

ASX Announcement

November 16, 2021

Chair address to AGM

Sydney, Australia | November 16, 2021

Good morning everyone, I'm Peter Turnbull, the Chair of the Board of Calix.

I'd like to welcome everyone to Calix's 2021 Annual General Meeting, our 4th as a listed company and our second in a virtual meeting format. Even though we are not all physically together we will try to make this meeting as interactive as possible for you using the platform to give the ability to make comments, ask questions and vote as normally as is possible in the circumstances.

I'd like to start by introducing the board and management team who are all here with us today:

- Helen Fisher, Non-Executive Director and Chair of the Audit and Risk Committee
- Jack Hamilton, Non-Executive Director and Chair of the Technical Committee
- Phil Hodgson, the Managing Director and CEO
- Lance O'Neill, a Non-Executive Director, who will be retiring following this AGM
- Mark Sceats, an Executive Director and the Chief Scientist
- And Darren Charles, our Company Secretary and Chief Financial Officer

I'd also like to welcome and note the presence of the Company's auditor, Ian Hooper of BDO and, from our legal advisors, Hal Lloyd of Hamilton Locke.

2021 was again a difficult year around the world as the uncertainties around the COVID pandemic continue to impact businesses and economies. The effects of the pandemic are un-even and will continue to impact some parts of the world for some time to come.

Calix has continued to weather the COVID circumstances quite well across multiple countries – prior to Covid, we had already established great teams of people, and they have continued to operate exceptionally well despite the difficulties associated with travel, supply chains and all manner of lock-down restrictions.

During the last year, the board has remained a stable and cohesive team, and we will continue to evolve the composition of the board over time to ensure that we have the diversity of thought and the skills and experience on the board which can best support the evolution and growth of the business. Lance O'Neill, who has been involved with the evolution of the company for over a decade, and has been a non-executive Director of the company since 2014 will retire from the board at this AGM. On behalf of the board, management and shareholders, we sincerely thank Lance for his considerable contribution to the company and wish him every success in his future endeavours.

Turning to our strategic progress - when we took Calix through the public listing process just over 3 years ago, the investor proposition was built around a company with:

- First, positive cash flow, growing revenues and a strong balance sheet,
- Secondly, growth partnerships with major global companies,
- Thirdly, a patented technology platform, with a funded development pipeline, and,
- Fourthly, a committed and stable team who have backed the company with their own money over an extended period.

Our 3rd year as a listed entity has seen us continue to deliver very strongly each of these themes.

In early 2021, we re-structured the company around 5 focussed lines-of-business and completed a \$19m capital raising to accelerate the growth of each of these businesses against the global backdrop of intensifying interest in Environment, Social and Governance (ESG) investing, and a rapidly evolving landscape of government, corporate and financial commitments to net-zero CO₂ targets.

Turning to each of our lines of business:

- In the 2020/2021 year, our **Water business** achieved revenue growth of 36% to \$19.2m, with the roll-out of our core technology across our US acquisition and the commencement of our growth strategy built around the replacement of caustic soda in industrial waste-water treatment with our safer, more environmentally friendly magnesium-based solution. Whilst our aquaculture product continued to suffer as a result of COVID impacts on the industry, we have nonetheless invested further to re-establish and grow the business in China, and we continue to look at other markets across Asia.
- Our **CO₂ Mitigation business** progressed substantially, evidenced by the following milestones achieved:
 - the successful conclusion of our Low Emissions Intensity Lime and Cement (or “LEILAC”) project in Europe,
 - the publishing of the industry-endorsed output report from the project showing that LEILAC had the potential to be the lowest cost solution for CO₂ mitigation for lime and cement production,
 - the achievement of completion of the basis-of-design milestone for LEILAC-2, with our commercial demonstration facility to be built at HeidelbergCement’s facility in Hannover, Germany,
 - the investment by US impact fund Carbon Direct of 15 million euros for a 7% stake in our LEILAC technology,
 - the increasing interest in the technology from numerous cement and lime companies, which is building a substantial pipeline of potential projects.
- Our **Biotech business** was formed to bring together several opportunities for our highly active magnesium oxide in inhibiting pathogens, including in crop protection, marine coatings and also in potential pharmaceutical applications. Despite COVID significantly impacting our European product launch, our crop protection product nonetheless achieved considerable success as part of a new approved treatment protocol in farming co-operatives in the Netherlands. Our marine coatings trials, with 2 coatings companies and one large end-user, continued to show highly prospective results. And, I am pleased to announce we have recently been successful in winning a Growth Grant of \$20,000 under the Government’s Entrepreneurs program to work with the University of Queensland’s Associate Professor, Mark Blaskovich - on our potential pharmaceutical application.
- Our **Advanced Battery business** also continued to achieve excellent results. We have successfully scaled our low-energy, simple production of Lithium Manganese Oxide cathode materials in our “BATMn” reactor at Bacchus Marsh in Melbourne to full cell testing and are in the midst of trials on commercial-format cells with AMTE and Qinetiq in the UK. We have also commenced work on other simple battery chemistries, supported by the versatility of our production process and being part of a significant battery research network made up of the Future Battery Industries Co-operative Research Centre, the StorEnergy Australian Research Centre and the European Polystorage Training Network.
- Our **Sustainable Processing business** was formed in 2021 in response to the ability of our technology to be powered by renewable energy, and the rapidly increasing interest in lowering emissions in the mineral and chemical processing industries. We announced partnerships with SaltX, RHIMagnesita, and Pilbara Minerals to develop our technology into chemical energy storage, refractory minerals processing and lithium processing respectively. Several other new applications are also currently under development into major industries such as clays, alumina and most recently - iron and steel. We were pleased to be a key participant in the successful Heavy Industry, Low Carbon Transition Co-operative

