Calix Limited and its controlled entities

ABN 36 117 372 540

Interim financial report for the period ended 31 December 2023

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 2023 ("1H24" or "the Financial Period").

DIRECTORS

The following persons were directors of the Company during the period ended 31 December 2023 and up to the date of the report, unless otherwise stated:

Peter Turnbull	
Alison Deans	
Helen Fisher	
Dr Phil Hodgson	
Dr Mark Sceats	
Dr Sarah Ryan	(appointed 1 January 2024)
Peter Dixon	(appointed 1 January 2024)

PRINCIPAL ACTIVITIES

Calix is an environmental technology company solving global challenges in industrial decarbonisation and sustainability, including CO_2 mitigation, sustainable minerals 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, capture of unavoidable emissions, and green industrial processing solutions. Its flash heating approach can also produce nano-porous materials with enhanced chemical and/or bioactivity. Leveraging its core platform technology and a global network of research and development collaborations, Calix is developing multiple environmental businesses that deliver positive global impact.

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 designed to enable mineral and chemical processing to 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 value creation and capture through refined, low carbon mineral products.

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

   For carbon-intensive industries such as cement and lime, a majority of their CO_2 emissions are process emissions, produced as a direct and unavoidable result of the decomposition of limestone to lime. With no additional chemicals or processes, Calix's technology is being developed to efficiently separate process CO_2 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 nano-porous materials with enhanced chemical and/or bioactivity. These highly active materials can be made into safe, sustainable and effective products for water and wastewater treatment, agriculture, marine coatings and antimicrobial resistance, 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 in 1H24 were focused across four business segments, being: Leilac (a CO_2 mitigation business), Sustainable Processing, Advanced Batteries, and Magnesia. These “lines of business” are supported by Research & Development (“R&D”), engineering, operations, marketing, and finance and administration teams.

calix Solving global challenges | Mars is for quitters

Our values: **S**ense of urgency **P**ositive impact **I**nclusive **R**esolute **I**nnovation **T**eamwork

		GLOBAL CHALLENGE	SOLUTION	INDUSTRY
CALIX	Leilac	Industrial decarbonisation	Capture of process CO_2 emissions Electrification and alternative fuels	Cement Lime Direct Air Capture
	Sustainable Processing	Industrial decarbonisation	Electrification & renewable power Efficient use of hydrogen Low waste & value-added mineral products	Critical Minerals Iron & Steel Alumina
	Advanced Batteries	Making better batteries	Sustainable and low-cost production High performance cathode materials	Lithium-ion batteries
	Magnesia	Sustainable environmental solutions	Bioactive materials Safe, effective water treatment Non-lethal suppression with low resistance potential	Water Wastewater Agriculture Marine Antimicrobial Resistance

Calix manages a pipeline of projects that leverage the core platform technology, with each project designed to:

- address a specific global environmental challenge consistent with our purpose and company ethos;
- present opportunities for economic growth; and
- deliver sustainable competitive advantage.

The focus areas for investment and development in the Financial Period were:

- demonstration and commercialisation of the technology for the cement, lime, and direct air capture industries;
- application of the technology in sustainable processing, including green iron and steel, alumina and critical minerals, such as lithium; and

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_2 capture from cement and lime ("Leilac-1" facility) in Lixhe, Belgium;
- an electric calciner for sustainable processing development and the production of advanced materials, ("BATMn" facility) at Bacchus Marsh; and
- six manufacturing facilities in the US to produce water treatment products to serve North American customers

OPERATING RESULTS

The Group recorded growth in revenue and other income as well as gross profit during the Financial Period. Revenue and other income of $16.3m was up 28% from the same period the previous year (1H23: $12.7m). Revenues from sales and services were $12.2m, up 42% from the same period last year (1H23: $8.6m). Gross profit increased by 126% to $5.9m (1H23: $2.6m). This growth was driven by continuing revenue and margin contribution in the US and Asia Pacific from the Water line of business, in addition to a new revenue stream associated with performing engineering services in support of our customers in Leilac, the CO_2 mitigation line of business.

The Group also recorded a gain of $3.4m on proportional consolidation of unincorporated joint venture. This gain is representative of the value created during the Financial Period by Calix's free-carried equity in its joint venture with Pilbara Minerals (ASX: PLS). The joint venture, of which Calix owns 45%, is building a ~$105m demonstration plant. Calix's capital expenditure for the project is capped at $17.5m.

