | |
| Current liabilities | | | |
| Trade and other payables | 17 | 1,297,348 | 1,658,885 |
| Borrowings | 18 | - | 768,174 |
| Lease liabilities | 19 | 442,561 | 261,521 |
| Provisions | 20 | 466,563 | 456,124 |
| Total current liabilities | | <u>2,206,472</u> | <u>3,144,704</u> |
| Non-current liabilities | | | |
| Lease liabilities | 19 | 1,300,036 | 1,746,642 |
| Provisions | 21 | 848,965 | 869,730 |
| Total non-current liabilities | | <u>2,149,001</u> | <u>2,616,372</u> |
| Total liabilities | | <u>4,355,473</u> | <u>5,761,076</u> |
| Net assets | | <u>6,698,821</u> | <u>4,453,131</u> |
| Equity | | | |
| Contributed equity | 22 | 128,836,930 | 122,900,813 |
| Reserves | 23 | 8,673,097 | 8,437,602 |
| Accumulated losses | 23 | <u>(130,811,206)</u> | <u>(126,885,284)</u> |
| Total equity | | <u>6,698,821</u> | <u>4,453,131</u> |

*See note 1(x) for details regarding the restatement as a result of a prior period adjustment

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 2025

| | Note | Issued capital \$ | Reserves \$ | Accumulated Losses \$ | Total Equity \$ |
|--|------|-------------------------|----------------|-----------------------------|-----------------------|
| Balance at 1 July 2023 | | 119,175,769 | 8,100,320 | (120,741,742) | 6,534,347 |
| Loss after income tax expense for the year (restated *) | | - | - | (6,143,542) | (6,143,542) |
| Other comprehensive income for the year, net of tax | | - | (43,068) | - | (43,068) |
| Total comprehensive income for the year | | - | (43,068) | (6,143,542) | (6,186,610) |
| <i>Transactions with owners in their capacity as owners:</i> | | | | | |
| Contributions of equity, net of transaction costs and tax | | 3,725,044 | - | - | 3,725,044 |
| Share warrants issued | | - | 249,016 | - | 249,016 |
| Employee share options - value of employee services | | - | 131,334 | - | 131,334 |
| Balance at 30 June 2024 (restated *) | | 122,900,813 | 8,437,602 | (126,885,284) | 4,453,131 |

| | Note | Issued capital \$ | Reserves \$ | Accumulated Losses \$ | Total Equity \$ |
|--|-------|-------------------------|----------------|-----------------------------|-----------------------|
| Balance at 1 July 2024 | | 122,900,813 | 8,437,602 | (126,729,039) | 4,609,376 |
| Prior period error | 1(x) | - | - | (156,245) | (156,245) |
| Restated balance at 1 July 2024 | | 122,900,813 | 8,437,602 | (126,885,284) | 4,453,131 |
| Loss after income tax expense for the year | | - | - | (3,925,922) | (3,925,922) |
| Other comprehensive income for the year, net of tax | | - | (56,640) | - | (56,640) |
| Total comprehensive income for the year | | - | (56,640) | (3,925,922) | (3,982,562) |
| <i>Transactions with owners in their capacity as owners:</i> | | | | | |
| Contributions of equity, net of transaction costs and tax | 22(b) | 5,830,284 | - | - | 5,830,284 |
| Employee share options - value of employee services | 23(a) | - | 397,968 | - | 397,968 |
| Warrants exercised | 22(b) | 105,833 | (105,833) | - | - |
| Balance at 30 June 2025 | | 128,836,930 | 8,673,097 | (130,811,206) | 6,698,821 |

*See note 1(x) for details regarding the restatement as a result of a prior period adjustment

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 2025

| | Note | 2025 | 2024 |
|--|-------------|-------------------------|-------------------------|
| | | \$ | (Restated *) \$ |
| Cash flows from operating activities | | | |
| Receipts from customers (inclusive of GST) | | 5,017,105 | 4,958,534 |
| Payments to suppliers and employees (inclusive of GST) | | <u>(9,157,248)</u> | <u>(10,891,212)</u> |
| | | (4,140,143) | (5,932,678) |
| R&D Tax incentive received | | 1,953,159 | 2,078,779 |
| Interest received | | 73,993 | 4,929 |
| Interest and other finance costs paid | | <u>(240,902)</u> | <u>(188,465)</u> |
| Net cash used in operating activities | 31 | <u>(2,353,893)</u> | <u>(4,037,435)</u> |
| Cash flows from investing activities | | | |
| Payments for property, plant and equipment | | (40,885) | (20,381) |
| Payments for intangibles | | <u>(149,714)</u> | <u>-</u> |
| Net cash used in investing activities | | <u>(190,599)</u> | <u>(20,381)</u> |
| Cash flows from financing activities | | | |
| Proceeds from issue of shares | | 6,321,132 | 4,321,723 |
| Costs associated with the issue of shares | | (490,846) | (347,662) |
| Proceeds from borrowings | | 814,464 | 723,251 |
| Repayment of borrowings | | (1,582,638) | (1,111,934) |
| Principal repayment of lease liabilities | | <u>(265,567)</u> | <u>(211,309)</u> |
| Net cash from financing activities | | <u>4,796,545</u> | <u>3,374,069</u> |
| Net increase/(decrease) in cash and cash equivalents | | 2,252,053 | (683,747) |
| Cash and cash equivalents at the beginning of the financial year | | 1,760,750 | 2,643,810 |
| Effects of exchange rate changes on cash and cash equivalents | | <u>(56,640)</u> | <u>(199,313)</u> |
| Cash and cash equivalents at the end of the financial year | 9 | <u><u>3,956,163</u></u> | <u><u>1,760,750</u></u> |

*See note 1(x) for details regarding the restatement as a result of a prior period adjustment

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

CAP-XX Limited
Notes to the consolidated financial statements
30 June 2025

Note 1. Material Accounting Policy Information

The material accounting policy information relating to the preparation of these consolidated financial statements is set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The consolidated financial statements are for the consolidated entity consisting of CAP-XX Limited and its controlled entities.

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 consolidated 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

The consolidated financial statements have been prepared under the historical cost convention.

Critical accounting estimates

The preparation of the consolidated financial statements 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 consolidated financial statements, are disclosed in note 3.

(b) Material uncertainty related to going concern

The consolidated financial statements have been prepared on the going concern basis of accounting, which assumes the continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business and at the amounts stated in the financial report.

The net result after income tax for the Group for the year ended 30 June 2025 was a loss of \$3,925,922 (2024 restated: loss of \$6,143,542) and the Group had net cash outflows from operating activities of \$2,353,893 (2024: \$4,037,435).

The Directors have considered the following in their assessment of going concern:

- i. The Group's cash and cash equivalents as at 30 June 2025 amount to \$3,956,163 (2024: \$1,760,750);
- ii. The ability of the Group to raise additional funds from shareholders, new investors and debt markets. The Group successfully conducted equity placements in March 2024 and again in October 2024. The Directors expect to be successful in sourcing further capital from the issue of additional equity securities to fund ongoing operations, as and when required;
- iii. The Group receiving the proceeds from the R&D Tax concession which is in the final stages of being assessed by the Australian Taxation Office. CAP-XX has a proven track record with R&D rebate submissions over several years and this year's expected grant is consistent with previous years;
- iv. The number and size of several business development opportunities from existing and emerging markets being 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
- v. Continuing 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.

