

**Calix Limited and its controlled entities**

**ABN 36 117 372 540**

**Interim financial report for the period ended**

**31 December 2022**

## DIRECTORS REPORT

The directors present their report on Calix Limited and its controlled entities (“the Group” or “Calix”) consisting of Calix Limited (“the Company”) and entities under its control for the half-year ended 31 December 2022.

### DIRECTORS

The following persons were directors of the Company during the period ended 31 December 2022 and up to the date of the report, unless otherwise stated:

P J Turnbull  
H Fisher  
J A Hamilton  
P H Hodgson  
M G Sceats

### PRINCIPAL ACTIVITIES

Calix is an environmental technology company. It has developed a patent-protected, platform technology that produces new materials and processes to solve global challenges in industrial decarbonisation and sustainability, including CO<sub>2</sub> mitigation, sustainable processing, advanced batteries, biotechnology and water treatment. As a member of the UN Global Compact, it aims to align its activity and operations with the UN Sustainable Development Goals.

The core technology platform – the Calix Flash Calciner (“CFC”) – is a reinvention of the kiln process that has three core benefits:

#### 1) **Enabling electrification and green industrial processing:**

Calix’s patented core technology platform is ideally suited to help mineral and chemical processing enter the electric age. Its indirect heating approach is compatible with renewable sources of energy and alternative fuels. Separating the heat source from the chemical reaction can also enable the most efficient use of green hydrogen in place of conventional, carbon intensive reducing agents.

Additionally, Calix is developing innovative refining solutions that enhance recovery of ore and create near zero-waste products. Renewably powered at-mine processing has the potential to enable significant value creation and capture through refined, low carbon mineral products.

#### 2) **Enabling efficient capture of unavoidable emissions:**

For industries that process carbon containing minerals, like cement and lime, most of the CO<sub>2</sub> emissions are process emissions, produced as a direct and unavoidable result of the chemical reaction. With no additional chemicals or processes, Calix’s technology is being developed to efficiently separate process CO<sub>2</sub> for use or storage to deliver low-cost abatement of unavoidable emissions.

#### 3) **Production of highly-active materials:**

Calix’s flash heating approach can produce unique nanoporous materials with enhanced chemical and/or bio-activity. These highly-active materials can be made into safe, sustainable and effective products for water and wastewater treatment applications, aquaculture, and agricultural pest control, and are also being developed for advanced lithium ion batteries.

The Group has operations, customers and distribution partners across Australia, New Zealand, Asia, Europe and the United States of America (US). Its activities are focused across five business segments, being: CO<sub>2</sub> Mitigation, Sustainable Processing, Advanced Batteries, Biotech and Water. These “Lines of Business” are supported by Research & Development (“R&D”), engineering, operations, marketing, and finance and administration teams.

 <b>Leilac</b> <b>CO<sub>2</sub> Mitigation</b>	 <b>Sustainable Processing</b>	 <b>Advanced Batteries</b>	 <b>Biotech</b>	 <b>Water</b>
<ul style="list-style-type: none"> <li>• Separation &amp; capture of unavoidable process CO<sub>2</sub> for cement &amp; lime.</li> <li>• Compatibility with electrification &amp; alternative fuels.</li> <li>• Modular technology is retrofittable &amp; fully scalable.</li> <li>• Developing with €28m of EU funding &amp; in partnership with some of the largest cement &amp; lime companies.</li> </ul>	<ul style="list-style-type: none"> <li>• Electrification of calcination for renewably powered mineral &amp; chemical processing.</li> <li>• Targeting minimum use of green hydrogen as a reductant.</li> <li>• Developing at mine processing for value-added low waste &amp; low carbon products.</li> <li>• Developing applications in iron &amp; steel, lithium &amp; other critical minerals.</li> </ul>	<ul style="list-style-type: none"> <li>• Targeting safe, environmentally friendly, more recyclable, better performing batteries.</li> <li>• Highly prospective early results show suitability for high-power applications.</li> <li>• Significantly reduced energy requirements for production.</li> <li>• Substantial global battery development network.</li> </ul>	<ul style="list-style-type: none"> <li>• Novel, bio-active materials for multiple global applications.</li> <li>• Crop protection – safe, low-cost &amp; sustainable alternative to hard chemicals.</li> <li>• Advanced coatings – sustainable &amp; non-toxic marine-fouling &amp; corrosion control.</li> <li>• Antimicrobials – combatting antimicrobial resistance.</li> </ul>	<ul style="list-style-type: none"> <li>• Safe, effective, economical &amp; sustainable solutions for the treatment of water &amp; wastewater.</li> <li>• Environmentally friendly alternative to existing products, such as caustic soda.</li> <li>• In-market since 2014.</li> <li>• Growing revenue streams &amp; gross margins.</li> <li>• Successful US acquisition in 2019.</li> </ul>

Calix’s R&D function manages a pipeline of opportunities that leverage the core technology, with each: addressing a specific global environmental challenge consistent with our purpose and company ethos; presenting significant opportunities to create economic growth; and possessing sustainable competitive advantages. The key current development areas are: demonstration and commercialisation of the technology for the cement and lime industries; application of the technology in sustainable processing, including green iron and steel, and for critical minerals such as lithium; and application of the technology for advanced batteries. These activities are supported by the Group’s R&D facilities in Australia, as well as engineering groups in Australia and Europe.