The combination of revenues, other income and the gain associated with our joint venture with PLS, contributed $19.7m to the comprehensive statement of profit or loss and illustrates the benefits associated with developing and applying the Calix platform technology to multiple industrial decarbonisation applications.

Total operating expenses increased to $19.7m (1H23: $13.1m) as the Group continued to invest in the technology development and resources required to commercialise its technology in the CO_2 Mitigation and Sustainable Processing lines of business. Calix concluded the Financial Period with 155 full-time employees (1H23: 101 fulltime employees. In 1H24, Calix added 21 new engineers and scientists to support R&D, and 4 new employees to support customer project delivery. The investment in research and development in 1H24 was partly offset by $3.7m in grants and tax rebates from governments in the various jurisdictions in which Calix operates.

Operational highlights in 1H24 included:

- Leilac 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 CO_2 from the atmosphere each year and store it permanently underground, 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 CO_2 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%.
  - The joint venture is able to license the technology to Pilbara Minerals' commercial scale plants and the global spodumene processing industry.
- A new hydration plants, located in Lufkin, Texas, was successfully commissioned, with a second plant in Rippon, Wisconsin, under construction.
- Revenue and margin growth in the US water business continued, driven by sales from a new product, ALKA-Mag+.

AFTER BALANCE DATE EVENTS

Material events announced after the Financial Period:

- The Leilac-2 project will move to an alternative Heidelberg Materials site, following a decision by Heidelberg Materials to end clinker production at its Hanover cement plant. Alternative sites for the project are being assessed.[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 Demonstration Plant were announced. 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]

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 5.

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

P J Turnbull AM
Chair
Sydney
23 February 2024

[1] Leilac-2 to relocate as HM end clinker production at Hanover. ASX Announcement. 29 January 2024
[2] ZESTY FEED study results published. ASX Announcement. 12 February 2024

KPMG

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Calix Limited

I declare that, to the best of my knowledge and belief, in relation to the review of Calix Limited for the half-year ended 31 December 2023 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and

ii. no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

KPMG

Daniel Camilleri

Partner

Sydney

23 February 2024

Consolidated Statement of Profit or Loss and other Comprehensive Income
For the Half-year period ended 31 December 2023

	Note	31-Dec-23 $	31-Dec-22 $
Revenue	3	12,179,101	8,628,552
Cost of sales of goods		(6,299,716)	(6,042,220)
Gross profit		**5,879,385**	**2,586,332**
Other income	3	4,081,833	4,040,043
Gross profit and other income		**9,961,218**	**6,626,375**
Sales and marketing expenses		(5,568,438)	(4,308,335)
Research and development expenses		(10,166,880)	(5,513,344)
Administration and other expenses		(4,010,564)	(3,262,457)
Depreciation, amortisation and impairment expenses	4	(3,723,624)	(2,416,067)
Finance costs		(59,469)	(258,289)
Foreign exchange (losses) / gains		(186,034)	264,626
Share based payment expenses		(2,559,607)	(558,165)
Gain on contribution of the unincorporated joint venture		3,414,279	-
Loss from ordinary activities before income tax		**(12,899,119)**	**(9,425,656)**
Income tax benefit		41,895	39,680
Loss for the period		**(12,857,224)**	**(9,385,976)**
Other comprehensive income			
Items that may be reclassified to profit or loss:			
Exchange differences on translation of foreign operations		(421,680)	60,434
Total comprehensive income for the period		**(13,278,904)**	**(9,325,542)**
Loss for the period is attributable to:			
Owners of Calix Limited		(12,608,418)	(9,173,149)
Non-controlling interests		(248,806)	(212,827)
		(12,857,224)	**(9,385,976)**
Total comprehensive income for the period is attributable to:			
Owners of Calix Limited		(12,958,694)	(9,199,784)
Non-controlling interests		(320,210)	(125,758)
		(13,278,904)	**(9,325,542)**
Basic and diluted loss per share (cents)	15	(6.99)	(5.49)

