

redflow

Sustainable energy
storage solutions.

Annual Report



BOARD OF DIRECTORS

Brett Johnson
(Chairman)
Timothy Harris
*(Managing Director and
Chief Executive Officer)*
John Lindsay
David Brant
Adele Fraser

COMPANY SECRETARY

Trudy Walsh

BANKERS

Commonwealth Bank of Australia
1/9 Brookfield Rd
Kenmore Hills, QLD, 4069

PATENT ATTORNEYS

Spruson & Ferguson
Level 6, 175 Eagle Street
Brisbane, QLD, 4000

AUDITORS

PricewaterhouseCoopers
480 Queen Street
Brisbane, QLD, 4000

CONTACT DETAILS

www.redflow.com
info@redflow.com
Tel : +61 7 3376 0008
Fax: +61 7 3376 3751

SOLICITORS

Thomson Geer Lawyers
Level 28, Waterfront Place,
1 Eagle Street
Brisbane, QLD, 4000

PRINCIPAL REGISTERED OFFICE IN AUSTRALIA

Redflow Limited
ACN 130 227 271
ABN 49 130 227 271
1/27 Counihan Road,
Seventeen Mile Rocks
Brisbane, QLD, 4073 Australia

SHARE REGISTRY

Boardroom Pty Limited
Level 8, 210 George Street
Sydney, NSW, 2000

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Highlights



270+
active deployments



OVER
6 GWh
sales pipeline

24 

MWh battery
projects announced in
last 12 months



20 MWh
largest project
announced

Estimated
tonnes amount
of CO₂ offset

2,080

Cumulative hours
of field operations
since 2018



24 Million

Total energy
delivered
to date



3.2 GWh

* Information current as of August 2023.

CEO and Chairman's report

We feel that Redflow has now reached a critical inflection point in its growth strategy, with over 25 MWh of purchase orders or battery commitments to be delivered in the next 12-18 months, representing \$23m of revenue.



The 2023 financial year has been pivotal for Redflow. We have achieved important commercial milestones that represent a major step forward in the Company's strategic growth. In parallel, a number of market forces which will support the adoption of our technology and the medium- to long-duration energy storage market also accelerated.

These provide a strong basis for us to be confident of future demand for Redflow's world leading flow battery solution.

Key achievements and announcements throughout FY2023 and in recent months have included:

- The announcement of a 4 MWh energy storage system project with Energy Queensland in August 2023 as part of their network battery program, representing the next stage of the partnership between Redflow and Energy Queensland following the Memorandum of Understanding that was signed in February 2023;
- The announcement of Redflow's largest project to date in June 2023 – a 20 MWh battery system in California that will be one of the largest flow battery systems to be deployed in the US, funded by the Californian Energy Commission (CEC);
- Redflow's zinc-bromine flow battery was approved by the California Public Utilities Commission as eligible for the state's Self-Generation Incentive Program (SGIP);
- In a strong endorsement of Redflow's technology in the US and the increasing focus on non-lithium energy storage systems, Redflow signed partnerships with leading cleantech companies Black & Veatch in August 2022 and Ameresco in March 2023 to supply advanced non-lithium battery energy storage technology to the market;
- Redflow was shortlisted as an energy storage technology choice supplier for the Electric Mine Consortium in Australia in April 2023;
- In September 2022, Redflow announced a collaboration with The University of Queensland within the Australian Research Council (ARC) Research Hub for Safe and Reliable Energy Storage to develop a deeper understanding of the electrolyte chemistry and electrode materials to further extend the operational characteristics of the Zinc Bromine Module (ZBM);
- Implementation of key reference projects in Australia, including three sites for the Australian Government's Bureau of Meteorology emissions reduction and reliability project, delivery of the final shipment of ZBM3 batteries to Southern Ocean Lodge on Kangaroo Island, South Australia, and a third project for Knox City Council following on from successful deployments at two childcare centres in 2019;
- Redflow was referenced in the 2023 CSIRO Renewable Energy Storage Roadmap report recognising the role of zinc-bromine flow batteries and continues to work closely with industry alliance groups such as the Long Duration Energy Storage Council and International Zinc Association to raise awareness and the profile of our solution; and
- Achieved 18 months operational milestone in May 2023 for Redflow's flagship 2 MWh Anaergia installation in California, which continues to provide a critical reference site for US customers and partners.

Well placed for commercial success in FY24 and beyond

We feel that Redflow has now reached a critical inflection point in its growth strategy. Over the last six months, Redflow has achieved the most advanced stage of commercial success than at any time in its history.

The strong business momentum that we are building on, coupled with our ambitious strategy, a dedicated team and evolving market, all combine to create an exciting outlook for us.

As at the middle of August 2023, Redflow now has over 25 MWh of purchase orders or battery commitments to be delivered over the next 12 – 18 months, which represent over \$23m of revenue.

Redflow’s continued focus on the commercial and industrial applications in the priority Australian and United States markets has also dramatically improved and expanded our sales pipeline, which now stands at over 6 GWh of qualified opportunities. Importantly, a number of opportunities which are at detailed customer engagement stage, representing approximately 70 MWh of total battery demand in addition to the orders already received for delivery in 2024 and early 2025.



Redflow’s EnergyPod 200.



