

Regulatory Story

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CAP-XX Limited - CPX Interim Results
Released 07:00 16-Mar-2020



RNS Number : 1872G
CAP-XX Limited
16 March 2020

Dissemination of a Regulatory Announcement that contains inside information according to REGULATION (EU) No 596/2014 (MAR).

16 March 2020

CAP-XX Limited ("CAP-XX" or the "Company")

Interim Results for the half-year ended 31 December 2019

CAP-XX Limited, a world leader in the design and manufacture of thin, flat supercapacitors and energy management systems, is pleased to announce its interim results for the half-year ended 31 December 2019.

Key highlights

- Project to transfer the former Murata manufacturing assets has made excellent progress with key project deliverables and milestones remaining on track
- Total Sales Revenue of A\$1.9 million (2018: A\$1.6 million) up 21%
- EBITDA loss of A\$0.8 million continues to improve (2018: loss of A\$1 million)*
- Gross margin of 55.4% (2018: 54.1%) has increased due to sales revenue mix
- Royalty and license fees of A\$0.6 million (2018: A\$0.4 million) are up, due to increased activity levels from both Murata and AVX
- Licence Agreement with Cornell-Dubilier announced. A number of other parties in negotiations
- Operating expenses of A\$2.9 million, excluding share-based payments expense, held broadly flat on a year-on-year basis
- Cash reserves at the end of December 2019 were A\$1.8 million (2018: A\$4.6 million) which includes the proceeds of the R&D Tax Rebate of A\$1.6 million, but does not include the capital raise related to the Murata transaction (net £3.42 million) which was received in January 2020
- Whilst the coronavirus outbreak has affected certain customer orders and their contract manufacturer suppliers, the impact on the Company to date from this has been minimal

* EBITDA excludes amortisation of employee share options.

Anthony Kongats, CEO of CAP-XX said:

"Late last year, we announced the acquisition of Murata's supercapacitor production assets. Since then we have completed the necessary capital raising and moved forward with the next stage of this project. The project remains on track and within budget and we are confident that the production lines will be recommissioned to start shipments to customers in the first quarter of the next financial year. We are also pleased to report that the rest of the business continues to perform well."

Electronic copies of CAP-XX's interim results for the half-year ended 31 December 2019 will shortly be available from the Company's website: www.cap-xx.com.

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More information is available at www.cap-xx.com

Notes to Editors:

CAP-XX (LSE: CPX) is a world leader in the design and manufacture of thin, flat supercapacitors and energy management systems used in portable and small-scale electronic devices, and to an increasing extent, in larger applications such as automotive and renewable energy. The unique feature of CAP-XX supercapacitors is their very high power density and high energy storage capacity in a space-efficient prismatic package. These attributes are essential in power-hungry consumer and industrial electronics, and deliver similar benefits in automotive and other transportation applications. For more information about CAP-XX, visit www.cap-xx.com

Chairman's statement

Much of the Company's focus for the six months ended 31 December 2019 has been involved with the preparation, completion and delivery of the previously announced acquisition of the supercapacitor production assets of Murata. The Board is pleased to report that excellent progress has been made and that this project remains on track, with project milestones and key deliverables being achieved as per the detailed project plan. A lease has been secured on a new 3,300 sq. metre facility in Western Sydney, which will house the former Murata production lines; the first shipment of equipment left Murata's factory on schedule; and three new engineers have been recruited together with a Head of Sales for North America. The process of transition of production to the new lines remains on schedule and within budget and the Board still expects that the recommissioned production lines will be in production and shipping to customers in the first quarter of the financial year to 30 June 2021.

Whilst significant resource has been dedicated to the successful relocation of the Murata equipment, focus has not been shifted from CAP-XX's existing operations and significant progress has been made on the realisation of the Company's medium-term goals. Gross margin has again improved from the previous year in both quantum and percentage terms, due to the year-on-year increase in sales revenue, changes to the sales product mix and operational cost savings. Year-on-year sales revenue performance has been buoyed by the increase in demand for CAP-XX's cylindrical can products, coupled with increased royalty receipts from both AVX and Murata.

As was highlighted in previous statements and trading updates, the sales pipeline for both prismatic and cylindrical can supercapacitors remain at historically high levels and this has resulted in the level of unfulfilled orders as at December 2019 being up significantly from the previous year. It is also one of the reasons for the 21% increase in year-on-year sales performance. Certain of the Company's customers and suppliers, especially in the Asian region, have advised that the outbreak of the coronavirus is beginning to have a negative trading impact on their businesses. Some customers who have placed orders are asking for delivery dates to be extended and their contract manufacturers have decreased production activities due to the unavailability of staff and materials. To date, the impact on the Company from the outbreak of the coronavirus has been minimal. It is still too early to forecast the shorter to medium-term financial impact on the Company, although this will become evident in the next few months of trading.