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 2023

	Note	31-Dec-23 $	30-Jun-23 $
ASSETS			
Current assets			
Cash and cash equivalents		47,798,563	74,466,477
Trade and other receivables	6	14,639,025	10,308,983
Inventory		5,180,760	4,334,433
Total current assets		**67,618,348**	**89,109,893**
Non-current assets			
Trade and other receivables	6	290,102	292,735
Intangible assets	7	10,701,855	9,073,884
Goodwill	8	3,638,392	3,638,392
Right of use asset		1,607,502	947,722
Property, plant and equipment	9	29,351,257	24,443,246
Total non-current assets		**45,589,108**	**38,395,979**
Total assets		**113,207,456**	**127,505,872**
LIABILITIES			
Current liabilities			
Trade and other payables	10	4,688,222	5,267,155
Borrowings	11	737,442	318,294
Current lease liabilities		361,685	354,732
Provisions		1,774,257	1,727,509
Deferred revenue	12	9,180,088	13,260,852
Total current liabilities		**16,741,694**	**20,928,542**
Non-current liabilities			
Borrowings	11	2,852	7,372
Non-current lease liabilities		1,296,114	636,716
Provisions		457,530	465,000
Deferred tax liabilities		469,541	509,220
Total non-current liabilities		**2,226,037**	**1,618,308**
Total liabilities		**18,967,731**	**22,546,850**
NET ASSETS		**94,239,725**	**104,959,022**
EQUITY			
Issued capital	13	153,645,384	153,452,224
Reserves	14	28,177,871	26,161,700
Accumulated losses		(88,495,788)	(75,887,370)
Capital and reserves attributable to the owners of Calix Limited		93,327,467	103,726,554
Non-controlling interest	17	912,258	1,232,468
TOTAL EQUITY		**94,239,725**	**104,959,022**

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 2023

	Note	31-Dec-23 $	31-Dec-22 $
Cash flows from operating activities			
Receipts from customers		8,909,206	8,209,961
Receipts from government bodies		1,090,259	675,695
Payments to suppliers and employees		(26,778,612)	(19,751,028)
Interest received		375,851	82,845
Payment of interest on borrowings		(21,554)	(239,029)
Net cash used in operating activities		**(16,424,850)**	**(11,021,556)**
Cash flows from investing activities			
Purchases of property, plant and equipment		(7,983,266)	(3,756,801)
Purchases of intangible assets	7	(2,088,077)	(1,393,322)
(Payments for) / Receipts of repayment of loans to directors		(300,000)	1,166,049
Net cash used in investing activities		**(10,371,343)**	**(3,984,074)**
Cash flows from financing activities			
Proceeds from issues of shares (net of transaction costs)		-	79,410,248
Proceeds from sale of non-controlling interest in subsidiary, net of transaction costs	17	-	-
Payment of lease		(286,349)	(181,667)
Payment / (repayment) of borrowings		414,628	(367,083)
Net cash provided by financing activities		**128,279**	**78,861,498**
Net (decrease)/increase in cash and cash equivalents		**(26,667,914)**	**63,855,868**
Cash and cash equivalents at the beginning of the period		74,466,477	24,982,760
Cash and cash equivalents at the end of the period		**47,798,563**	88,838,628

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 2023

	Issued Capital	Reserves	Accumulated losses	Total Parent Entity Interest	Non-controlling interest	Total
Balance at 1 July 2022	**72,955,801**	23,234,046	**(52,701,495)**	43,488,352	1,308,674	44,797,026
Net losses for the period after tax	-	-	(9,173,149)	(9,173,149)	(212,827)	(9,385,976)
Other comprehensive income for the period						
Net movement in foreign currency translation reserve	-	(9,816)	-	(9,816)	87,069	77,253
Total comprehensive income for the period	**-**	**(9,816)**	**(9,173,149)**	**(9,182,965)**	**(125,758)**	**(9,308,723)**
Transactions with owners						
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)	-	-	-	-
Balance at 31 December 2022	**153,083,436**	**23,237,903**	**(61,874,644)**	**114,446,695**	**1,182,916**	**115,629,611**
Balance at 1 July 2023	**153,452,224**	26,161,700	**(75,887,370)**	103,,726,554	1,232,468	104,959,022
Net losses for the period after tax	-	-	(12,608,418)	(12,608,418)	(248,806)	(12,857,224)
Other comprehensive income for the period						
Net movement in foreign currency translation reserve	-	(350,276)	-	(350,276)	(71,404)	(421,680)
Total comprehensive income for the period	**-**	**(350,276)**	**(12,608,418)**	**(12,958,694)**	**(320,210)**	**(13,278,904)**
Transactions with owners						
Fair value of EIS rights granted	-	2,559,607	-	2,559,607	-	2,559,607
Fair value of EIS rights issued	193,160	(193,160)	-	-	-	-
Balance at 31 December 2023	**153,645,384**	**28,177,871**	**(88,495,788)**	**93,327,467**	**912,258**	**94,239,725**

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 2023

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The half-year consolidated financial report was approved by the Board of Directors on 23 February 2024. 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 2023.

