

Corporate

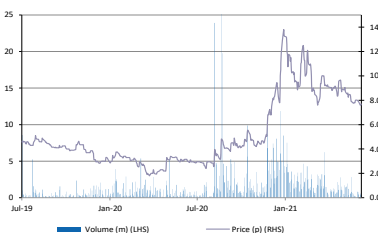
 Current price **7.70p**

 Sector **TMT**

 Code **CPX.L**

 AIM **AIM**

Share Performance



	1m	3m	12m
CPX.L	-9.9%	+1.3%	+144%

Source: Thomson Reuters, Allenby Capital

Share Data

 Market Cap (£m) **34.0**

 Shares in issue (m) **456.8**

52 weeks (p) High Low

13.75 **2.4**

 Financial year end **30 June**

Source: Company Data, Allenby Capital

Key Shareholders

Canaccord Genuity 11.0%

Quilter Cheviot 8.0%

Ruffer 6.8%

D Newlands 3.0%

A Kongats 2.2%

Source: Company Data, Allenby Capital

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CAP-XX Ltd (CPX.L)

Pre-close: Continued growth in order book

The FY pre-close update from CAP-XX Ltd (CPX.L), the leading designer and manufacturer of prismatic and cylindrical supercapacitors, indicates FY21 revenue at A\$4.1m to A\$4.2m, comfortably in line with our forecast, and EBITDA loss of A\$2.1m to A\$2.2m better than expected (ACLE: A\$2.4m). Management reports further growth in the sales order book (+127%) from new and former Murata customers and there have been multiple contract announcements year to date. Meanwhile the capacity and yield of supercapacitor production continues to improve at the new Seven Hills facility. CAP-XX has a dual strategy of product manufacturing and IP licensing and it continues to pursue its litigation against Maxwell Technologies (Tesla) and is progressing other licensing and patent infringement actions. We take this opportunity to introduce FY22 and FY23 forecasts with substantial revenue growth as well as nudging up our FY21 forecasts and introduce a fair value of 16.5p/share, equivalent to 12x FY23 EV/revenue.

- FY21 performance:** FY21 revenue of A\$4.1m to A\$4.2m (ACLE: A\$4.1m), up c. 15%, represents a credible performance given the disruption caused by COVID-19 and the execution of the Murata project. Within this, we would anticipate accelerated growth in Product revenue as Royalty and Licence fees reduced as expected, particularly from Murata. Given the higher gross margins associated with the latter revenue stream, an EBITDA loss of A\$2.1m to A\$2.2m (ACLE: A\$2.4m; FY20: A\$4.4m) points to strong cost control. With the increased capital expenditure on the new Seven Hills manufacturing facility, we expect year end cash of c. A\$0.6m with an R&D tax rebate of A\$2.6m due in H1 FY22. This, plus reducing losses, means CAP-XX should remain comfortably funded.

Commercial progress: CY21 has been notable for the number and range of wins that demonstrate the breadth of applications for supercapacitors in general and CAP-XX's super thin prismatic supercapacitors in particular. Most recently, Everactive selected the CAP-XX HA230F for its batteryless Eversensors for IoT remote asset monitoring applications. The supercapacitor stores energy harvested from indoor and outdoor solar and temperature differentials, sufficient to sense, process and wirelessly transmit data continuously, eliminating the need for battery replacement. Other wins include Jack, part of AGC Automotive Europe, a major windscreen manufacturer, for its windscreen breakage detection system; VAIMOO for data communications in its magnetic smartphone docking station for e-bikes; Portal Instruments to power its needle-free drug delivery system; and Epishine for the energy storage on indoor light energy harvesting (LEH) evaluation modules. These design wins, plus the success of migrating existing Murata customers (c. 75% by value expected), provide multi-year revenue opportunities and demonstrate real commercial traction. The sales order book is currently up 127% on the end of FY20.