Our business activities are underpinned by: a commercial-scale operations facility at Bacchus Marsh in Victoria, with a name-plate capacity of 25,000 tonnes per year of raw (magnesium oxide) product; a raw material (magnesium carbonate) mine near Leigh Creek in South Australia; a pilot demonstration facility for CO<sub>2</sub> capture from lime and cement (“Leilac-1” facility) in Lixhe, Belgium; and an electric calciner for sustainable processing development and the production of advanced materials, including battery materials (“BATMn” facility) at Bacchus Marsh. In the US, the Group has four manufacturing facilities to produce water treatment products to serve North American customers.

## OPERATING RESULTS

The Group recorded growth in sales revenues during the first half of the year, with continuing revenue and margin contribution in the US and Asia Pacific from the Water line of business.

Total revenue and other income increased by 21% to \$12.7m (1H22: \$10.5m), with a gross margin of 30% (1H22: 28%). The Water line of business contributed \$8.5m revenue, a 9% increase (1H22: \$7.8m) when excluding historical revenues from a coal fired power station customer that were driven by the now ceased coal emissions reduction tax credit in the USA. Gross margins in the US water business remained steady at 35% (1H22: 36%).

Operating expenses increased to \$13.1m (1H21: \$8.7m) as the Group invested in capability and capacity to commercialise its technology in the CO<sub>2</sub> Mitigation and Sustainable Processing lines of business. Investment of \$2.9m in additional research and engineering accounted for 66% of the total increase in operational expenditure. The group invested a further \$0.6m in expanding its sales and marketing capability and \$0.9m in administrative and legal support for technology commercialisation.

During the half year, the Group grew the number of full-time employees with the addition of 11 new engineers to support R&D and customer project development, 4 new team members in support of sales and business development activities, and 1 additional administration resource. At the end of 2022, our team had grown to 100 people from 72 at the end of 2021.

Operational highlights for each line of business included:

Leilac

- Executed a world-first perpetual non-exclusive licence with Heidelberg Materials (FWB: HEI).
- Announced three full-scale decarbonisation projects with CEMEX S.A.B. de C.V. (NYSE: CX) in Germany, Poland and the US. Progress was also made towards a global licence agreement with CEMEX.
- Grew its pipeline of projects from 54 to 71.

Sustainable Processing

- Executed final joint venture agreements with Pilbara Minerals (ASX: PLS) to develop novel mid-stream lithium processing to produce low carbon, low waste and high value concentrated lithium salt.
- Secured ~\$1m in funding from Australian Renewable Energy Agency (ARENA) to progress a Basis of Design (BOD) and Front-End Engineering and Design (FEED) study for a renewably powered 30,000 tpa demonstration plant for Calix's Zero Emissions Steel Technology (ZESTY).

Advanced Batteries

- Commenced commercial-scale trial production of its proprietary lithium battery cathode material with AMTE in the UK.
- Progressed R&D on new cathode and anode chemistries under the [FBI CRC](#), [StorEnergy ARC](#) and [EU Polystorage network](#).

Biotech

- Continued successful marine coating trials overseas with two marine coating manufacturers, and one significant local potential end-user.
- Commenced project planning for next phase anti-microbial studies under the CRC SAAFE (<https://www.crcsaafe.com.au/about>) program.

Water

- Grew revenues from \$7.8m to \$8.5m and margin from 28% to 30%.
- Commenced permitting, engineering and procurement for two new US-based production facilities to support growth into new territories.

**GOING CONCERN**

The financial report has been prepared on a going concern basis.

**SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS**

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

**AUDITOR INDEPENDENCE**

A copy of the auditor's independence declaration as required under section 307c of the *Corporations Act 2001* is set out on page 4.

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



P J Turnbull AM, Chair  
Sydney 21 February 2023

## DECLARATION OF INDEPENDENCE BY ELYSIA ROTHWELL TO THE DIRECTORS OF CALIX LIMITED

As lead auditor for the review of Calix Limited for the half-year ended 31 December 2022, I declare that, to the best of my knowledge and belief, there have been:

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

This declaration is in respect of Calix Limited and the entities it controlled during the period.



**Elysia Rothwell**  
**Director**

**BDO Audit Pty Ltd**

Sydney, 21 February 2023

## Consolidated Statement of Profit or Loss and other Comprehensive Income For the Half-year period ended 31 December 2022

	Note	31-Dec-22 \$	31-Dec-21 \$
Sales of goods	3	8,628,552	9,824,162
Cost of sales of goods		(6,042,220)	(7,047,528)
<b>Gross profit</b>		<b>2,586,332</b>	<b>2,776,634</b>
Other income	3	4,040,043	704,573
<b>Gross profit and other income</b>		<b>6,626,375</b>	<b>3,481,207</b>
Sales and marketing expenses		(4,308,335)	(3,713,551)
Research and development expenses		(5,513,344)	(2,629,440)
Administration and other expenses		(3,262,457)	(2,382,171)
<b>Total operating expenses</b>	4	<b>(13,084,136)</b>	<b>(8,725,162)</b>
Loss before finance costs, depreciation, amortisation, impairment, foreign exchange, share based payments and income tax for the period		<b>(6,457,761)</b>	<b>(5,243,955)</b>
Depreciation, amortisation and impairment expenses	4	(2,416,067)	(1,975,872)
Finance costs		(258,289)	(50,335)
Foreign exchange gains / (losses)		264,626	(249,730)
Share based payment expenses		(558,165)	(187,079)
<b>Loss from ordinary activities before income tax</b>		<b>(9,425,656)</b>	<b>(7,706,971)</b>
Income tax benefit		39,680	158,913
<b>Loss for the period</b>		<b>(9,385,976)</b>	<b>(7,548,058)</b>
<b>Other comprehensive income</b>			
Items that may be reclassified to profit or loss:			
Exchange differences on translation of foreign operations		60,434	(38,072)
<b>Total comprehensive income for the period</b>		<b>(9,325,542)</b>	<b>(7,586,130)</b>
<b>Loss for the period is attributable to:</b>			
Owners of Calix Limited		(9,173,149)	(7,477,884)
Non-controlling interests		(212,827)	(70,174)
		<b>(9,385,976)</b>	<b>(7,548,058)</b>
<b>Total comprehensive income for the period is attributable to:</b>			
Owners of Calix Limited		(9,199,784)	(7,499,993)
Non-controlling interests		(125,758)	(86,137)
		<b>(9,325,542)</b>	<b>(7,586,130)</b>
Basic and diluted loss per share (cents)	14	(5.49)	(4.66)