Note 1. Material accounting policy information (continued)

In the event that the Group is unable to obtain sufficient funds through the above means to meet anticipated operational requirements, there is a material uncertainty that may cast significant doubt upon the Group's ability to continue as a going concern and whether it will realise its assets and extinguish its liabilities in the normal course of business at the amounts stated in the financial report.

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 2025. 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 2025 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 noncontrolling 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.

(e) Foreign currency translation

(i) Functional and presentation currency

Items included in the consolidated 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

Note 1. Material accounting policy information (continued)

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 is 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 warranties 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.

(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.

Note 1. Material accounting policy information (continued)

(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 consolidated 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.

(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.

Note 1. Material accounting policy information (continued)

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) Inventories

Stock on hand is stated at the lower of cost and net realisable value on a standard cost basis. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable.

(k) 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 | 2-10 years |
| Leasehold improvements | 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.

(l) Intangible Assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of acquisition. Intangible assets acquired separately are recorded at cost less accumulated amortisation and impairment. Amortisation is charged on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method is reviewed at the end of each annual reporting period, with any changes in these accounting estimates being accounted for on a prospective basis.

An intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- The intention to complete the intangible asset and use or sell it;
- The ability to use or sell the intangible asset;
- How the intangible asset will generate probable future economic benefits;
- The availability of adequate technical, financial and other resources to complete development and or to use or sell the intangible asset; and
- The ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Subsequent to initial recognition, internally generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

Note 1. Material accounting policy information (continued)

The following useful lives are used in the calculation of amortisation:

Patents 10 years following grant of patent

(m) Research & Development

The Group conducts all research and development (R&D) activities internally. Research costs are expensed as incurred. Development costs are capitalised as internally generated intangible assets when the project is technically and commercially feasible, expected to generate future economic benefits, and the costs can be reliably measured and are separately identifiable. Capitalised development costs include directly attributable expenses such as materials, labour, services, and a proportion of overheads.

Development costs that do not meet these criteria are expensed as incurred. Once capitalised, these intangible assets are amortised on a straight-line basis over their estimated useful lives - typically 3 to 5 years, starting from the point the asset is ready for use. Costs previously expensed are not reinstated.

(n) 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 company 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.

(o) 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.

(p) 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 32.

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 market vest 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 number of shares to the employee. The proceeds received net of any directly attributable transactions costs are credited directly to equity.

Note 1. Material accounting policy information (continued)

(q) 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 company'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.

(r) 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.

(s) 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.

(t) New, revised or amending Accounting Standards and Interpretations not yet adopted

Certain new accounting standards and amendments to accounting standards have been published that are not mandatory for 30 June 2025 reporting periods and have not been early adopted by the group. The group's assessment of the impact of these new standards and amendments is set out below:

(u) 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 2025 have not been early adopted.

AASB 18 Presentation and Disclosure in Financial Statements

Effective for annual periods beginning on or after 1 January 2027

AASB 18 will replace AASB 101 and introduce significant changes to the presentation and disclosure of financial statements, particularly the statement of financial performance and the inclusion of management-defined performance measures. While it does not affect recognition or measurement, its impact on presentation is expected to be significant.

Management is currently assessing the implications of AASB 18. Preliminary analysis indicates that while net profit will remain unchanged, the classification of income and expenses may shift.

(v) Parent entity financial information

The financial information for the parent entity, CAP-XX Limited, disclosed in note 34 has been prepared on the same basis as the consolidated financial statements, except as set out below:

Note 1. Material accounting policy information (continued)

Investments in subsidiaries

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

(w) Financial instruments

On initial recognition, the Group classifies its financial assets into the following categories, those measured at amortised cost.

Amortised cost

The Group's financial assets measured at amortised cost comprise cash and cash equivalents and trade and other receivables in the consolidated statement of financial position.

Trade receivables and contract assets

Impairment of trade receivables and contract assets have been determined using the simplified approach in AASB 9 *Financial instruments* which uses an estimation of lifetime expected credit losses.

The amount of the impairment is recorded in a separate allowance account with the loss being recognised in finance expense. Once the receivable is determined to be uncollectable then the gross carrying amount is written off against the associated allowance.

Where the Group renegotiates the terms of trade receivables due from certain customers, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.

Financial liabilities

The financial liabilities of the Group comprise trade and other payables, borrowings and lease liabilities.

(x) Prior period error – Retrospective Restatement

During the year the Group identified a prior period error in relation to the way that foreign currency gains/losses had been accounted for in relation to its foreign denominated bank accounts. The error resulted in a material overstatement of the Cash and Cash Equivalents balance as at 30 June 2024, on the Consolidated Statement of Financial Position and a corresponding understatement of the realised exchange loss for the year ended 30 June 2024 on the Consolidated Statement of Profit or Loss and Other Comprehensive Income. These errors flowed through various other Consolidated Statements and notes in these Consolidated Financial Statements.

The error has been corrected by restating each of the affected consolidated financial statement line items for the prior periods, as follows:

| | 2024 | Adjustment | 2024 |
|---|-------------------|------------|-------------------|
| | \$ | \$ | (Restated) |
| | | | \$ |
| Consolidated Statement of Financial Position (extract) | | | |
| Cash and cash equivalents | 1,916,995 | (156,245) | 1,760,750 |
| Total current assets | <u>6,274,691</u> | (156,245) | <u>6,118,446</u> |
| Total assets | <u>10,370,452</u> | (156,245) | <u>10,214,207</u> |
| Net assets | <u>4,609,376</u> | (156,245) | <u>4,453,131</u> |
| Accumulated Losses | (126,729,039) | (156,245) | (126,885,284) |
| TOTAL EQUITY | <u>4,609,376</u> | (156,245) | <u>4,453,131</u> |

CAP-XX Limited
Notes to the consolidated financial statements
30 June 2025

Note 1. Material accounting policy information (continued)

| | 2024 \$ | Adjustment \$ | 2024 (Restated) \$ |
|--|--------------------|------------------|--------------------------|
| Consolidated Statement of Profit or Loss (extract) | | | |
| Other expenses | (192,980) | (156,245) | (349,225) |
| Loss before income tax | <u>(5,987,297)</u> | (156,245) | <u>(6,143,542)</u> |
| Loss after income tax expense for the year attributable to the owners of Cap-XX Limited | <u>(5,987,297)</u> | (156,245) | <u>(6,143,542)</u> |
| Total comprehensive income for the year attributable to the owners of Cap-XX Limited | <u>(6,030,365)</u> | (156,245) | <u>(6,186,610)</u> |
| Consolidated Statement of Cash Flows (extract) | | | |
| Effects of exchange rate changes on cash | (43,068) | (156,245) | (199,313) |
| Cash and cash equivalents at end of the financial year | <u>1,916,995</u> | (156,245) | <u>1,760,750</u> |
| Earnings per share for loss attributable to the Ordinary equity holders of the Company | | | |
| Basic loss per share | (0.54) | (0.01) | (0.55) |
| Diluted loss per share | (0.54) | (0.01) | (0.55) |

Basic and diluted earnings per share for the prior year have also been restated. The amount of the correction for basic and diluted earnings per share was a decrease of \$0.014 cents respectively.