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.

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 2023, the Group has identified three segments based on the geographical regions and business lines in which they operate. The LEILAC segment is in Europe with a small US subsidiary, the US segment is the US section of the water business line, and the Australian & SE Asian segments comprise of all business segments. The Group has continued to implement a business line reporting approach in the current financial year and is looking to continue improving upon the implementation.

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.

For the period ended 31 December 2023	Australia & SE Asia $	US $	LEILAC $	Elimination $	Total $
Segment Revenue					
Products sold	2,191,876	7,732,880	-	(172,569)	**9,752,187**
Revenue from rental agreements	97,970	-	-	-	**97,970**
Other services	-	76,613	2,252,331	-	**2,328,944**
Total Segment Revenue	**2,289,846**	**7,809,493**	**2,252,331**	**(172,569)**	**12,179,101**
Timing of revenue recognition					
Goods transferred at a point in time	2,191,876	7,732,880	-	(172,569)	**9,752,187**
Services transferred over time	97,970	76,613	2,252,331	-	**2,426,914**
Total Segment Revenue	**2,289,846**	**7,809,493**	**2,252,331**	**(172,569)**	**12,179,101**
Other Income	1,908,986	567	2,179,767	(7,487)	**4,081,833**
Total Revenue and Other Income	**4,198,832**	**7,810,060**	**4,432,098**	**(180,056)**	**16,260,934**
EBITDA	**(7,605,622)**	**146,765**	**(1,716,640)**	**2**	**(9,175,495)**
Depreciation and amortisation	(1,044,598)	(446,782)	(1,849,597)	(188,951)	**(3,529,928)**
Impairment	(193,696)	-	-	-	**(193,696)**
Loss before income tax expense	**(8,843,916)**	**(300,017)**	**(3,566,237)**	**(188,949)**	**(12,899,189)**
Income tax benefit					**41,895**
Loss after income tax expense					**(12,857,224)**

For the period ended December 2023	Australia & SE Asia $	US $	LEILAC $	Elimination $	Total $
Total Segment Assets	83,305,683	8,801,570	22,361,467	(1,261,263)	113,207,457
Total Segment Liabilities	11,344,828	6,771,689	7,457,059	(6,605,843)	18,967,733

Notes to the Financial Report
For the half-year ended 31 December 2023

2. SEGMENT REPORTING (CONTINUED)

For the period ended 31 December 2022	Australia & SE Asia $	US $	LEILAC $	Elimination $	Total $
Segment Revenue					
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**
Total Segment Revenue	**1,975,594**	**6,611,531**	**141,813**	**(100,386)**	**8,628,552**
Timing of revenue recognition					
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**
Total Segment Revenue	**1,975,594**	**6,611,531**	**141,813**	**(100,386)**	**8,628,552**
Other Income	3,640,907	14,031	385,105	-	**4,040,043**
Total Revenue and Other Income	**5,616,501**	**6,625,562**	**526,918**	**(100,386)**	**12,668,595**
Operating Result	**(4,527,679)**	**(105,907)**	**(1,791,301)**	**(32,874)**	**(6,457,761)**
Depreciation and amortisation	(1,425,949)	(196,321)	(604,847)	(188,950)	**(2,416,067)**
Impairment	-	-	-	-	**-**
Segment Result	**(5,953,628)**	**(302,228)**	**(2,396,148)**	**(221,824)**	**(8,873,828)**
Unallocated revenue less unallocated expenses					**(551,828)**
Loss before income tax expense					**(9,425,656)**
Income tax benefit					**39,680**
Loss after income tax expense					**(9,385,976)**

For the period ended December 2022	Australia & SE Asia $	US $	LEILAC $	Elimination $	Total $
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 2023