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

## Consolidated Statement of Financial Position

### As at 31 December 2022

	Note	31-Dec-22 \$	30-Jun-22 \$
<b>ASSETS</b>			
<i>Current assets</i>			
Cash and cash equivalents		88,838,628	24,982,760
Trade and other receivables	5	5,519,406	3,231,784
Inventory		3,563,436	3,396,736
<b>Total current assets</b>		<b>97,921,470</b>	<b>31,611,280</b>
<i>Non-current assets</i>			
Trade and other receivables	5	284,594	284,419
Intangible assets	6	7,562,293	6,441,630
Goodwill	7	3,638,392	3,638,392
Right of use asset		526,130	536,793
Property, plant and equipment	8	20,738,576	18,698,327
<b>Total non-current assets</b>		<b>32,749,985</b>	<b>29,599,561</b>
<b>Total assets</b>		<b>130,671,455</b>	<b>61,210,841</b>
<b>LIABILITIES</b>			
<i>Current liabilities</i>			
Trade and other payables	9	3,008,516	3,256,009
Borrowings	10	500,240	863,489
Current lease liabilities		344,841	277,535
Provisions		1,661,568	1,380,424
Deferred revenue	11	8,301,053	9,349,670
<b>Total current liabilities</b>		<b>13,816,218</b>	<b>15,127,127</b>
<i>Non-current liabilities</i>			
Borrowings	10	11,427	15,261
Non-current lease liabilities		238,160	315,390
Provisions		427,139	367,458
Deferred tax liabilities		548,900	588,579
<b>Total non-current liabilities</b>		<b>1,225,626</b>	<b>1,286,688</b>
<b>Total liabilities</b>		<b>15,041,844</b>	<b>16,413,815</b>
<b>NET ASSETS</b>		<b>115,629,611</b>	<b>44,797,026</b>
<b>EQUITY</b>			
Issued capital	12	153,083,436	72,955,801
Reserves	13	23,237,903	23,234,046
Accumulated losses		(61,874,644)	(52,701,495)
<b>Capital and reserves attributable to the owners of Calix Limited</b>		<b>114,446,695</b>	<b>43,488,352</b>
Non-controlling interest	16	1,182,916	1,308,674
<b>TOTAL EQUITY</b>		<b>115,629,611</b>	<b>44,797,026</b>

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

## Consolidated Statement of Cash Flows

### For the Half-year period ended 31 December 2022

Note	31-Dec-22 \$	31-Dec-21 \$
<b>Cash flows from operating activities</b>		
Receipts from customers	8,209,961	9,589,438
Receipts from government bodies	675,695	476,446
Payments to suppliers and employees	(19,751,028)	(18,019,488)
Interest received	82,845	23,791
Payment of interest on borrowings	(239,029)	(25,741)
<b>Net cash used in operating activities</b>	<b>(11,021,556)</b>	<b>(7,955,554)</b>
<b>Cash flows from investing activities</b>		
Purchases of property, plant and equipment	(3,756,801)	(3,489,386)
Purchases of intangible assets	6 (1,393,322)	(775,268)
<b>Net cash used in investing activities</b>	<b>(5,150,123)</b>	<b>(4,264,654)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issues of shares (net of transaction costs)	79,410,248	813,170
Receipts of repayment of loans to directors	1,166,049	-
Proceeds from sale of non-controlling interest in subsidiary, net of transaction costs	16 -	22,845,375
Payment of lease	(181,667)	(279,738)
Net repayment of borrowings	(367,083)	(21,045)
<b>Net cash provided by financing activities</b>	<b>80,027,547</b>	<b>23,357,762</b>
<b>Net increase in cash and cash equivalents</b>	<b>63,855,868</b>	<b>11,137,554</b>
Cash and cash equivalents at the beginning of the period	24,982,760	15,130,147
<b>Cash and cash equivalents at the end of the period</b>	<b>88,838,628</b>	<b>26,267,701</b>