Research Centre bid for \$39m in Federal Government funding to help Australia's critical heavy industries transition to lower carbon business models.

Looking to the future and our next steps, each of our 5 lines of businesses continue to enjoy increasingly strong tailwinds.

In **water and wastewater**, tighter restrictions on sodium, phosphorous, nitrates and total pollutants in municipal and industrial discharge are increasing demand for safer, more effective, and more environmentally friendly treatment solutions. Our highly active magnesium-based products have proven very effective in improving water treatment and phosphate and nitrate reduction. While continuing to expand our water business in Australia, New Zealand, Asia and the US, we are continuing to develop the EU as our next market for this business, and recently began exploring the application of our product in helping control the environmental consequences of salmon farming.

In **CO₂ abatement**, dramatic steps have continued to be taken over the last 12 months by countries, large corporations, and investment funds, in committing to net zero CO₂ emissions by 2050. The EU passed legislation in July 2021 in support of a 55% reduction in CO₂ from 1990 levels by 2030 and included maritime shipping in CO₂ caps for the first time, and also flagged the introduction of carbon tariffs on imported goods from 2023. The US re-entered the Paris Agreement and has released draft legislation under its "Build Back Better" initiative that provides numerous programs for decarbonisation, including the extension of the 45Q CO₂ tax credit system and a multi-billion dollar advanced industrial facilities deployment program. China launched its national emissions trading scheme in February 2021, initially targeting the power sector, but is now poised to include industrial emitters such as the cement and steel sectors. Our LEILAC technology is very well placed in this area.

In **Advanced Batteries**, electric vehicle strategies released by Tesla, VW and Stellantis over the last 12 months all pointed to their mass-production electric vehicle strategy involving simpler, lower cost and more recyclable lithium battery chemistries. The World Energy Outlook 2021 Report released by the International Energy Agency estimated the annual battery market would grow to around US\$850 billion by 2050, with over 3 billion electric vehicles predicted under their net-zero emissions scenario. Against this backdrop, our advanced battery materials business is thus also very well placed given this significant global trend.

In our **Biotech line of business**, for crop protection, the EU banned Mancozeb in February 2021 – which is one of the most widely used global fungicides. In May 2021, the EU's top court also upheld the partial ban on three insecticides based on neo-nicotinoids. In health and pharmaceuticals, the World Health Organisation described antibiotic resistance as a threat as great as climate change, while the EU from 2022 will prohibit all forms of anti-biotic use in farming. Clearly a new way to deal with pathogens is needed urgently – and our safe, environmentally-friendly "repellent" produced from our technology has huge potential in this area.

In our **Sustainable Processing** line of business, increasing interest in lower carbon chemical and minerals processing has followed the global trend behind our CO₂ mitigation business in lime and cement. In particular, European carbon tariffs are becoming important catalysts for local Australian industries such as lithium, aluminium and steel to decarbonise, as such tariffs will directly impact export markets. China, the US, South Korea and Japan are also considering similar tariffs. Our "electrified" technology, capable of being renewably powered, is very well placed to capitalise on this global trend.

Calix's overriding mission, "**to help solve global challenges**", thus continues to represent very significant business opportunities in the light of these significant global trends. Please join our CEO after the formal business of this AGM for a presentation that will explore these trends and our lines of business more fully.

Thank you all for joining us today and for your on-going and much appreciated support of Calix.

I'd also like to sincerely thank Phil, Mark, Darren and the whole team at Calix, as well as my colleagues on the board, for achieving many important technical and commercial milestones over the last year in difficult

global circumstances and positioning Calix where we need to be for a very busy and important period ahead in 2022.

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

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About Calix

Calix is a team of dedicated people developing a unique, patented technology to provide industrial solutions that address global sustainability challenges.

The core technology is being used to develop more environmentally friendly solutions for advanced batteries, crop protection, aquaculture, wastewater and carbon reduction.

Calix develops its technology via a global network of research and development collaborations, including governments, research institutes and universities, some of world's largest companies, and a growing customer base and distributor network for its commercialised products and processes.

Because there's only one Earth – Mars is for Quitters.

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