3. REVENUE AND OTHER INCOME

	31-Dec-23 $	31-Dec-22 $
Revenue		
Water and biotech revenues	2,117,277	1,863,588
IER product revenues	7,809,493	6,603,590
CO_2 mitigation revenues	2,252,331	141,813
Sustainable processing revenues	-	19,561
Total Revenue	**12,179,101**	**8,628,552**
Other income		
LEILAC project income	1,916,693	234,897
R&D incentive income	632,544	2,722,055
Other grant income	1,149,455	987,464
Interest income	375,850	82,844
Other income	7,291	12,783
Total other income	**4,081,833**	**4,040,043**
Total revenue and other income	**16,260,934**	**12,668,595**

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-23 $	31-Dec-22 $
Employee benefit expenses	13,766,568	6,559,655
Depreciation and amortisation expense	3,274,921	2,252,920
Depreciation of right of use assets	255,007	163,147
Impairment expense	193,696	-
	18,639,498	**8,975,722**

Impairment expense
Employment expenses previously capitalised were found to required impairment under the Group's accounting policy, on the basis that their value in use had dropped below their carrying value, as the project to which they related has not progressed further.

5. Employee benefit expenses

	31-Dec-23 $	31-Dec-22 $
Wages and salaries	8,826,636	4,768,509
Social security contributions	1,626,379	764,298
Contributions to defined contribution plans	695,333	421,912
Expenses related to long service leave	58,613	46,771
Equity settled share-based payments	2,559,607	558,165
Total employee benefit expenses	**13,766,568**	**6,559,655**

Notes to the Financial Report
For the half-year ended 31 December 2023

6. TRADE & OTHER RECEIVABLES

	31-Dec-23 $	30-Jun-23 $
Current		
Trade receivables	4,508,963	1,522,428
R&D incentive receivable	8,353,883	7,721,338
Other receivables	284,854	5,184
Prepayments	905,033	748,916
Deposits paid	286,292	311,117
Director advances	300,000	-
Total current trade and other receivables	**14,639,025**	**10,308,983**
Non-current		
Deposits	274,000	274,000
Other non-current assets	16,102	18,735
Total non-current trade and other receivables	**290,102**	**292,735**

7. NON-CURRENT ASSETS – INTANGIBLES

	31-Dec-23 $	30-Jun-23 $
Customer contracts	2,091,000	2,091,000
Less: accumulated amortisation	(853,825)	(749,275)
Intellectual property	1,359,000	1,359,000
Less: accumulated amortisation	(554,925)	(486,975)
Brand names	329,000	329,000
Less: accumulated amortisation	(134,342)	(117,892)
Capitalised development costs	6,012,705	4,375,251
Less: accumulated amortisation	(40,739)	-
Patents and trademarks	3,087,652	2,830,725
Less: accumulated amortisation	(593,671)	(556,950)
Total intangibles	**10,701,855**	**9,073,884**

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

	Intangible Assets $
Balance as at 30 June 2023	9,073,884
Additions during the period	
Capitalised development costs	1,831,150
Patents and trademarks	256,927
Less impairment during the period	(193,696)
Less amortisation during the period	(266,410)
Balance as at 31 December 2023	**10,701,855**

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.

7. NON-CURRENT ASSETS – INTANGIBLES (CONTINUTED)

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.

8. GOODWILL

	31-Dec-23 $	30-Jun-23 $
Goodwill	3,638,392	3,638,392
Total goodwill	**3,638,392**	**3,638,392**
At the beginning of the period	3,638,392	3,638,392
Balance at the end of the period	**3,638,392**	**3,638,392**