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



## Consolidated Statement of Changes in Equity

### For the Half-year period ended 31 December 2022

	Issued Capital	Reserves	Accumulated losses	Total Parent Entity Interest	Non-controlling interest	Total
<b>Balance at 1 July 2021</b>	<b>70,967,717</b>	3,543,560	<b>(36,363,252)</b>	38,148,025	-	38,148,025
<b>Net losses for the period after tax</b>	-	-	(7,477,884)	(7,477,884)	(70,174)	(7,548,058)
<b>Other comprehensive income for the period</b>						
Net movement in foreign currency translation reserve	-	(22,109)	-	(22,109)	(15,963)	(38,072)
<b>Total comprehensive income for the period</b>	-	<b>(22,109)</b>	<b>(7,477,884)</b>	<b>(7,499,993)</b>	<b>(86,137)</b>	<b>(7,586,130)</b>
<b>Transactions with owners</b>						
New issues of shares (net of transaction costs)	813,170	-	-	813,170	-	813,170
Fair value of EIS rights granted	-	187,080	-	187,080	-	187,080
Fair value of EIS rights issued	831,215	(831,215)	-	-	-	-
Movement in warrant reserve	255,064	(255,064)	-	-	-	-
Divestment of investment in subsidiary, net of transaction costs	-	21,176,322	-	21,176,322	1,669,053	22,845,375
<b>Balance at 31 December 2021</b>	<b>72,867,166</b>	<b>23,798,574</b>	<b>(43,841,136)</b>	<b>52,824,604</b>	<b>1,582,916</b>	<b>54,407,520</b>
<b>Balance at 1 July 2022</b>	<b>72,955,801</b>	23,234,046	<b>(52,701,495)</b>	43,488,352	1,308,674	44,797,026
<b>Net losses for the period after tax</b>	-	-	(9,173,149)	(9,173,149)	(212,827)	(9,385,976)
<b>Other comprehensive income for the period</b>						
Net movement in foreign currency translation reserve	-	(9,816)	-	(9,816)	87,069	77,253
<b>Total comprehensive income for the period</b>	-	<b>(9,816)</b>	<b>(9,173,149)</b>	<b>(9,182,965)</b>	<b>(125,758)</b>	<b>(9,308,723)</b>
<b>Transactions with owners</b>						
New issues of shares (net of transaction costs)	79,583,143	-	-	79,583,143	-	79,583,143
Fair value of EIS rights granted	-	558,165	-	558,165	-	558,165
Fair value of EIS rights issued	544,492	(544,492)	-	-	-	-
<b>Balance at 31 December 2022</b>	<b>153,083,436</b>	<b>23,237,903</b>	<b>(61,874,644)</b>	<b>114,446,695</b>	<b>1,182,916</b>	<b>115,629,611</b>

The consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

## Notes to the Financial Report For the half-year ended 31 December 2022

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### 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The half-year consolidated financial report was approved by the Board of Directors on 21 February 2023. This half-year consolidated financial report has been prepared in accordance with Australian Accounting Standard AASB134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

The half-year consolidated financial report is intended to provide users with an update on the latest annual financial statements of Calix Limited ("the Company") and its controlled entities ("the Group"). As such, the half-year report does not include full disclosures of the type normally included in an annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report. Accordingly, it is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2022.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

These financial statements have been prepared on the going concern basis, which contemplates the consolidated entity's ability to pay its debts as and when they become due and payable for a period of at least 12 months from the date of authorising the financial report for issue.

## Notes to the Financial Report

### For the half-year ended 31 December 2022

#### 2. SEGMENT REPORTING

The Group identifies its operating segments based on the internal reports that are reviewed and used by the Group's chief operating decision makers (CODM). The CODM consists of the Executive Key Management Personnel. For the period ended 31 December 2022, the Group has identified three segments based on the geographical regions in which it operates.

The aggregation criteria under AASB 8 – Operating Segments has been applied to include the results of each region within the segment in which it operates.

	Australia & SE Asia	US	Europe	Elimination	Total
For the period ended 31 December 2022	\$	\$	\$	\$	\$
<b>Segment Revenue</b>					
Products sold	1,905,511	6,554,070	-	(100,386)	8,359,195
Revenue from rental agreements	50,377	-	-	-	50,377
Other services	19,706	57,461	141,813	-	218,980
<b>Total Segment Revenue</b>	<b>1,975,594</b>	<b>6,611,531</b>	<b>141,813</b>	<b>(100,386)</b>	<b>8,628,552</b>
<b>Timing of revenue recognition</b>					
Goods transferred at a point in time	1,925,072	6,554,070	-	(100,386)	8,378,756
Services transferred over time	50,522	57,461	141,813	-	249,796
<b>Total Segment Revenue</b>	<b>1,975,594</b>	<b>6,611,531</b>	<b>141,813</b>	<b>(100,386)</b>	<b>8,628,552</b>
Other Income	3,640,907	14,031	385,105	-	4,040,043
<b>Total Revenue and Other Income</b>	<b>5,616,501</b>	<b>6,625,562</b>	<b>526,918</b>	<b>(100,386)</b>	<b>12,668,595</b>
<b>Operating Result</b>	<b>(4,527,679)</b>	<b>(105,907)</b>	<b>(1,791,301)</b>	<b>(32,874)</b>	<b>(6,457,761)</b>
Depreciation and amortisation	(1,425,949)	(196,321)	(604,847)	(188,950)	(2,416,067)
Impairment	-	-	-	-	-
<b>Segment Result</b>	<b>(5,953,628)</b>	<b>(302,228)</b>	<b>(2,396,148)</b>	<b>(221,824)</b>	<b>(8,873,828)</b>
Unallocated revenue less unallocated expenses					(551,828)
<b>Loss before income tax expense</b>					<b>(9,425,656)</b>
Income tax benefit					39,680
<b>Loss after income tax expense</b>					<b>(9,385,976)</b>

	Australia & SE Asia	US	Europe	Elimination	Total
For the period ended December 2022	\$	\$	\$	\$	\$
Total Segment Assets	99,408,760	6,103,280	24,603,813	555,602	130,671,455
Total Segment Liabilities	7,816,066	4,017,478	8,374,701	(5,166,401)	15,041,844