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:

| | 2025 \$ | 2024 (Restated *) \$ |
|------------------------------|------------------|----------------------------|
| Financial assets | | |
| Cash and cash equivalents | 3,956,163 | 1,760,750 |
| Trade and other receivables | 2,471,775 | 2,628,066 |
| | <u>6,427,938</u> | <u>4,388,816</u> |
| Financial liabilities | | |
| Trade and other payables | 1,297,349 | 1,658,885 |
| Borrowings | - | 768,174 |
| Lease liabilities | 1,742,597 | 2,008,163 |
| | <u>3,039,946</u> | <u>4,435,222</u> |

*See note 1(w) for details regarding the restatement as a result of a prior period adjustment

CAP-XX Limited
Notes to the consolidated financial statements
30 June 2025

Note 2. Financial risk management (continued)

(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 products and services in US dollars, buys 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.

Sensitivity analysis

The Group's after tax loss and equity for the year would have been \$191,646 lower / \$191,646 higher (2024: \$114,103 lower / \$114,103 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 2025 | USD \$ | GBP £ | Euro € | JPY ¥ |
|--|------------------|-----------------|------------------|-----------------|
| Cash and cash equivalents | 82,006 | 1,314,704 | 11,792 | 729,331 |
| Trade receivables | 506,110 | - | - | - |
| Trade payables | 187,639 | 27,144 | 33,865 | 2,278,000 |
| As at 30 June 2024 (restated *) | USD \$ | GBP £ | Euro € | JPY ¥ |
| Cash and cash equivalents | 125,898 | 207,327 | 36,894 | - |
| Trade receivables | 475,052 | - | - | - |
| Trade payables | 464,070 | 51,935 | 10,338 | 10,338 |

*See note 1(x) for details regarding the restatement as a result of a prior period adjustment

(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 consolidated 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.

Note 2. Financial risk management (continued)

(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 2025 as the Group is transitioning from development stage. Historically the Group has generally avoided committing to any credit facilities and rather has relied upon equity financing through private and public equity investors.

Details of the liquidity risk associated with the Group's lease liabilities are outlined in note 19.

(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 consolidated 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.

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.

(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 32.

(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.

Note 3. Critical accounting estimates and judgements (continued)

(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.

(v) Research and development tax incentive

Judgement is required in determining the portion of costs to be allocated to eligible research and development (R&D) activities for the purpose of calculating the R&D incentive. This includes assessing which activities meet the eligibility criteria and ensuring that associated costs are reliably measured and appropriately separated from other business activities.

The Group applies consistent methodologies and documentation to support the allocation of costs to R&D projects. Any differences between estimated and actual incentive amounts, once determined, are recognised in profit or loss in the period in which the final outcome is known.

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.

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Note 4. Segment information (continued)

| 30 June 2025 | Asia Pacific | Europe | Americas | Total |
|---|---------------------|---------------|-----------------|--------------|
| | \$ | \$ | \$ | \$ |
| Revenue | 2,382,730 | 2,020,137 | 536,861 | 4,939,728 |
| Cost of sales | (3,470,348) | - | - | (3,470,348) |
| Gross (Loss)/Profit | (1,087,618) | 2,020,137 | 536,861 | 1,469,380 |
| Other income | 2,141,349 | - | - | 2,141,349 |
| General and administrative expenses | (2,905,828) | - | - | (2,905,828) |
| Process and engineering expenses | (1,324,710) | - | - | (1,324,710) |
| Selling and marketing expenses | (695,307) | - | - | (695,307) |
| Research and development expenses | (1,275,412) | - | - | (1,275,412) |
| Legal expenses | (28,848) | - | - | (28,848) |
| Share based payment expenses | (397,968) | - | - | (397,968) |
| Other expenses | (24,711) | - | - | (24,711) |
| Depreciation / Amortisation | (716,959) | - | - | (716,959) |
| Interest Expense | (240,902) | - | - | (240,902) |
| Interest income | 73,993 | - | - | 73,993 |
| Net (loss) / profit for the year | (6,482,920) | 2,020,137 | 536,861 | (3,925,922) |
| Other comprehensive income | | | | |
| Exchange differences arising in translation of foreign operations | (56,640) | - | - | (56,640) |
| Total comprehensive income/(loss), net of tax | (6,539,560) | 2,020,137 | 536,861 | (3,982,562) |
| Segment assets and liabilities | | | | |
| Total assets | 11,054,294 | - | - | 11,054,294 |
| Total liabilities | 4,355,473 | - | - | 4,355,473 |

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Note 4. Segment information (continued)

| 30 June 2024 (restated *) | Asia Pacific | Europe | North America | 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 | <u>(1,736,176)</u> | <u>2,659,134</u> | <u>455,822</u> | <u>1,378,780</u> |
| 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 | (349,225) | - | - | (349,225) |
| Depreciation / Amortisation | (734,726) | - | - | (734,726) |
| Interest Expense | (307,268) | - | - | (307,268) |
| Interest income | 4,929 | - | - | 4,929 |
| Net (loss) / profit for the year | <u>(9,258,498)</u> | <u>2,659,134</u> | <u>455,822</u> | <u>(6,143,542)</u> |
| Other comprehensive income | | | | |
| Exchange differences arising in translation of foreign operations | (43,068) | - | - | (43,068) |
| Total comprehensive income/(loss) for the year, net of tax | <u>(9,301,566)</u> | <u>2,659,134</u> | <u>455,822</u> | <u>(6,186,610)</u> |
| Segment assets and liabilities | | | | |
| Total assets | 10,214,207 | - | - | 10,214,207 |
| Total liabilities | 5,761,076 | - | - | 5,761,076 |

*See note 1(x) for details regarding the restatement as a result of a prior period adjustment

(b) Major customers

During the year there were 3 customers (2 in Asia Pacific and 1 in Europe) that contributed more than 10% of the Group's total revenue (2024: 1 customer in Europe contributed 12% of revenue).

