

23 February 2024

1H FY24 results: Calix reports growth in revenue streams as decarbonisation applications progress

Sydney, Australia 23 February 2024 – Australian environmental technology company, Calix Limited (ASX: CXL) ("the Company") is pleased to report the financial performance of Calix Limited and its controlled entities ("the Group" or "Calix") for the half-year ended 31 December 2023 ("1H24" or "the Financial Period").

Financial highlights

- Total revenue and other income increased by 28% to \$16.3m (1H23: \$12.7m).
- Revenues from sales and services increased by 42% to \$12.2m (1H23: \$8.6m).
- Gross profit increased by 126% to \$5.9m (1H23: \$2.6m).
- Growth was driven by continuing revenue and margin contribution from Calix's Water line of business, and a new revenue stream associated with performing engineering services in support of our customers in Leilac, Calix's subsidiary focused on cement and lime decarbonisation.
- A gain of \$3.4m resulted from Calix's free-carried equity in its joint venture with Pilbara Minerals (ASX: PLS).
- The combination of revenues and other income as well as the gain of \$3.4m described above contributed \$19.7m to the comprehensive statement of profit or loss.
- Total operating expenses increased to \$19.8m (1H23: \$13.1m) as the Group continued to invest in technology development and commercialisation.
- The investment in research and development in 1H24 was partially offset by \$3.7m in grants and tax rebates from governments in the various jurisdictions in which Calix operates.

Operational highlights

- Leilac, Calix's subsidiary focused on cement and lime decarbonisation, signed a binding and perpetual global licence agreement for the use of its technology by Heirloom Carbon Technologies ("Heirloom") for carbon dioxide removal by Direct Air Capture ("DAC").
 - The agreement specifies that Leilac and Heirloom will work together exclusively for DAC applications and that the Leilac technology will be used at all future Heirloom DAC facilities, subject to conditions and both parties achieving agreed milestones.
 - Heirloom is one of two DAC technology companies participating in Project Cypress. Located in Louisiana, USA, the project aims to capture more than 1 million metric tons of existing CO₂ from the atmosphere and has been notified of selection by the U.S. Department of Energy for up to US\$1.2 billion in funding under the Bipartisan Infrastructure Law's Regional DAC Hubs program.
 - Heirloom has also signed a long-term contract with Microsoft for the purchase of up to 315,000 metric tons of CO₂ removal over a multi-year period.
- In a joint venture with Pilbara Minerals, a Final Investment Decision was made to progress the construction and operation of a Demonstration Plant for a low carbon-intensity, low waste, and value-added mid-stream lithium phosphate salt product.



- Calix's contribution to the total estimated Demonstration Plant construction cost of \$105m will be capped at \$17.5m. Calix's participating interest in the joint venture remains unchanged at 45%, providing Calix with an estimated free carry in the project of \$29.75m.
- The joint venture is able to license the technology to Pilbara Minerals' commercial scale plants and the global spodumene processing industry.
- Revenue and margin growth in the US water business continued, driven by sales from a new product, ALKA-Mag+.
- Two new hydration plants, located in Ripon, Wisconsin, and Lufkin, Texas, were successfully commissioned.
- In Calix's Advanced Batteries line of business, work on the first commercial format module (in an electric scooter) is nearly complete, with arrival and testing to take place before end FY24.
- The advanced batteries program has established material cost and energy / carbon efficiencies compared with conventional cathode manufacturing processes. As such, this line of business will be absorbed into the Sustainable Processing line of business to further develop these advantages.

After balance date events

- Following a decision by Heidelberg Materials (FWB: HEI) to end clinker production at its Hanover cement plant, the Leilac-2 project will relocate to an alternative Heidelberg Materials site. Alternative sites for the project are rapidly being assessed with detailed technical and financial assessments underway.¹
- The results from a completed Front-End Engineering and Design study for a 30,000 tonne per annum Zero Emissions Steel TechnologY ("ZESTY") Hydrogen Direct Reduced Iron ("H-DRI") Demonstration Plant were published. The study found that ZESTY could produce a near-zero emissions hot briquetted iron ("HBI") product from low grade iron ore for a cost close to the range of existing, carbon-intensive HBI processing costs.²

Calix's Managing Director and CEO, Phil Hodgson said:

"Calix's strong revenue and margin growth was driven by a combination of continued growth in our water business and new income streams through Leilac, our cement and lime decarbonisation subsidiary, as well as value created through our joint venture with Pilbara Minerals.