## Notes to the Financial Report

### For the half-year ended 31 December 2022

#### 2. SEGMENT REPORTING (CONTINUED)

	Australia & SE Asia	US	Europe	Elimination	Total
For the period ended 31 December 2021	\$	\$	\$	\$	\$
<b>Segment Revenue</b>					
Products sold	2,968,169	7,550,692	-	(777,150)	9,741,711
Revenue from rental agreements	69,608	-	-	-	69,608
Other services	-	12,843	-	-	12,843
<b>Total Segment Revenue</b>	<b>3,037,777</b>	<b>7,563,535</b>	<b>-</b>	<b>(777,150)</b>	<b>9,824,162</b>
<b>Timing of revenue recognition</b>					
Goods transferred at a point in time	2,968,169	7,550,692	-	(777,150)	9,741,711
Services transferred over time	69,608	12,843	-	-	82,451
<b>Total Segment Revenue</b>	<b>3,037,777</b>	<b>7,563,535</b>	<b>-</b>	<b>(777,150)</b>	<b>9,824,162</b>
Other Income	162,033	11,606	530,934	-	704,573
<b>Total Revenue and Other Income</b>	<b>3,199,810</b>	<b>7,575,141</b>	<b>530,934</b>	<b>(777,150)</b>	<b>10,528,735</b>
<b>Operating Result</b>	<b>(4,249,195)</b>	<b>152,927</b>	<b>(1,147,249)</b>	<b>(438)</b>	<b>(5,243,955)</b>
Depreciation and amortisation	(1,322,022)	(214,014)	(219,380)	(188,950)	(1,944,366)
Impairment	-	-	(31,506)	-	(31,506)
<b>Segment Result</b>	<b>(5,571,217)</b>	<b>(61,087)</b>	<b>(1,398,135)</b>	<b>(189,388)</b>	<b>(7,219,827)</b>
Unallocated revenue less unallocated expenses					(487,144)
<b>Loss before income tax expense</b>					<b>(7,706,971)</b>
Income tax benefit					158,913
<b>Loss after income tax expense</b>					<b>(7,548,058)</b>

	Australia & SE Asia	US	Europe	Elimination	Total
For the period ended December 2021	\$	\$	\$	\$	\$
Total Segment Assets	25,550,090	6,166,705	26,854,078	2,639,968	61,210,841
Total Segment Liabilities	7,304,740	3,801,693	8,662,005	(3,354,623)	16,413,815

## Notes to the Financial Report

### For the half-year ended 31 December 2022

#### 3. REVENUE AND OTHER INCOME

	31-Dec-22 \$	31-Dec-21 \$
Revenue		
Water and biotech revenues	1,863,588	1,869,830
IER product revenues	6,603,590	6,980,222
CO <sub>2</sub> mitigation revenues	141,813	-
Sustainable processing revenues	19,561	974,110
<b>Total Revenue</b>	<b>8,628,552</b>	<b>9,824,162</b>
Other income		
LEILAC project income	234,897	407,262
R&D incentive income	2,722,055	-
Other grant income	987,464	263,049
Interest income	82,844	23,793
Other income	12,783	10,469
<b>Total other income</b>	<b>4,040,043</b>	<b>704,573</b>
<b>Total revenue and other income</b>	<b>12,668,595</b>	<b>10,528,735</b>

#### 4. EXPENSES

The Group has identified several expense items which are material due to the significance of their nature and/or amount. These are listed separately here to provide a better understanding the financial performance of the group:

	31-Dec-22 \$	31-Dec-21 \$
Employee benefit expenses	8,195,553	5,550,086
Depreciation and amortisation expense	2,252,920	1,807,526
Depreciation of right of use assets	163,147	136,840
Impairment expense	-	31,506
	<b>10,611,620</b>	<b>7,525,958</b>

##### *Impairment expense*

Pilot plant equipment relating to the SOCRATCES projects were found to require impairment under the Group's accounting policy, in the prior year, on the basis that their value in use had dropped below their carrying value.

#### 5. TRADE & OTHER RECEIVABLES

	31-Dec-22 \$	30-Jun-22 \$
<b>Current</b>		
Trade receivables	1,927,958	1,454,366
R&D incentive receivable	2,722,055	-
Other receivables	19,593	263,573
Prepayments	663,301	261,636
Deposits paid	186,499	197,160
Director advances	-	1,166,049
<b>Total current trade and other receivables</b>	<b>5,519,406</b>	<b>3,231,784</b>
<b>Non-current</b>		
Deposits	274,000	274,000
Other non-current assets	10,594	10,419
<b>Total non-current trade and other receivables</b>	<b>284,594</b>	<b>284,419</b>

## Notes to the Financial Report

### For the half-year ended 31 December 2022

#### 6. NON-CURRENT ASSETS – INTANGIBLES

	31-Dec-22 \$	30-Jun-22 \$
Customer contracts	2,091,000	2,091,000
Less: accumulated amortisation	(644,725)	(540,175)
Intellectual property	1,359,000	1,359,000
Less: accumulated amortisation	(419,025)	(351,075)
Brand names	329,000	329,000
Less: accumulated amortisation	(101,442)	(84,992)
Capitalised development costs	2,878,086	1,699,523
Less: accumulated amortisation	(23,279)	-
Patents and trademarks	2,545,218	2,330,459
Less: accumulated amortisation	(451,540)	(391,110)
<b>Total intangibles</b>	<b>7,562,293</b>	<b>6,441,630</b>

Movement in the carrying amounts (dollars) for intellectual property between the beginning and the end of the period:

	Intangible Assets \$
<b>Balance as at 30 June 2022</b>	6,441,630
Additions during the period	
Capitalised development costs	1,178,563
Patents and trademarks	214,759
Less amortisation during the period	(272,659)
<b>Balance as at 31 December 2022</b>	<b>7,562,293</b>

#### *Intangibles*

Intangible assets are measured at cost less any accumulated amortisation and any impairment losses. Amortisation is systematically allocated over the useful life of each identifiable asset with a finite life.

