

ASX Announcement

August 7, 2019

Calix and Afepasa enter 10-year distribution licence agreement for agriculture product

Highlights:

- Calix has entered a 10-year distribution agreement with one of Europe's largest suppliers of sulphur-based fertiliser and crop protection products, Afepasa, for Calix's bioactive magnesium hydroxide for agriculture
- Afepasa, a Spanish company manufacturing premium sulphur products operates in more than 80 countries across five continents
- The distribution agreement, which covers Europe, Africa, and the Middle East, is subject to performance hurdles, and covers the marketing and selling of Calix's bioactive materials as an active ingredient under Afepasa branding
- Calix has delivered upon its commercialisation strategy for BOOSTER-Mag of pursuing a sales and marketing licensing model with crop protection companies and distributors, whilst continuing to manufacture active materials in-house. The Company is continuing to work with some of the world's largest crop protection companies in other regions to enter into similar licensing agreements
- Calix's emerging aquaculture water treatment product, AQUA-Cal+, continues to expand in China, with four more containers ordered before the end of the financial year – bringing the total for FY18/19 to 12 containers (from 1 in FY17/18)

Sydney, Australia | August 7, 2019 – Multi-award-winning Australian technology company Calix Limited (ASX: CXL, 'Calix' or 'the Company'), is pleased to announce the execution of its first bioactive magnesium hydroxide distribution agreement with a European leader in sulphur-based fertiliser and crop protection products, Afepasa. The Company is also pleased to provide a general update on its portfolio of products including PROTECTA-Mag, ACTI-Mag and AQUA-Cal+.

Distribution Agreement with Afepasa - Agriculture

Calix's first distribution licence agreement for its bioactive magnesium hydroxide (known internally as BOOSTER-Mag) for agriculture has been executed with Afepasa (Azufrera y Fertilizantes Pallarés, SAU - www.afepasa.com) and covers Europe, the Middle East and Africa for a period of 10 years. The key terms of the license are:

1. Territory: Exclusive License to sell its bioactive magnesium hydroxide in Europe, Africa and the Middle East subject to performance hurdles
2. Performance Hurdles: Minimum sales volumes: Year 1 and 2: 150kL, Year 3: 100kL, Year 4: 200 kL, Year 5+: 400kL
3. Intellectual Property (IP): Any new / developed IP to be 100% owned by Calix

Calix's safe and sustainable bioactive magnesium hydroxide materials have been under development for agricultural applications for over four years, with extensive testing over consecutive years on a variety of crops in Australia, Asia and Europe. Through these thorough testing processes, Calix has demonstrated that grower

productivity, safety and sustainability can be substantially enhanced when using BOOSTER-Mag. BOOSTER-Mag targets a total addressable chemical crop protection market of over US\$10b, which is under increasing regulatory and sustainability pressures.

Calix's commercialisation strategy for its bioactive materials has been to pursue a sales and marketing licensing model with crop protection companies and distributors, whilst continuing to manufacture the active materials in-house. Calix commenced this process in 2017 and today marks a significant milestone with the execution of this agreement with Afepasa.

Calix's key milestones in the BOOSTER-Mag commercialisation process are:

1. Initiate contact with the world's largest crop protection companies **(22 engaged)**
2. If high level BOOSTER-Mag results already achieved are of interest - put in place Confidentiality Agreements and disclose more detailed data **(12 in place)**
3. If a counter-party wishes to progress commercial and technical negotiation - invest in their own due diligence (DD) trials – put in place Material Transfer Agreements (MTAs) to cover Intellectual Property terms and conditions to protect Calix's interests as well as agreed trial scope and protocols **(4 in place)**
4. Proceed to license distribution arrangements **(1 now in place – covering Europe, Middle East and Africa)**

Manuel Montano, Managing Director of Afepasa, said: "For over 125 years, Afepasa have supplied sulphur fertilisers and products for the sustainable control of crop pests and diseases. Calix's bioactive magnesium hydroxide has the potential to be a powerful and highly complementary addition to our mineral fertiliser and crop protection portfolio."

Phil Hodgson, Managing Director of Calix, said: "Development of new agricultural products takes time and significant investment. As a result it is very pleasing to have reached this significant milestone through partnering with a company of the reach and experience of Afepasa. We look forward to working with them to deliver the full potential of this application."

Sales Activities Update – Australia, New Zealand and Asia

Following the completion of the financial year, Calix is pleased to provide some commentary on some of its sales activities. With other project and grant income included, Calix expects to report an increase in revenues for the full year when its audited accounts are released to the ASX on 27th August.

PROTECTA-Mag

In Australia and New Zealand our PROTECTA-Mag business, which experienced a slow half-year to December 2018, picked up somewhat in the second half of FY19, albeit without expected revenues from some planned major works with a major utility. The timing associated with when this utility will re-commence its sewer protection program remains unclear.

ACTI-Mag

Calix's ACTI-Mag business in Australia, which grew over 40% in H1, FY18/19 compared to H1, FY17/18, maintained market share in H2 FY 18/19 despite continued aggressive competitive pricing, impacting the Company's local margins. Overall, Australia / New Zealand sales experienced a challenging year.

AQUA-Cal+

In Asia, Calix's emerging aquaculture water treatment product, AQUA-Cal+, continues to expand in China, with four more containers ordered before the end of the financial year – bringing the total this financial year to 12 containers, versus 1 last financial year. Overall, AQUA-Cal+ looks to have tripled sales over the previous financial year and will move into our "commercial" products line from the "developing" product line in FY 19/20. Our ACTI-Mag business into biogas in Asia is going a little slower than plan, due to some challenging logistics of supporting trials in remote areas, but headway is being made with 4 trials currently underway, on top of the two regular customers secured over the last 12 months.



The growth in Asia has triggered a move to formalise agreements with Calix's distributors in Malaysia (Maha Chemicals Sdn Bhd, covering Malaysia, Vietnam and Thailand) and Hong Kong (Honlex Jones, covering Greater China and Indonesia).

Calix is pleased to have executed these formal agreements which include total minimum sales hurdles over the next three years of 790 tonnes, 1,178 tonnes and 1,800 tonnes respectively. The agreements reflect the move from "pre-commercial" development of AQUA-Cal+ into a developed commercial product, as well as building ACTI-Mag volumes, and follow on from initial total sales in to Asia of 190 tonnes in FY17/18, and 400 tonnes in FY18/19.

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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.