Year End: 30 June

(A\$'000)	2019A	2020A	2021E	2022E	2023E
REVENUE	3,205	3,588	4,113	6,449	11,188
EBITDA†	-1,793	-4,447	-2,146	-23	2,989
ADJ. EBITDA*	-1,609	-1,584	-606	127	3,139
ADJ. PBT*	-1,954	-1,766	-1,081	-348	2,664
ADJ. EPS* (c)	-0.62	-0.46	-0.15	-0.04	0.32
NET CASH	2,429	2,895	592	1,129	2,778
EV/REVENUE (x)	18.4	16.3	14.8	9.3	5.2

Allenby Capital acts as Nomad & Broker to CAP-XX Ltd (CPX.L).

† excludes share based payments.

* excludes net Murata project costs, patent infringement and share based expenses and AASB16 lease costs.

Please refer to the last page of this communication for all required disclosures and risk warnings.

Exhibit 1: Summary financials

Income Statement	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000
Year end June	FY 2019A	FY 2020A	FY 2021E	FY 2022E	FY 2023E
Revenues	3,205	3,588	4,113	6,449	11,188
Gross Profit	1,763	1,867	1,686	2,837	6,209
<i>margin</i>	<i>55.0%</i>	<i>52.0%</i>	<i>41.0%</i>	<i>44.0%</i>	<i>55.5%</i>
Other income	1,645	3,716	2,990	2,030	2,050
Total expenses	-6,221	-10,492	-7,548	-6,266	-6,345
<i>as a% of revenue</i>	<i>194.1%</i>	<i>292.4%</i>	<i>183.5%</i>	<i>97.2%</i>	<i>56.7%</i>
(Loss) from Operations	-2,813	-4,909	-2,871	-1,398	1,914
<i>Operating margin (%)</i>	<i>-87.8%</i>	<i>-136.8%</i>	<i>-69.8%</i>	<i>-21.7%</i>	<i>17.1%</i>
EBITDA†	-1,793	-4,447	-2,146	-23	2,989
Adj. EBITDA*	-1,609	-1,584	-606	127	3,139
Loss before tax (statutory)	-2,813	-4,909	-2,871	-1,398	1,914
Loss before tax (adjusted for share based charges)	-1,954	-1,766	-1,081	-348	2,664
EPS adjusted (fully diluted) (cents)	-0.62	-0.46	-0.27	-0.08	0.58
Translation rate	1.83	1.83	1.83	1.83	1.83
EPS adjusted (fully diluted) (pence)	-0.34	-0.25	-0.15	-0.04	0.32
Cash Flow	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000
Year end June	FY 2019A	FY 2020A	FY 2021E	FY 2022E	FY 2023E
Net cash inflow/(outflow) from operating activities	-2,481	-4,457	-1,038	102	2,014
Net cash inflow/(outflow) from investing activities	-313	-1,084	-1,380	-300	-300
Net cash inflow/(outflow) from financing activities	3,351	6,030	115	735	-65
Net increase/(decrease) in cash/cash equivalents in the year	557	489	-2,303	537	1,649
Cash and cash equivalents at end of period	2,429	2,895	592	1,129	2,778
Balance Sheet	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000
Year end June	FY 2019A	FY 2020A	FY 2021E	FY 2022E	FY 2023E
Assets					
Non-current assets	916	4,960	4,643	4,974	3,924
Current assets (excluding cash)	4,395	5,480	4,567	4,917	5,617
Cash	2,429	2,895	592	1,129	2,778
Total Assets	7,740	13,336	9,802	11,020	12,319
Liabilities					
Non-current liabilities	-53	-2,570	-2,505	-2,440	-2,375
Current liabilities	-1,543	-3,179	-2,829	-2,979	-3,078
Total liabilities	-1,596	-5,749	-5,334	-5,419	-5,453
Net Assets	6,144	7,587	4,469	5,601	6,866
Total equity & liabilities	7,740	13,336	9,802	11,020	12,319

Source: Company; Allenby Capital

† excludes share based payments.

* excludes net Murata project costs, patent infringement and share based expenses and AASB16 lease costs.

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