#### *Customer contracts*

Customer contracts are recognised at their fair value at the date of acquisition and are subsequently amortised on a straight-line basis over their estimated useful lives. Customer contracts have a finite life and are carried at cost less any accumulated amortisation and any impairment losses. In calculating amortisation costs, customer contracts are taken to have a useful life of 10 years.

#### *Intellectual property*

Intellectual property is recognised at fair value at the date of acquisition and is subsequently amortised on a straight-line basis over its estimated useful life. Intellectual property has a finite life and is carried at cost less any accumulated amortisation and any impairment losses. In calculating amortisation costs, intellectual property is taken to have a useful life of 10 years.

## Notes to the Financial Report

### For the half-year ended 31 December 2022

#### 6. NON-CURRENT ASSETS – INTANGIBLES (CONTINUED)

##### *Brand names*

Brand names are recognised at fair value at the date of acquisition and are subsequently amortised on a straight-line basis over their estimated useful lives. Brand names have a finite life and are carried at cost less any accumulated amortisation and any impairment losses. In calculating amortisation costs, brand names are taken to have a useful life of 10 years.

##### *Capitalised development costs*

The capitalised development costs intangible asset relates to expenditure incurred on the development, design and construction of cement and lime manufacturing and BOOSTER-Mag technologies. The costs were recognised on the basis that they were incurred in the development phase, in accordance with AASB 138, through the demonstration of technical feasibility of completion, the intention to complete and use or sell the assets, as well as the clear path to economic benefits, the availability of technical and financial resources, and reliable measurement of expenditure. The capitalised development costs are not amortised until the associated product and service are demonstrated to be available for commercial use and an appropriate amortisation period set.

##### *Patent and trademarks*

Patents and trademarks are recognised at cost of acquisition. Patents and trademarks have a finite life and are carried at cost less any accumulated amortisation and any impairment losses. Amortisation is systematically allocated over the useful life of each patent and trademark. In calculating amortisation costs, patents are taken to have a useful life of 20 years, trademarks are taken to have a useful life of 10 years.

#### 7. GOODWILL

	31-Dec-22 \$	30-Jun-22 \$
Goodwill	3,638,392	3,638,392
<b>Total goodwill</b>	<b>3,638,392</b>	<b>3,638,392</b>
At the beginning of the period	3,638,392	3,638,392
<b>Balance at the end of the period</b>	<b>3,638,392</b>	<b>3,638,392</b>

Goodwill arose on the acquisition of the US subsidiary, Inland Environmental Resources Inc, in 2019 as a result of the excess of consideration above identifiable net assets.

##### *Accounting for goodwill*

Goodwill arises on the acquisition of a business where the fair value of the consideration exceeds the fair value of the net assets acquired. Goodwill is not amortised, instead it is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried as cost less accumulated impairment losses. Impairment losses on goodwill are taken to the profit or loss and not subsequently reversed.

## Notes to the Financial Report

### For the half-year ended 31 December 2022

#### 8. PROPERTY, PLANT AND EQUIPMENT

	31-Dec-22 \$	30-Jun-22 \$
Office furniture, fittings and equipment	1,708,487	1,637,393
Less: accumulated depreciation	(1,408,471)	(1,346,190)
	<b>300,016</b>	<b>291,203</b>
CFC Calciner facility	24,072,841	22,573,763
Less: accumulated depreciation	(16,909,773)	(15,855,003)
	<b>7,163,068</b>	<b>6,718,760</b>
Slurry manufacturing and application assets	6,593,015	6,601,674
Less: accumulated depreciation	(1,697,880)	(1,848,739)
	<b>4,895,135</b>	<b>4,752,935</b>
Mining tenements	1,173,664	1,173,664
Less: accumulated amortisation	(40,250)	(38,147)
	<b>1,133,414</b>	<b>1,135,517</b>
LEILAC project calciner	21,292,157	19,238,099
Less: accumulated impairment	(14,883,713)	(14,276,686)
	<b>6,408,444</b>	<b>4,961,413</b>
SOCRATCES project	447,948	447,060
Less: accumulated impairment	(447,948)	(447,060)
	-	-
Land	<b>838,499</b>	<b>838,499</b>
<b>Total property, plant and equipment</b>	<b>20,738,576</b>	<b>18,698,327</b>

#### 9. TRADE AND OTHER PAYABLES

	31-Dec-22 \$	30-Jun-22 \$
Trade payables	2,297,179	2,476,129
Sundry payables and accrued expenses	711,337	779,880
<b>Total trade and other payables</b>	<b>3,008,516</b>	<b>3,256,009</b>



## Notes to the Financial Report

### For the half-year ended 31 December 2022

#### 10. BORROWINGS

	31-Dec-22 \$	30-Jun-22 \$
<b>Current</b>		
Loan facility	189,469	715,633
Asset financing facilities	26,584	33,194
Insurance premium funding	284,187	114,662
<b>Total current borrowings</b>	<b>500,240</b>	<b>863,489</b>
<b>Non-current</b>		
Asset financing facilities	11,427	15,261
<b>Total non-current borrowings</b>	<b>11,427</b>	<b>15,261</b>
<b>Total borrowings</b>	<b>511,667</b>	<b>878,750</b>

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds and the redemption amount is recognised as profit or loss over the period of the borrowings using the effective interest rate method.