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

Note 5. Revenue

| | 2025 | 2024 |
|---|------------------|------------------|
| | \$ | \$ |
| Sales revenue | | |
| Sale of goods (recognised at a point in time) | 4,704,719 | 4,593,490 |
| Other services provided (recognised at a point in time) | 235,008 | - |
| | <u>4,939,728</u> | <u>4,593,490</u> |

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Note 5. Revenue (continued)

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.

| | Supercapacitors \$ | Other Services \$ | Total \$ |
|----------------------|-----------------------|-------------------------|------------------|
| Consolidated – 2025 | | | |
| Geographical regions | | | |
| Asia Pacific | 2,147,722 | 235,008 | 2,382,730 |
| Europe | 2,020,137 | - | 2,020,137 |
| Americas | 536,861 | - | 536,861 |
| | <u>4,704,719</u> | <u>235,008</u> | <u>4,939,728</u> |
| Consolidated – 2024 | | | |
| Geographical regions | | | |
| Asia Pacific | 1,478,534 | - | 1,478,534 |
| Europe | 2,659,134 | - | 2,659,134 |
| Americas | 455,822 | - | 455,822 |
| | <u>4,593,490</u> | <u>-</u> | <u>4,593,490</u> |

Note 6. Other income and finance income

| | 2025 \$ | 2024 \$ |
|----------------------------|------------------|------------------|
| Other Income | | |
| R&D Tax Incentive Grant | 1,749,696 | 1,950,780 |
| Net foreign exchange gains | 391,653 | - |
| Other income | <u>2,141,349</u> | <u>1,950,780</u> |
| Finance Income | | |
| Interest income | <u>73,993</u> | <u>4,929</u> |

Note 7. Result for the year

The result for the year includes the following specific expenses:

| | 2025 \$ | 2024 \$ |
|-------------------------------|------------|------------|
| Depreciation and amortisation | 716,959 | 734,726 |
| Net foreign exchange losses | - | 151,342 |

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Note 7. Result for the year (continued)

| | 2025 | 2024 |
|------------------------------|----------------|----------------|
| | \$ | \$ |
| Legal expenses | 28,848 | 2,255,213 |
| Share based payments | 397,968 | 131,399 |
| Employee benefits expense | 3,126,923 | 3,551,320 |
| Finance costs | | |
| Interest – lease liabilities | 164,104 | 188,465 |
| Interest – R&D Advance | 76,798 | 118,803 |
| | <u>240,902</u> | <u>307,268</u> |

Note 8. Income tax expense

| | 2025 | 2024 |
|--|--------------------|---------------------|
| | \$ | (Restated *) |
| | \$ | \$ |
| (a) Numerical reconciliation of income tax benefit to prima facie tax benefit | | |
| Loss before income tax expense | <u>(3,925,922)</u> | <u>(6,143,542)</u> |
| Tax at the statutory tax rate of 25% (2024: 25%) | (981,480) | (1,535,886) |
| Tax effect amounts which are not deductible/(taxable) in calculating taxable income: | | |
| Share-based payments | 99,492 | 32,833 |
| Non-deductible items | 38,943 | 65,611 |
| Research & development tax offset | <u>437,425</u> | <u>487,992</u> |
| Subtotal | (405,622) | (949,450) |
| Benefit arising from temporary differences and tax losses not recognised | <u>405,622</u> | <u>949,450</u> |
| Income tax expense | <u>-</u> | <u>-</u> |

*See note 1(x) for details regarding the restatement as a result of a prior period adjustment

| | 2025 | 2024 |
|--|--------------------|--------------------|
| | \$ | \$ |
| (b) Tax losses | | |
| Unused tax losses for which no deferred tax asset has been recognised | <u>102,411,578</u> | <u>101,939,936</u> |
| Potential tax benefit @ 25% (2024: 25%) | <u>25,602,895</u> | <u>25,064,970</u> |
| (c) Unrecognised temporary differences | | |
| Unrecognised temporary differences for which no deferred tax asset has been recognised | <u>2,099,948</u> | <u>3,309,880</u> |
| Potential tax benefit at statutory tax rates @ 25% (2024: 25%) | <u>524,987</u> | <u>827,470</u> |

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Note 8. Income tax expense (continued)

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.

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

| | 2025 | 2024 |
|-----------------|------------------|--------------------|
| | \$ | (Restated *) \$ |
| Cash at bank | 1,384,081 | 355,113 |
| Cash on deposit | 2,572,082 | 1,405,637 |
| | <u>3,956,163</u> | <u>1,760,750</u> |

*See note 1(x) for details regarding the restatement as a result of a prior period adjustment

Note 10. Current assets - trade and other receivables

| | 2025 | 2024 |
|--|------------------|------------------|
| | \$ | \$ |
| Trade receivables | 845,918 | 721,661 |
| Less: Allowance for expected credit losses | (154,645) | (35,596) |
| Research & development tax credit | 1,780,502 | 1,942,001 |
| | <u>2,471,775</u> | <u>2,628,066</u> |

Allowance for expected credit losses

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

| | 2025 | 2024 |
|---|----------------|---------------|
| | \$ | \$ |
| Opening balance | 35,596 | 541,023 |
| Receivables written off during the year | - | (581,079) |
| Allowance for expected credit loss | 119,049 | 75,652 |
| | <u>154,645</u> | <u>35,596</u> |

(a) Past due but not impaired

There were no trade receivables at 30 June 2025 that were past due but not impaired (2024: Nil).

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Note 10. Current assets - trade and other receivables (continued)

(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

| | 2025 | 2024 |
|--------------------------|----------------|------------------|
| | \$ | \$ |
| Raw materials and stores | 681,849 | 861,150 |
| Work in progress | 64,135 | 97,553 |
| Finished goods | 279,514 | 994,083 |
| Obsolescence provision | (34,481) | (274,170) |
| | <u>991,017</u> | <u>1,678,616</u> |

Note 12. Current assets - other

| | 2025 | 2024 |
|-------------|---------------|---------------|
| | \$ | \$ |
| Prepayments | 65,804 | 39,185 |
| Other | 133 | 11,829 |
| | <u>65,937</u> | <u>51,014</u> |

Note 13. Non-current assets - property, plant and equipment

| | 2025 | 2024 |
|----------------------------------|------------------|------------------|
| | \$ | \$ |
| Leasehold improvements - at cost | 505,776 | 478,469 |
| Less: Accumulated depreciation | (473,207) | (472,001) |
| | <u>32,569</u> | <u>6,468</u> |
| Fixtures and fittings - at cost | 69,394 | 69,394 |
| Less: Accumulated depreciation | (67,653) | (67,392) |
| | <u>1,741</u> | <u>2,002</u> |
| Plant and equipment - at cost | 20,176,426 | 20,162,848 |
| Less: Accumulated depreciation | (18,511,018) | (18,127,869) |
| | <u>1,665,408</u> | <u>2,034,979</u> |
| | <u>1,699,718</u> | <u>2,043,449</u> |

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Note 13. Non-current assets – property, plant and equipment (continued)

| | | |
|-------------------------------------|------------------|------------------|
| Total property, plant and equipment | 20,751,597 | 20,710,712 |
| Total accumulated depreciation | (19,051,879) | (18,667,263) |
| Total net book amount | <u>1,699,718</u> | <u>2,043,449</u> |

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

| | Leasehold improvements \$ | Furniture and Fittings \$ | Plant and equipment \$ | Total \$ |
|-------------------------|---------------------------------|---------------------------------|------------------------------|------------------|
| Balance at 1 July 2023 | 7,305 | 2,264 | 2,418,664 | 2,428,233 |
| Additions | - | - | 20,381 | 20,381 |
| Disposals | - | - | (16,712) | (16,712) |
| Depreciation expense | (837) | (262) | (387,354) | (388,453) |
| Balance at 30 June 2024 | 6,468 | 2,002 | 2,034,979 | 2,043,449 |
| Additions | 27,307 | - | 13,578 | 40,885 |
| Depreciation expense | (1,206) | (261) | (383,149) | (384,616) |
| Balance at 30 June 2025 | <u>32,569</u> | <u>1,741</u> | <u>1,665,408</u> | <u>1,699,718</u> |

Note 14. Non-current assets - intangible assets

| | 2025 \$ | 2024 \$ |
|--------------------------------|----------------|------------|
| Intangible asset - at cost | 149,715 | - |
| Less: Accumulated depreciation | - | - |
| | <u>149,715</u> | <u>-</u> |

The Group has two international patents applications that are in “patent applied for” status. The costs of patenting this technology has been capitalised. No amortising of these costs has commenced, and will not until the patents have been successfully approved, and then amortising will occur over the life of the patent.