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 2023

9. PROPERTY, PLANT AND EQUIPMENT

	31-Dec-23 $	30-Jun-23 $
Office furniture, fittings and equipment	2,699,384	2,355,485
Less: accumulated depreciation	(1,641,160)	(1,508,861)
	1,058,224	**846,624**
CFC Calciner facility	24,565,439	25,595,925
Less: accumulated depreciation	(18,369,654)	(17,821,662)
	6,195,785	**7,774,263**
Slurry manufacturing and application assets	8,639,734	7,780,750
Less: accumulated depreciation	(2,112,324)	(1,857,581)
	6,527,410	**5,923,169**
Mining tenements	1,173,664	1,173,664
Less: accumulated amortisation	(44,398)	(41,656)
	1,129,266	**1,132,008**
LEILAC project calciner	24,669,074	22,962,650
Less: accumulated impairment	(18,167,359)	(16,507,760)
	6,501,715	**6,454,890**
SOCRATCES project	447,948	447,948
Less: accumulated impairment	(447,948)	(447,948)
	-	**-**
Laboratory facility	2,351,122	-
Less: accumulated impairment	(70,528)	-
	2,280,594	**-**
Midstream UJV project	**4,819,764**	**1,473,693**
Land	**838,499**	**838,499**
Total property, plant and equipment	**29,351,257**	**24,443,246**

10. TRADE AND OTHER PAYABLES

	31-Dec-23 $	30-Jun-23 $
Trade payables	2,627,128	3,964,600
Sundry payables and accrued expenses	2,061,094	1,302,555
Total trade and other payables	**4,688,222**	**5,267,155**

Notes to the Financial Report
For the half-year ended 31 December 2023

11. BORROWINGS

	31-Dec-23 $	30-Jun-23 $
Current		
Loan facility	729,794	310,404
Asset financing facilities	7,648	7,890
Insurance premium funding	-	-
Total current borrowings	**737,442**	**318,294**
Non-current		
Asset financing facilities	2,852	7,372
Total non-current borrowings	**2,852**	**7,372**
Total borrowings	**740,294**	**325,666**

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 9.5%.

Other borrowings
The other borrowings balance comprises of asset financing facilities totalling $10,500 with an interest rate of 5.78%.

12. DEFERRED REVENUE

	31-Dec-23 $	30-Jun-23 $
Current deferred revenue	9,180,088	13,260,852
Total deferred revenue	**9,180,088**	**13,260,852**

Associated Projects
The deferred revenue balances at reporting date are associated with the LEILAC EU Horizons 2020 project, and the MMF Department of Industry, Science, Energy and Resources project.

Notes to the Financial Report
For the half-year ended 31 December 2023

13. ISSUED CAPITAL

	31-Dec-23 $	30-Jun-23 $
Fully paid ordinary shares	160,996,004	160,802,844
Costs of fund raising recognised	(7,350,620)	(7,350,620)
Total issued capital	**153,645,384**	**153,452,224**

a. Fully paid ordinary shares

	31-Dec-23 Number of shares	30-Jun-23 Number of shares
At the beginning of the period	181,183,168	161,497,915
Issued during the period	213,082	19,685,253
Balance at the end of period	**181,396,250**	**181,183,168**

	31-Dec-23 $	30-Jun-23 $
At the beginning of the period	160,802,844	78,276,547
Issued during the period	193,160	82,526,297
Balance at the end of period	**160,996,004**	**160,802,844**

b. Costs of fund raising recognised

	31-Dec-23 $	30-Jun-23 $
At the beginning of the period	7,350,620	5,320,746
Incurred during the period	-	2,029,874
At the end of the period	**7,350,620**	**7,350,620**

Notes to the Financial Report
For the half-year ended 31 December 2023

13. ISSUED CAPITAL (CONTINUED)

c. Movements in ordinary share capital

	Number of shares	$
1 July 2022 – Opening balance	**161,497,915**	**78,276,547**
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
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
10-January-2023 EIS withdrawals	133,186	64,228
13-January-2023 EIS withdrawals	21,000	10,344
23-February-2023 EIS withdrawals	1,568	8,169
23-February-2023 EIS withdrawals	5,437	28,327
23-February-2023 EIS withdrawals	1,393	7,258
23-February-2023 EIS withdrawals	52,120	45,685
23-February-2023 EIS withdrawals	2,500	1,174
03-April-2023 EIS withdrawals	48,768	21,863
31-May-2023 EIS withdrawals	44,075	49,606
31-May-2023 EIS withdrawals	46,873	21,922
16-June-2023 EIS withdrawals	6,000	2,958
30 June 2023 – Closing Balance	**181,183,168**	**160,802,844**
12-July-2023 EIS withdrawals	20,000	18,105
13-July-2023 EIS withdrawals	26,528	13,078
17-July-2023 EIS withdrawals	3,095	16,125
30-August-2023 EIS withdrawals	58,393	34,233
08-September-2023 EIS withdrawals	28,549	32,110
08-September-2023 EIS withdrawals	15,722	7,751
08-September-2023 EIS withdrawals	20,000	15,756
06-October-2023 EIS withdrawals	4,106	21,392
01-November-2023 EIS withdrawals	3,765	19,616