"It is pleasing to see the diversification of our revenue streams and the benefits of commercialising our platform technology across multiple applications.

"Calix's balance sheet remains strong and debt free, enabling us to continue pursuing the major commercialisation opportunities created by the ever-strengthening tailwinds of industrial decarbonisation.

"Our group structure, with a well-capitalised head company and subsidiary businesses targeted at specific industry markets, creates the flexibility and focus to pursue the right capital and commercialisation strategy for each application of the core technology.

"The second half of FY24 is off to a fast start. Our dedicated team continue to focus on our priority projects, including beginning construction of our demonstration plant with Pilbara Minerals, preparing for construction of Leilac-2 while identifying a new site with Heidelberg Materials, and progressing our ZESTY demonstration plant towards a Final Investment Decision."

H2 FY24 outlook

¹ <u>Leilac-2 to relocate as HM end clinker production at Hanover. ASX Announcement. 29 January 2024</u>

² ZESTY FEED study results published. ASX Announcement. 12 February 2024



Calix will continue to work towards its FY24 priorities, with a particular focus on its key projects for the decarbonisation of cement and lime, iron and steel, and lithium processing.

For cement and lime, Heidelberg Materials has reiterated its commitment to the Leilac-2 project, which is an important demonstration project for the alternative fuel cement plant market. Leilac is working with Heidelberg Materials to expedite confirmation of a suitable new site and minimise delays to the project. In parallel with the Leilac-2 project, Leilac continues to develop fully electric applications for cement, lime, and Direct Air Capture.

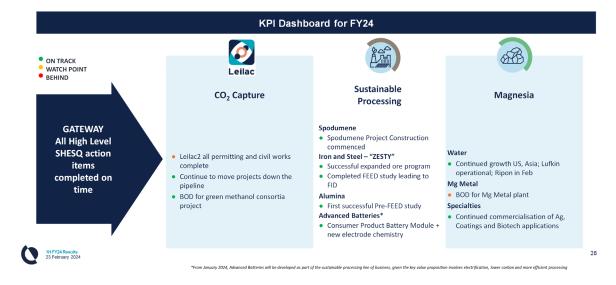
Calix's joint venture with Pilbara Minerals, which aims to develop a low carbon, low waste, and high value mid-stream lithium salt product, remains on track and on budget, and is expected to commence construction before the end of the financial year.

Following the completion of the ZESTY Front-End Engineering and Design ("FEED") study for a 30,000 tonne per annum H-DRI demonstration plant, Calix is progressing the site selection and commercial arrangements necessary to reach a Final Investment Decision for the project.

FY24 KPIs

FY24 KPI Dashboard

Strong progress so far, with most KPIs on track



Investor webinar

The Company will host an investor webinar with CEO and MD Phil Hodgson, and CFO Darren Charles at 10.30am AEDT on Friday 23 February 2024 to discuss the 1H24 results.

Please register for the investor webinar at the link below:

https://us02web.zoom.us/webinar/register/WN_Uy_P0AwnREKxd3iNMfuuPw

Investors can submit live questions during the webinar and are also invited to send questions prior to the webinar to simon@nwrcommunications.com.au.



-ENDS-

This announcement has been authorised for release to the ASX by:

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About Calix

Calix Limited (ASX: CXL) is an environmental technology company solving global challenges in industrial decarbonisation and sustainability, including CO₂ mitigation, sustainable processing, advanced batteries, biotechnology and water treatment.

Calix's patented core platform technology delivers efficient indirect heating of raw materials to enable electrification of industries, efficient capture of unavoidable emissions, and green industrial processing solutions. Its flash heating approach can also produce unique nano-porous materials with enhanced chemical and/or bioactive properties.

Leveraging its core platform technology and a global network of research and development collaborations, Calix is urgently developing multiple environmental businesses that deliver positive global impact. Because there's only one Earth.

Mars is for quitters.

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