Note 15. Non-current assets – right-of-use assets

| | 2025 \$ | 2024 \$ |
|-----------------------------------|------------------|------------------|
| Land and buildings - right-of-use | 3,407,991 | 3,407,991 |
| Less: Accumulated depreciation | (1,892,830) | (1,560,487) |
| | <u>1,515,161</u> | <u>1,847,504</u> |

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Note 15. Non-current assets – right-of-use assets (continued)

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

| | Land & buildings \$ | Office Equipment \$ | Total \$ |
|-------------------------|--|------------------------------------|-------------------------|
| Balance at 1 July 2023 | 2,175,276 | 18,501 | 2,193,777 |
| Depreciation expense | <u>(327,772)</u> | <u>(18,501)</u> | <u>(346,273)</u> |
| Balance at 30 June 2024 | 1,847,504 | - | 1,847,504 |
| Depreciation expense | <u>(332,343)</u> | <u>-</u> | <u>(332,343)</u> |
| Balance at 30 June 2025 | <u><u>1,515,161</u></u> | <u><u>-</u></u> | <u><u>1,515,161</u></u> |

For further details, refer to note 19.

Note 16. Non-current assets - other

| | 2025 \$ | 2024 \$ |
|-------------|--------------------|--------------------|
| Rental bond | <u>204,808</u> | <u>204,808</u> |

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 17. Current liabilities - trade and other payables

| | 2025 \$ | 2024 \$ |
|----------------|-------------------------|-------------------------|
| Trade payables | 942,138 | 1,523,202 |
| Other payables | <u>355,210</u> | <u>135,683</u> |
| | <u><u>1,297,348</u></u> | <u><u>1,658,885</u></u> |

Note 18. Current liabilities - borrowings

| | 2025 \$ | 2024 \$ |
|-----------------------|--------------------|--------------------|
| Short term borrowings | <u>-</u> | <u>768,174</u> |

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Note 18. Current liabilities - borrowings (continued)

Movement in borrowings

| | 2025 | 2024 |
|----------------------------------|-------------|----------------|
| | \$ | \$ |
| Carrying amount at start of year | 768,174 | 1,038,054 |
| Borrowings drawn down | 814,464 | 723,251 |
| Repayments | (1,659,406) | (1,111,934) |
| Interest expense | 76,768 | 118,803 |
| | <u>-</u> | <u>768,174</u> |

In FY2024, the Group had entered into a short-term credit facility with a finance provider, with the expected R&D rebate used as collateral, and in FY2025 upon receipt of the R&D rebate, the loan was fully paid off.

Note 19. Current liabilities - lease liabilities

| | 2025 | 2024 |
|---------------------------------|------------------|------------------|
| | \$ | \$ |
| Lease liability - current | 442,561 | 261,521 |
| Lease liability - non - current | 1,300,036 | 1,746,642 |
| | <u>1,742,597</u> | <u>2,008,163</u> |

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 2025, the Group have not included this option to extend within the lease liability, with such an extension not considered to be reasonably certain.

| | 2025 | 2024 |
|---------------------------------|------------------|------------------|
| | \$ | \$ |
| Opening balance | 2,008,163 | 2,219,472 |
| Interest on lease liabilities | 164,104 | 188,465 |
| Repayments on lease liabilities | (429,670) | (399,774) |
| Balance as at 30 June 2025 | <u>1,742,597</u> | <u>2,008,163</u> |

| | Less than 1 | 2-5 years | Over 5 years | Contractual | Carrying |
|-------------------|--------------------|------------------|---------------------|--------------------|------------------|
| | year | | | cash flows | Amount |
| | \$ | \$ | \$ | \$ | \$ |
| Year ended 2025 | | | | | |
| Lease liabilities | 442,561 | 1,695,923 | - | 2,138,484 | 1,742,597 |
| | <u>442,561</u> | <u>1,695,923</u> | <u>-</u> | <u>2,138,484</u> | <u>1,742,597</u> |
| Year ended 2024 | | | | | |
| Lease liabilities | 429,671 | 1,851,509 | 286,975 | 2,568,155 | 2,008,163 |
| | <u>429,671</u> | <u>1,851,509</u> | <u>286,975</u> | <u>2,568,155</u> | <u>2,008,163</u> |

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Note 20. Current liabilities - provisions

| | 2025 | 2024 |
|--------------------|----------------|----------------|
| | \$ | \$ |
| Annual leave | 306,176 | 333,770 |
| Long service leave | 160,387 | 122,354 |
| | <u>466,563</u> | <u>456,124</u> |

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

| | 2025 | 2024 |
|---|----------------|----------------|
| | \$ | \$ |
| Employee benefits obligation expected to be settled after 12 months | 139,568 | 152,300 |
| | <u>139,568</u> | <u>152,300</u> |

(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 to two year warranty on products sold to customers and distributors. There is no warranty provision as at 30 June 2025 (2024: nil).

Note 21. Non-current liabilities - Provisions

| | 2025 | 2024 |
|---------------------|----------------|----------------|
| | \$ | \$ |
| Long service leave | 63,102 | 83,867 |
| Make good provision | 785,863 | 785,863 |
| | <u>848,965</u> | <u>869,730</u> |

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.