Notes to the Financial Report
For the half-year ended 31 December 2023

13. ISSUED CAPITAL (CONTINUED)

c. Movements in ordinary share capital

	Number of shares	$
08-November-2023 EIS withdrawals	32,924	14,994
31 December 2023 – Closing Balance	**181,396,250**	**160,996,004**

14. RESERVES

	31-Dec-23 $	30-Jun-23 $
Foreign currency translation reserve	(61,678)	288,598
Share-based payment reserve	6,957,797	4,591,350
Transactions with non-controlling interest reserve	21,281,752	21,281,752
Total reserves	**28,177,871**	**26,161,700**
At the beginning of the period	**26,161,700**	**23,234,046**
Non-controlling interest movement of FCTR	-	16,819
Revaluations to foreign currency translation reserve	(350,276)	1,105,629
Fair value of EIS rights granted	2,559,607	2,740,617
Fair value of EIS rights issued	(193,160)	(935,412)
Transaction costs of divestment	-	1
At the end of the period	**28,177,871**	**26,161,700**

15. LOSS PER SHARE

	31-Dec-23 $	31-Dec-22 $
a. Earnings used to calculate basic and diluted EPS from continuing operations	(12,608,418)	(9,173,149)

	Number	Number
b. Weighted average number of ordinary shares during the period used in calculating basic and diluted EPS	180,273,701	167,013,232

16. CONTINGENT LIABILITIES

There are no contingent liabilities as at 31 December 2023.

17. NON-CONTROLLING INTERESTS

Equity - non-controlling interests

	31-Dec-23 $	31-Dec-22 $
Non-controlling interest retained earnings opening balance	1,232,468	1,395,743
Non-controlling interest share in loss for the period	(323,690)	(212,827)
	908,778	**1,182,916**

The Group applies a policy of treating transactions with non-controlling interests as transactions with equity owners of the Group

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, $630,741 (2023: $365,584), is disclosed as part of non-controlling interest in the income statements.

18. AFTER BALANCE DATE EVENTS

The Leilac-2 project will move to an alternative Heidelberg Materials site, following a decision by Heidelberg Materials to end clinker production at its Hanover cement plant. Alternative sites for the project are being assessed.

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 Demonstration Plant were announced. 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.

No other matters or circumstances have arisen since the end of the half-year ended 31 December 2023 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.

DIRECTORS' DECLARATION

In the directors' opinion:

1. the financial statements and notes set out on page 6 to 22 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 2023 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.

P J Turnbull AM
Chair
Sydney
23 February 2024

KPMG

Independent Auditor's Review Report

To the shareholders of Calix Limited

Report on the Interim Financial Report

Conclusion

We have reviewed the accompanying Interim *Financial Report* of Calix Limited.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Interim Financial Report of Calix Limited does not comply with the *Corporations Act 2001*, including:

- giving a true and fair view of the *Group's* financial position as at 31 December 2023 and of its performance for the Interim Period ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The *Interim Financial Report* comprises:

- Condensed consolidated statement of financial position as at 31 December 2023
- Condensed consolidated statement of profit or loss and other comprehensive income, Condensed consolidated statement of changes in equity and Condensed consolidated statement of cash flows for the Interim Period ended on that date.
- Notes 1 to 18 comprising material accounting policies and other explanatory information.
- The Directors' Declaration.

The *Group* comprises Calix Limited (the Company) and the entities it controlled at the Interim Period's end or from time to time during the Interim Period.

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 Group 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 our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with these requirements.

KPMG

Responsibilities of the Directors for the Interim Financial Report

The Directors of the Company are responsible for:

- the preparation of the Interim Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- such internal control as the Directors determine is necessary to enable the preparation of the Interim Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Review of the Interim Financial Report

Our responsibility is to express a conclusion on the Interim 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 Interim Financial Report does not comply with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as of 31 December 2023 and its performance for the Interim Period ended on that date, and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of an Interim Period 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.

KPMG

Daniel Camilleri

Partner

Sydney

23 February 2024