Where there is an unconditional right to defer the settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

##### *Loan facility*

Inland Environmental Resources, Inc. (IER) secured a working capital facility for up to USD \$500,000 with Umpqua Bank to assist with funding capital expenditures at an interest rate of 8.5%.

##### *Other borrowings*

The other borrowings balance comprises of asset financing facilities totalling \$38,011 with interest rates ranging from 3.75% to 4.75%, and insurance premium funding facilities totalling \$284,187 with an interest rate of 2.66%.

#### 11. DEFERRED REVENUE

	31-Dec-22 \$	30-Jun-22 \$
Current deferred revenue	8,301,053	9,349,670
<b>Total deferred revenue</b>	<b>8,301,053</b>	<b>9,349,670</b>

##### *Associated Projects*

The deferred revenue balances at reporting date are associated with the LEILAC EU Horizons 2020 project, and the CRC-P Department of Industry, Innovation and Science project.

## Notes to the Financial Report

### For the half-year ended 31 December 2022

#### 12. ISSUED CAPITAL

	31-Dec-22 \$	30-Jun-22 \$
Fully paid ordinary shares	160,411,924	78,276,547
Costs of fund raising recognised	(7,328,488)	(5,320,746)
<b>Total issued capital</b>	<b>153,083,436</b>	<b>72,955,801</b>

##### a. Fully paid ordinary shares

	31-Dec-22 Number of shares	30-Jun-22 Number of shares
At the beginning of the period	161,497,915	158,551,249
Issued during the period	19,322,333	2,946,666
<b>Balance at the end of period</b>	<b>180,820,248</b>	<b>161,497,915</b>

	31-Dec-22 \$	30-Jun-22 \$
At the beginning of the period	78,276,547	76,288,463
Issued during the period	82,135,377	1,988,084
<b>Balance at the end of period</b>	<b>160,411,924</b>	<b>78,276,547</b>

##### b. Costs of fund raising recognised

	31-Dec-22 \$	30-Jun-22 \$
At the beginning of the period	5,320,746	5,320,746
Incurred during the period	2,007,742	-
<b>At the end of the period</b>	<b>7,328,488</b>	<b>5,320,746</b>

## Notes to the Financial Report

### For the half-year ended 31 December 2022

#### 12. ISSUED CAPITAL (CONTINUED)

##### c. Movements in ordinary share capital

	<b>Number of shares</b>		<b>\$</b>
<b>1 July 2021 – Opening balance</b>	<b>158,551,249</b>		<b>76,288,463</b>
05-July-2021 - EIS withdrawals	22,935		13,145
16-July-2021 - Warrants exercise	1,132,075		747,170
31-July-2021 - Warrant reserve conversion	-		234,363
12-August-2021 - EIS withdrawals	118,815		76,217
19-August-2021 - EIS withdrawals	147,569		89,667
26-August-2021 - Warrants exercise	100,000		66,000
31-August-2021 - Warrant reserve conversion	-		20,701
01-September-2021 - EIS withdrawals	31,805		16,130
28-September-2021 - EIS withdrawals	8,423		4,058
30-September-2021 - EIS withdrawals	19,941		10,083
11-October-2021 - EIS withdrawals	204,223		130,718
12-October-2021 - EIS withdrawals	201,074		106,400
13-October-2021 - EIS withdrawals	67,806		36,842
18-October-2021 - EIS withdrawals	98,908		52,235
21-October-2021 - EIS withdrawals	45,000		21,213
22-October-2021 - EIS withdrawals	48,318		25,543
28-October-2021 - EIS withdrawals	96,907		45,554
03-November-2021 - EIS withdrawals	116,846		57,889
05-November-2021 - EIS withdrawals	20,249		9,530
17-November-2021 - EIS withdrawals	151,649		70,032
26-November-2021 - EIS withdrawals	17,342		8,175
30-November-2021 - EIS withdrawals	38,983		19,712
03-December-2021 - EIS withdrawals	76,010		38,072
24-February-2022 - EIS withdrawals	97,532		45,675
01-March-2022 - EIS withdrawals	28,173		13,213
07-April-2022 - EIS withdrawals	10,000		4,818
11-April-2022 – EIS withdrawals	6,083		2,727
21-April-2022 - EIS withdrawals	40,000		22,202
<b>30 June 2022 – Closing Balance</b>	<b>161,497,915</b>		<b>78,276,547</b>
01-July-2022 EIS withdrawals	47,122		23,832
08-July-2022 EIS withdrawals	9,630		4,915
08-July-2022 EIS withdrawals	19,237		8,624
15-July-2022 EIS withdrawals	21,896		11,942
22-August-2022 EIS withdrawals	6,000		2,855
15-September-2022 EIS withdrawals	9,000		4,594
13-October-2022 EIS withdrawals	10,000		4,701
14-October-2022 EIS withdrawals	55,046		25,817
21-October-2022 EIS withdrawals	118,739		63,505
21-October-2022 EIS withdrawals	92,192		42,920
24-October-2022 EIS withdrawals	11,990		5,375
24-October-2022 EIS withdrawals	20,000		8,966
25-October-2022 Investor placement	12,967,033		59,000,000
25-October-2022 Investor placement	219,781		1,000,004
26-October-2022 EIS withdrawals	150,000		79,841
04-November-2022 EIS withdrawals	174,970		87,664
09-November-2022 EIS withdrawals	5,000		2,242
09-November-2022 EIS withdrawals	26,743		12,618
17-November-2022 SPP	5,092,397		21,590,881
28-November-2022 EIS withdrawals	20,000		9,198
28-November-2022 EIS withdrawals	18,000		8,743
28-November-2022 EIS withdrawals	8,000		3,586
09-December-2022 EIS withdrawals	72,947		32,589
09-December-2022 EIS withdrawals	38,312		16,413
09-December-2022 EIS withdrawals	21,709		9,259
09-December-2022 EIS withdrawals	17,062		6,388