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

| | 2025 | 2024 |
|----------------------------------|----------------|----------------|
| | \$ | \$ |
| Carrying amount at start of year | 785,863 | 733,777 |
| Charged to profit or loss | - | 52,086 |
| | <u>785,863</u> | <u>785,863</u> |

Note 22. Equity - Contributed Equity

| | 2025 | 2024 |
|---|------------------|------------------|
| (a) Share capital | Number of | Number of |
| | shares | shares |
| Fully paid ordinary shares (no par value) | 5,775,571,289 | 2,908,226,437 |
| | 2025 | 2024 |
| | \$ | \$ |
| Fully paid ordinary shares | 128,836,930 | 122,900,813 |

(b) Movement in ordinary share capital:

| Details | Date | Shares | Issue price | |
|---|------------------|----------------------|--------------------|--------------------|
| | | | A\$ | A\$ |
| Opening Balance | 1 July 2023 | 716,014,958 | | 119,175,769 |
| Issue of shares - Directors | 30 November 2023 | 4,173,369 | \$0.0339 | 141,665 |
| Issue of shares | 11 April 2024 | 103,854,880 | \$0.0020 | 212,393 |
| Issue of shares | 25 April 2024 | 2,049,183,230 | \$0.0020 | 3,897,664 |
| Issue of shares | 25 April 2024 | 35,000,000 | \$0.0020 | 70,000 |
| Cost of capital raising | | - | | (596,678) |
| Balance | 30 June 2024 | 2,908,226,437 | | 122,900,813 |
| Exercise of warrants | 5 August 2024 | 85,000,000 | \$0.0029 | 249,218 |
| Exercise of warrants – transfer from share-based payments reserve | | - | | 105,831 |
| Capital raise (retail offer) | 5 November 2024 | 250,000,000 | \$0.0022 | 538,899 |
| Capital raise (retail offer) | 5 November 2024 | 2,272,727,200 | \$0.0022 | 4,897,603 |
| Participation in capital raise by Directors | 29 November 2024 | 227,272,700 | \$0.0022 | 489,890 |
| In lieu of director's salaries | 21 January 2025 | 32,344,952 | \$0.0045 | 147,138 |
| Cost of capital raising | | - | | (492,462) |
| Balance | 30 June 2025 | <u>5,775,571,289</u> | | <u>128,836,930</u> |

(c) Ordinary shares

At 30 June 2025, there were 5,775,571,289 (2024: 2,908,226,437) 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 32.

(e) Warrants

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.

On 5 August 2024 CAP-XX received a notice to exercise warrants over 85,000,000 ordinary shares in the Company at an exercise price of 0.15 pence per warrant, raising A\$249,218 for the Company. Following this exercise, there are 115,000,000 warrants that remain unexercised.

CAP-XX Limited
Notes to the consolidated financial statements
30 June 2025

Note 22. Equity - Contributed Equity (continued)

(f) 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 2024 Annual report.

Note 23. Equity - Reserves and accumulated losses

(a) Reserves

| | 2025 | 2024 |
|------------------------------|------------------|------------------|
| | \$ | \$ |
| Foreign currency reserve | (458,855) | (402,215) |
| Share-based payments reserve | 9,131,952 | 8,839,817 |
| | <u>8,673,097</u> | <u>8,437,602</u> |

Movements:

Foreign currency translation reserve

| | | |
|--|------------------|------------------|
| Balance 1 July | (402,215) | (359,147) |
| Currency translation differences arising during the year | (56,640) | (43,068) |
| Balance 30 June | <u>(458,855)</u> | <u>(402,215)</u> |

Share-based payments reserve

| | | |
|---|------------------|------------------|
| Balance 1 July | 8,839,817 | 8,459,467 |
| Share warrants issued | - | 249,016 |
| Share warrants exercised – transfer to issued capital | (105,833) | - |
| Option expense – share based payments | 397,968 | 131,334 |
| Balance 30 June | <u>9,131,952</u> | <u>8,839,817</u> |

b) Accumulated losses

| | 2025 | 2024 |
|--|----------------------|----------------------|
| | \$ | (Restated *) \$ |
| Movements in accumulated losses were as follows: | | |
| Balance 1 July | (126,885,284) | (120,741,742) |
| Net (loss) for the year | (3,925,922) | (6,143,542) |
| Balance 30 June | <u>(130,811,206)</u> | <u>(126,885,284)</u> |

*See note 1(x) for details regarding the restatement as a result of a prior period adjustment

CAP-XX Limited
Notes to the consolidated financial statements
30 June 2025

Note 23. Equity - Reserves and accumulated losses (continued)

(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 24. Key management personnel disclosures

(a) Directors

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

| | |
|---|-------------------------|
| Dr Graham Cooley (appointed 19 March 2025) (from 18 June 2024 to 18 March 2025 held Non-Executive Director role) | Chairman |
| Lars Stegmann | Chief Executive Officer |
| Patrick Elliott (appointed 19 March 2025) (from 11 December 2011 to 18 March 2025 held Chairman role) | Non-Executive Director |
| Peter Fraser | Non-Executive Director |
| Dr Anthony Sive | Non-Executive Director |
| Steen Feldskov (resigned 13 January 2025) | 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

| Position | Position | Term as KMP |
|------------------|---------------------------------|--------------------------------|
| Dr Graham Cooley | Non-Executive Director/Chairman | Full year |
| Lars Stegmann | Chief Executive Officer | Full year |
| Patrick Elliott | Chairman/Non-Executive Director | Full year |
| Steen Feldskov | Non-Executive Director | 1 July 2024 to 13 January 2025 |
| Peter Fraser | Non-Executive Director | Full year |
| Dr Anthony Sive | Non-Executive Director | Full year |

| | 2025 | 2024 |
|------------------------------|------------------|----------------|
| | \$ | \$ |
| Short-term employee benefits | 862,229 | 525,185 |
| Post-employment benefits | 57,257 | 50,153 |
| Share-based payments | 369,013 | 174,519 |
| | <u>1,288,499</u> | <u>749,857</u> |

Note 24. Key management personnel disclosures (continued)

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

- Peter Fraser participated in the "Directors' Subscription" following the Capital Raise of October 2024 subscribing for 9,090,900 ordinary shares at the same issue price as the Raise of 0.11 pence. See RNS Announcement dated 29 November 2024.
- Dr Graham Cooley participated in the "Directors' Subscription" following the Capital Raise of October 2024 subscribing for 218,181,800 ordinary shares at the same issue price as the Raise of 0.11 pence. See RNS Announcement dated 29 November 2024.
- Patrick Elliott received 10,826,209 ordinary shares in lieu of director fees in January 2025. These shares were issued at a price of 0.2324 pence (being the daily volume weighted average share price on AIM from 1 July 2024 to 13 January 2025). See RNS Announcement dated 21 January 2025.
- Steen Feldskov received 21,518,743 ordinary shares in lieu of director fees in January 2025. These shares were issued at a price of 0.2324 pence (being the daily volume weighted average share price on AIM from 1 July 2024 to 13 January 2025). See RNS Announcement dated 21 January 2025.
- Dr Graham Cooley was engaged to assist with the October 2024 Capital Raise including preparation of relevant Investor information and presenting at various Investor Events. This consultancy fee of £15,750 (equivalent to A\$30,864) was approved by the Board as being commercial, fair and necessary for the Capital Raise and does not form part of his Director's remuneration.

Note 25. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by, the auditor of the Group:

| | 2025 | 2024 |
|---|-----------------------|-----------------------|
| | \$ | \$ |
| <i>Audit services</i> | | |
| Audit of the FY24 financial statements - BDO | 77,307 | 76,115 |
| Audit of the consolidated financial statements – SW Audit and its associated entities | 67,000 | - |
| | <u>144,307</u> | <u>76,115</u> |
| <i>Taxation services</i> | | |
| Tax compliance services, including review of company income tax returns, employee share scheme and R&D Tax concession – BDO | 66,373 | 70,547 |
| Tax compliance services – SW Audit and its associated entities | 18,000 | - |
| | <u>84,373</u> | <u>70,547</u> |
| Total remuneration | <u><u>228,680</u></u> | <u><u>146,662</u></u> |

At the end of April 2024, the Group announced that following a tender process, SW Audit had been appointed and are responsible for auditing this Annual Report, and BDO resigned on that date.