Total revenue for the six months to 31 December 2019 was A\$1.9 million (2018: A\$1.6 million). Both product sales and revenue generated from royalties and licenses were significantly up from the previous year. For the six-month operating period ended 31 December 2019, the EBITDA loss of A\$0.8 million (2018: EBITDA loss of A\$1.0 million), which excludes the amortisation of share based payment expenses, improved by A\$0.2 million or 21% from the previous year and is broadly in line with management's expectations. Cash reserves as at 31 December 2019 were A\$1.8 million (2018: A\$4.6 million), which included the proceeds from the R&D Tax Rebate which was received in December 2019, but does not include the proceeds of the capital raising associated with the Murata transaction (net £3.42 million). Cash reserves as at the end of February 2020 stood at A\$6.4 million.

The Company continues to pursue several competitor supercapacitor organisations in potential patent infringement cases. The Company announced in July 2019 that it had completed a licence agreement with Cornell-Dubilier of the USA. The Company remains in negotiations with a number of other parties and the Board remains confident that the Company's efforts in this process will bear fruit in the short to medium term. Given the overall importance of the Murata transaction, the Board and Company have agreed that a risk benefit analysis will be undertaken on the remaining patent infringement targets to ensure that the Company's resources are being prioritised towards realisable gains.

Work continues on the Company's 3 Volt prismatic supercapacitor product to adapt it to the Murata production lines and on new chemistries to further improve product life and performance. The Board remains confident that its 3 Volt prismatic supercapacitors will be a significant source of revenue going forward.

The commissioning of the Murata plant and equipment will be the Company's main focus over the next six months and the Board is confident of reporting on a successful transition when the report and accounts for the full year to 30 June 2020 are released later in the current year.

Patrick Elliott
Chairman

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

	Consolidated	
	Half-year 2019	Half-year 2018
Currency: Australian Dollars	\$	\$
Revenue from sale of goods and services	1,932,591	1,603,484
Cost of sale of goods and services	(862,558)	(735,147)
	1,070,033	868,337

Gross margin (loss) on sale of goods and services

Other revenue	9,964	9,519
Other income	941,678	884,211
General and administrative expenses	(1,205,098)	(1,067,995)
Process and engineering expenses	(478,521)	(552,131)
Selling and marketing expenses	(404,326)	(339,220)
Research and Development expenses	(746,771)	(809,812)
Share based payments	(173,774)	(567,813)
Other expenses	(42,127)	(41,468)
(Loss) before income tax	(1,028,942)	(1,616,372)
Income tax benefit/(expense)	-	-
Net loss after income tax for the half year	(1,028,942)	(1,616,372)
(Loss) attributable to members of CAP-XX Limited	(1,028,942)	(1,616,372)

Loss per share attributable to the ordinary equity holders of the company

	Cents	Cents
Basic loss per share	(0.32)	(0.52)
Diluted loss per share	(0.32)	(0.52)

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

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

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

Consolidated
31 December 2019 31 December 2018

Currency: Australian Dollars

	\$	\$
ASSETS		
Current assets		
Cash and cash equivalents	1,751,424	4,623,238
Receivables	466,152	327,296
Inventories	1,503,159	1,998,065
Other	1,629,358	921,106
Total current assets	<u>5,350,093</u>	<u>7,869,705</u>
Non-current assets		
Property, plant and equipment	1,110,317	590,138
Other	236,507	236,507
Total non-current assets	<u>1,346,824</u>	<u>826,645</u>
TOTAL ASSETS	<u>6,696,917</u>	<u>8,696,350</u>
LIABILITIES		
Current liabilities		
Payables	546,399	835,112
Provisions	833,431	734,425
Total current liabilities	<u>1,379,830</u>	<u>1,569,537</u>
Non-current liabilities		
Provisions	41,738	125,018
Total non-current liabilities	<u>41,738</u>	<u>125,018</u>
TOTAL LIABILITIES	<u>1,421,568</u>	<u>1,694,555</u>
NET ASSETS	<u><u>5,275,349</u></u>	<u><u>7,001,795</u></u>
EQUITY		
Contributed equity	101,915,665	101,867,507
Reserves	6,192,848	5,741,487
Accumulated losses	(102,833,164)	(100,607,199)
TOTAL EQUITY	<u><u>5,275,349</u></u>	<u><u>7,001,795</u></u>

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

	Consolidated			
	Contributed Equity \$	Reserve \$	Accumulated losses \$	Total \$
Balance at 1 July 2018	98,565,062	5,212,170	(98,990,827)	4,786,405
Loss for the period as reported in the 2019 financial statements	-		(2,813,395)	(2,813,395)
Other comprehensive loss	-	(38,660)	-	(38,660)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs and tax	3,350,603			3,350,603
Employee share options - value of employee services	-	859,483	-	859,483
Balance at 30 June 2019	<u>101,915,665</u>	<u>6,032,993</u>	<u>(101,804,222)</u>	<u>6,144,436</u>

	-	-	(1,028,942)	(1,028,942)
Profit for the period as reported in the 2019 interim financial statements				
Other comprehensive income	-	(13,919)	-	(13,919)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs and tax	-	-	-	-
Employee share options - value of employee services	-	173,774	-	173,774
Balance at 31 December 2019	101,915,665	6,192,848	(102,833,164)	5,275,349

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

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

This general purpose interim financial report, for the half-year reporting period ended 31 December 2019, has been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRSs), other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the *Corporations Act 2001*. This general purpose interim financial report, for the half-year reporting period ended 31 December 2019, is unaudited.

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Interim Results - RNS