## Notes to the Financial Report

### For the half-year ended 31 December 2022

#### 12. ISSUED CAPITAL (CONTINUED)

##### c. Movements in ordinary share capital

	Number of shares	\$
12-December-2022 EIS withdrawals	5,855	30,505
12-December-2022 EIS withdrawals	1,945	10,133
13-December-2022 EIS withdrawals	2,000	897
13-December-2022 EIS withdrawals	20,000	9,715
19-December-2022 EIS withdrawals	30,926	13,658
21-December-2022 EIS withdrawals	8,801	2,997
<b>31 December 2022 – Closing Balance</b>	<b>180,820,248</b>	<b>160,411,924</b>

#### 13. RESERVES

	31-Dec-22 \$	30-Jun-22 \$
Foreign currency translation reserve	(843,666)	(833,850)
Share-based payment reserve	2,799,817	2,786,145
Transactions with non-controlling interest reserve	21,281,752	21,281,751
<b>Total reserves</b>	<b>23,237,903</b>	<b>23,234,046</b>
At the beginning of the period	<b>23,234,046</b>	<b>3,543,560</b>
Revaluations to foreign currency translation reserve	(9,816)	(728,875)
Fair value of EIS rights granted	558,165	312,524
Fair value of EIS rights issued	(544,492)	(919,850)
Conversion of warrants	-	(255,064)
Divestment of investment in subsidiary	-	22,324,449
Transaction costs of divestment	-	(1,042,698)
<b>At the end of the period</b>	<b>23,237,903</b>	<b>23,234,046</b>

#### 14. LOSS PER SHARE

	31-Dec-22 \$	31-Dec-21 \$
a. Earnings used to calculate basic and diluted EPS from continuing operations	(9,173,149)	(7,477,884)
	Number	Number
b. Weighted average number of ordinary shares during the period used in calculating basic and diluted EPS	167,013,232	160,335,983

#### 15. CONTINGENT LIABILITIES

There are no contingent liabilities as at 31 December 2022.

## Notes to the Financial Report

### For the half-year ended 31 December 2022

#### 16. NON-CONTROLLING INTERESTS

##### *(a) Disposals to non-controlling interests*

On 15 September 2021 global decarbonisation investor Carbon Direct Capital Management LLC (“Carbon Direct”) invested €15m for a 6.98% equity stake in Calix (Europe) Limited, a subsidiary of Calix Limited. This investment was made to aid the acceleration of the development and deployment of the Group’s LEILAC technology for the decarbonisation of lime and cement industries. Carbon Direct will advise on areas including capital markets, regulations, commercial and technical development and help to scale this business line.

The Group applies a policy of treating transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is deducted from equity. For disposals to non-controlling interests, differences between any proceeds received and the relevant share of non-controlling interests are recorded in equity. As a result, the difference between \$22,845,374 AUD received (net of \$1,042,697 AUD transaction costs) and \$1,669,052 AUD related to the share of Carbon Direct is accounted for as equity reserves, amounting to \$21,176,322 AUD as at 31 December 2021 in the statement of changes in equity.

##### *(b) Equity - non-controlling interests*

	31-Dec-22 \$	31-Dec-21 \$
Non-controlling interest retained earnings opening balance	1,395,743	1,653,090
Non-controlling interest share in loss for the period	(212,827)	(70,174)
	<b>1,182,916</b>	<b>1,582,916</b>

Non-controlling interests in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of financial position respectively. Carbon Direct’s share of the loss since disposal, \$365,584 (2022: \$86,970), is disclosed as part of non-controlling interest in the income statements.

#### 17. AFTER BALANCE DATE EVENTS

No matters or circumstances have arisen since the end of the half-year ended 31 December 2022 which significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future years.

**Notes to the Financial Report**  
**For the half-year ended 31 December 2022**



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**DIRECTORS' DECLARATION**

In the directors' opinion:

1. the financial statements and notes set out on page 5 to 20 are in accordance with the *Corporations Act 2001*, including:
  - a. complying with Accounting Standards Interim Financial Reporting, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
  - b. giving a true and fair view of the consolidated entity's financial position as at 31 December 2022 and of its performance for the half year ended on that date, and
2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

A handwritten signature in blue ink, appearing to read "P J Turnbull", is positioned above the printed name.

P J Turnbull AM  
Chair  
Sydney  
21 February 2023

## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Calix Limited

### Report on the Half-Year Financial Report

#### Conclusion

We have reviewed the half-year financial report of Calix Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2022, 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 half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2022 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

#### Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

#### Responsibility of the directors for the financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.



### **Auditor's responsibility for the review of the financial report**

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2022 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**BDO Audit Pty Ltd**

A stylized, handwritten signature of the letters 'BDO' in black ink.

A handwritten signature in black ink that reads 'Elysia Rothwell'.

**Elysia Rothwell**  
**Director**

Sydney, 21 February 2023