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

Note 26. Commitments and contingencies

The Group had no material commitments, no material contingent assets, and no material contingent liabilities as at 30 June 2025.

CAP-XX Limited
Notes to the consolidated financial statements
30 June 2025

Note 27. 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 28.

(c) Key management personnel

Disclosures relating to key management personnel are set out in note 24.

Note 28. 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 | Principal place of business / Country of incorporation | Ownership interest | |
|----------------------------|---|--------------------|-----------|
| | | 2025 % | 2024 % |
| CAP-XX (Australia) Pty Ltd | Australia | 100.00% | 100.00% |
| CAP-XX Research Pty Ltd | Australia | 100.00% | 100.00% |
| CAP-XX USA, Inc | United States | 100.00% | 100.00% |

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

Note 29. 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 30. Events after the reporting period

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

- On 1 July 2025 the Company issued 1,000,000 options over unissued ordinary shares of CAP-XX have been granted to certain employees of the Company as part of their remuneration.
- On 1 July 2025, the Company issued 14,452,464 ordinary shares in lieu of certain directors' salaries, with Dr Graham Cooley being issued 5,821,600 shares and Lars Stegmann receiving 8,630,864 shares. These shares were issued at a price of 0.22 pence, being the closing mid-market price of the Company's shares on 30 June 2025.
- On 18 July 2025 an update to the collaboration with SCHURTER AG., with the total project pipeline estimated to be approaching USD 2 million of potential revenue to CAP-XX.
- On 5 August 2025, the Company announced that it had a design win with a leading multinational company. The design win project is under commercial confidentiality and involves one of the world's largest semiconductor chip manufacturers, with the potential for broader adoption across additional applications.
- On 16 September 2025, the Company announced that it had successfully implemented a new Warehouse Management System at its manufacturing facility at Seven Hills and at its contract manufacturing partner site in Malaysia, Natingate.

There were no other matters or circumstances that have arisen since 30 June 2025 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.

CAP-XX Limited
Notes to the consolidated financial statements
30 June 2025

Note 31. Reconciliation of loss after tax to net cash outflow from operating activities

| | 2025 | 2024 |
|--|--------------------|--------------------|
| | \$ | \$ |
| Loss after income tax expense for the year | (3,925,922) | (6,143,542) |
| Adjustments for: | | |
| Depreciation and amortisation | 716,959 | 734,726 |
| Expected credit loss expense | 119,049 | 75,652 |
| Interest charged on financial liability | - | 118,803 |
| Non-cash employee benefit expense – share based payments | 397,968 | 131,399 |
| Foreign exchange gain not previously recognised | - | 156,245 |
| Change in operating assets and liabilities: | | |
| Decrease in trade and other receivables | 37,242 | 69,799 |
| Decrease in inventories | 687,599 | 523,290 |
| (Increase)/decrease in other assets | (14,923) | 564,930 |
| Decrease in trade and other payables | (361,537) | (158,025) |
| Decrease in provisions | (10,326) | (110,712) |
| Net cash used in operating activities | <u>(2,353,891)</u> | <u>(4,037,435)</u> |

Note 32. 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:

2025

| Grant date | Expiry date | Exercise Price £ | Balance at the start of the year No. | Granted No. | Exercised No. | Expired/ forfeited/ Other No. | Balance at the end of the year No. |
|-------------------------------------|-------------|---------------------|---|--------------------|------------------|--|---------------------------------------|
| 14/10/2021 | 14/10/2026 | 0.0595 | 12,000,000 | - | - | (3,635,000) | 8,365,000 |
| 12/04/2022 | 12/04/2027 | 0.0560 | 2,300,000 | - | - | - | 2,300,000 |
| 11/05/2023 | 11/05/2028 | 0.0131 | 20,000,000 | - | - | - | 20,000,000 |
| 17/06/2024 | 17/06/2029 | 0.0008 | 130,000,000 | - | - | - | 130,000,000 |
| 01/07/2024 | 01/07/2029 | 0.0008 | - | 60,000,000 | - | (18,000,000) | 42,000,000 |
| 18/03/2025 | 18/03/2030 | 0.0013 | - | 40,000,000 | - | - | 40,000,000 |
| 25/03/2025 | 25/03/2030 | 0.0013 | - | 60,000,000 | - | - | 60,000,000 |
| | | | <u>164,300,000</u> | <u>160,000,000</u> | <u>-</u> | <u>(21,635,000)</u> | <u>302,665,000</u> |
| Weighted average exercise price (£) | | | 0.0074 | 0.0011 | | | 0.0038 |

2024

| Grant date | Expiry date | Exercise Price £ | Balance at the start of the year No. | Granted No. | Exercised No. | Expired/ forfeited/ Other No. | Balance at the end of the year No. |
|-------------------------------------|-------------|---------------------|---|--------------------|------------------|--|---------------------------------------|
| 14/10/2021 | 14/10/2026 | 0.0595 | 34,440,000 | - | - | (22,440,000) | 12,000,000 |
| 12/04/2022 | 12/04/2027 | 0.0560 | 2,300,000 | - | - | - | 2,300,000 |
| 11/05/2023 | 11/05/2028 | 0.0131 | 20,000,000 | - | - | - | 20,000,000 |
| 17/06/2024 | 17/06/2029 | 0.0008 | - | 130,000,000 | - | - | 130,000,000 |
| | | | <u>56,740,000</u> | <u>130,000,000</u> | <u>-</u> | <u>(22,440,000)</u> | <u>164,300,000</u> |
| Weighted average exercise price (£) | | | 0.0430 | 0.0008 | | | 0.0074 |

Fair value of options granted

There were 160,000,000 share options issued in the financial year ended 30 June 2025 (2024: 130,000,000).

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

| | |
|------------------------------|--|
| Year to which offer applies: | FY 2024 |
| Date of Offer: | 1 July 2024 |
| Offer Close Date: | 8 July 2024 |
| Vesting Dates: | 20% (12,000,000) on 1 July 2025 20% (12,000,000) on 1 July 2026 |

CAP-XX Limited
Notes to the consolidated financial statements
30 June 2025

Note 32. Share-based payments (continued)

| | |
|--------------------------|----------------------------------|
| | 20% (12,000,000) on 1 July 2027 |
| | 20% (12,000,000) on 1 July 2028 |
| | 20% (12,000,000) on 1 July 2029 |
| Expiry Date: | 1 July 2029 |
| Expected volatility: | 171.390% |
| Risk-free rate: | 3.696% |
| Black-Scholes valuation: | \$0.00359 (valued independently) |
| Acquisition Price: | Nil cash consideration |
| Exercise Price: | £0.0008 |

On 18 March 2025 40,000,000 options were offered to the Chairman of the Company under the following terms:

| | |
|------------------------------|----------------------------------|
| Year to which offer applies: | FY 2025 |
| Date of Offer: | 18 March 2025 |
| Offer Close Date: | 25 March 2025 |
| Vesting Dates: | Immediately |
| Expiry Date: | 18 March 2030 |
| Expected volatility: | 181.876% |
| Risk-free rate: | 4.800% |
| Black-Scholes valuation: | \$0.00359 (valued independently) |
| Acquisition Price: | Nil cash consideration |
| Exercise Price: | £0.0008 |

On 25 March 2025 60,000,000 options were offered to the CEO of the Company under the following terms:

| | |
|------------------------------|----------------------------------|
| Year to which offer applies: | FY 2025 |
| Date of Offer: | 25 March 2025 |
| Offer Close Date: | 1 April 2025 |
| Vesting Dates: | Immediately |
| Expiry Date: | 25 March 2030 |
| Expected volatility: | 182.671% |
| Risk-free rate: | 4.800% |
| Black-Scholes valuation: | \$0.00247 (valued independently) |
| Acquisition Price: | Nil cash consideration |
| Exercise Price: | £0.0013 |

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.

(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:

| | 2025 | 2024 |
|--|----------------|----------------|
| | \$ | \$ |
| Options issued under CAP-XX Limited Employee Share Option Plan | <u>397,968</u> | <u>131,399</u> |

CAP-XX Limited
Notes to the consolidated financial statements
30 June 2025

Note 33. Earnings per share

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

| | 2025 Cents | 2024 (Restated *) Cents |
|--|-----------------------------|--|
| (a) Basic earnings per share (Loss) attributable to the ordinary equity holders of the Company | (0.08) | (0.55) |
| (b) Diluted earnings per share (Loss) attributable to the ordinary equity holders of the Company | (0.08) | (0.55) |
| (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 | 4,774,041,692 | 1,118,079,089 |
| Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share | 4,774,041,692 | 1,118,079,089 |

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.

*See note 1(x) for details regarding the restatement as a result of a prior period adjustment

Note 34. Parent Entity

(a) Summary financial information

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

| | 2025 \$ | 2024 \$ |
|---------------------------------|--------------------------|--------------------------|
| Statement of financial position | | |
| Current assets | 6,866,937 | 6,049,407 |
| Non-current assets | 37,126 | - |
| | <u>6,904,063</u> | <u>6,049,407</u> |
| Total liabilities | <u>6,904,063</u> | <u>1,344,558</u> |
| Net Assets | <u><u>6,633,849</u></u> | <u><u>4,704,849</u></u> |
| Shareholder's equity | | |
| Issued capital | 128,731,099 | 122,900,813 |
| Reserves – Share-based payments | 9,014,588 | 8,839,817 |
| Accumulated losses (i) | <u>(131,111,838)</u> | <u>(127,035,781)</u> |
| | <u><u>6,633,849</u></u> | <u><u>4,704,849</u></u> |

CAP-XX Limited
Notes to the consolidated financial statements
30 June 2025

Note 34. Parent Entity (continued)

| | 2025 | 2024 |
|---|-----------------------------|-----------------------------|
| | \$ | \$ |
| Loss for the year | (4,076,057) | (2,497,738) |
| Total comprehensive income / (loss) | (4,076,057) | (2,497,738) |
| (i) Reconciliation to prior year accumulated losses | | |
| Balance at beginning of period | (127,035,781) | (124,538,042) |
| Net loss for the year | <u>(4,076,057)</u> | <u>(2,497,739)</u> |
| Balance at end of period | <u><u>(131,111,837)</u></u> | <u><u>(127,035,781)</u></u> |

(b) Contingent Assets

The parent had no material contingent assets as at 30 June 2025 and 30 June 2024.

(c) Contingent Liabilities

The parent had no material contingent liabilities as at 30 June 2025 and 30 June 2024.

(d) Capital commitments - Property, plant and equipment

The parent had no capital commitments for property, plant and equipment as at 30 June 2025 and 30 June 2024.

CAP-XX Limited
Consolidated entity disclosure statement
30 June 2025

The following provides information about the subsidiaries included in the consolidated financial statements of CAP-XX Limited as at 30 June 2025.

| Name of entity | Type of Entity | Ownership 2025 % | interest 2025 % | Principal place of business / Country of incorporation | Country of residence for tax purposes |
|----------------------------|----------------|------------------------|-----------------------|--|---|
| CAP-XX (Australia) Pty Ltd | Body corporate | 100.00% | 100.00% | Australia | Australia |
| CAP-XX Research Pty Ltd | Body corporate | 100.00% | 100.00% | Australia | Australia |
| CAP-XX USA, Inc * | Body corporate | 100.00% | 100.00% | 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.

CAP-XX Limited
Directors' declaration
30 June 2025

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

- In the Directors' opinion the consolidated financial statements and notes for the financial year ended 30 June 2025 set out on pages 24 to 61 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 consolidated 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 2025.
- 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.



Dr Graham Cooley
Chairman

7 November 2025

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 controlled entities (collectively the Group) which comprises the consolidated statement of financial position as at 30 June 2025, the consolidated statement of profit or loss and other 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 consolidated financial statements, 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:

- a. giving a true and fair view of the Group's financial position as at 30 June 2025 and of its financial performance for the year then ended, and
- b. 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 auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & 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 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(b) in the financial report which describes the events or conditions which give rise to the existence of a material uncertainty that may cast significant doubt on 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 matter.



Revenue recognition

Area of focus

Refer also to Note 1(f) (Accounting Policy), Note 5 (Financial Disclosures)

Revenue recognition was considered a key audit matter due to the significance of revenue to the consolidated financial statements and the inherent risk of manipulation or error in its recognition pertaining to:

- Cut-off procedures around year-end;
- Appropriate recognition of revenue when control of goods transfers to customers.

How our audit addressed the area of focus

Our audit procedures included, among others:

- Evaluating the appropriateness of the accounting policies applied to revenue recognition and assessing their compliance with AASB 15 *Revenue from contracts with customers*.
- Testing the design and implementation of relevant controls over revenue recognition.
- Performing cut-off testing by selecting a sample of sales transactions recorded near year-end and inspecting supporting documentation (such as delivery dockets, shipping terms, invoices) to assess whether revenue was recognised in the correct period.
- Testing a sample of revenue transactions to verify that control of goods had transferred to the customer and revenue has been appropriately recognised.
- Performed substantive analytical procedures to identify unusual relations and tested transactions to supporting documentation.
- Assessing the adequacy of disclosures in the consolidated financial statements relating to revenue recognition, including the nature of performance obligations.

Information Other than the Financial Report and Auditor’s Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Group’s annual report for the year ended 30 June 2025, but does not include the financial report and our auditor’s report thereon.

Our opinion on the financial report does not cover the other information and accordingly 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 (other than the consolidated entity disclosure statement) 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 for being true and correct in accordance with the requirements of the *Corporations Act 2001*, and

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

- i. the financial report (other than the consolidated entity disclosure statement) 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 as 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 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.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the Group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the Group financial report. We are responsible for the direction, supervision and review of the work performed for the purposes of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them, all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



SW Audit

Chartered Accountants



Kamal Thakkar
Partner

Sydney
7 November 2025