Redflow batteries installed at a Bureau of Meteorology weather radar location.

After a number of frustrating supplier challenges in our Thailand manufacturing facility in early 2023, full production is now back on-line, and we are accelerating our scale up to meet this level of current orders and conversion of additional sales from our pipeline. The facility is now well placed to scale up to 80 MWh p.a. over the next 12 months as battery delivery requirements and timing is confirmed.

Significant stimulus and momentum in target markets

The demand for long-duration energy storage (LDES) solutions continue to accelerate. Stationary energy storage is now moving to the core of energy transition strategies as industry looks beyond lithium to meet their medium- to long-duration energy storage needs. Redflow is well placed to benefit from stimulus and regulatory changes in the US and Australia as the energy transition accelerates and market focus shifts to LDES.

New legislation and regulatory stimulus announced by global governments throughout the year will transform the energy storage space making our technology a more viable solution. The US Inflation Reduction Act alone is set to accelerate the US LDES market dramatically, with major financial benefits available for energy storage projects.

By 2030 North America is projected to reach 88 GW/278 GWh¹ of energy storage and in California alone, an estimated 45-55 GW of LDES is forecast to be required by 2045 to support grid reliability and the State’s clean energy transition targets². This level of market demand provides strong foundations for the opportunities that Redflow is currently progressing and executing.

The Australia United States Climate, Critical Minerals, and Clean Energy Transformation Compact, signed in May 2023 affirms the position of climate and clean energy as the third pillar of

1. <https://pv-magazine-usa.com/2023/03/23/north-america-represents-21-of-global-energy-storage-market-by-2030/#:~:text=The%20energy%20storage%20market%20is,BNEF's%20IH23%20energy%20storage%20outlook>.

2. Long Duration Energy Storage for California’s Clean, Reliable Grid, California Energy Storage Alliance, 2020 https://static1.squarespace.com/static/5b96538250a54f9cd7751faa/t/5fcd9815caa95a391e73d053/1607440419530/LDES_CA_12.08.2020.pdf

the Alliance and Redflow is uniquely positioned to benefit from the new clean energy focus.

Australia is also seeing a significant need for energy storage, with the Australian Energy Market Operator (AEMO) Integrated System Plan, released in July 2022, suggesting that the National Electricity Market will require by 2050 a total of 46 GW (640 GWh) of dispatchable storage in all forms and 16 GW capacity of utility scale battery and pumped hydro storage. Critically, AEMO's market update in February 2023 referenced growing system instability and the urgent need for Australia to invest in LDES.

Major reference projects

Redflow's \$18m, 20 MWh project for the Paskenta band of Nomlaki Indians in California, announced in June 2023, represents a major step forward for the company. We expect to deliver this 20 MWh project over the next 12 – 16 months.

As well as being ten times the size of our current 2 MWh system in California, Redflow joins a very small number of LDES companies – and only Australian company - that the CEC has funded so far through their US\$140m long duration storage program. CEC management have publicly stated they have a specific goal of helping to commercialise proven LDES solutions in the program to achieve 200 – 400 MWh projects in the future.

Closer to home, our 4 MWh project with Energy Queensland announced in August 2023 also represents a significant reference point in our commercial strategy and tangible proof of our growing value proposition in large MWh projects. As a proudly Queensland developed technology, we are well positioned to support Queensland's \$62bn Energy and Jobs Plan which aims to achieve 70% renewables by 2032. As Minister for Energy, Renewables and Hydrogen and Minister for Public Works & Procurement, Mick De Brenni, noted in the announcement of our 4 MWh project; "Redflow's zinc-bromine batteries are an important part of the transformation of Queensland's energy and will enable

the State to transition to a low carbon energy future".

Critically, both of these projects have enabled us to accelerate current opportunities in our pipeline and has generated significant new interest for MWh scale projects in our US and Australian core markets as well as other locations.

Looking forward

With a series of high-profile MWh scale projects to deliver, a large and robust pipeline, and a scalable delivery capability, Redflow is in a strategically advantageous position. The Company is primed not only to achieve further commercial success but also to extend its global leadership in the medium- to long-duration energy storage market—a sector poised for explosive growth over the next decade.

As previously communicated to investors, our focus on larger systems within the commercial and industrial sector, along with our dedication to core markets in the

US and Australia, represents a deliberate strategic choice. While this has led to a temporary impact on FY2023 revenue, we maintain strong confidence in the prudence of this decision, as it positions us favourably for the future. Our recently announced projects and the quality of the opportunities in our current pipeline are an initial testament to that decision.

Undoubtedly, there is substantial work ahead of us. However, we now stand at the most positive point in the company's history, poised to capitalise on the foundations we have diligently built over many years. We are confident that, with the right level of shareholder support, the platform we have established and the market momentum we have created in the last few months, we can play a pivotal role in the global energy transition, drive further commercial success, and ultimately deliver returns for our valued shareholders.



Brett Johnson
Chairman



Tim Harris
CEO and Managing Director



Artist's impression of the 20 MWh Paskenta microgrid project.

About us

Redflow is leading the renewable energy transition by delivering one of the world's safest and cleanest energy storage solutions.

With offices in Australia, Thailand and the US, Redflow designs and manufactures long-duration zinc-bromine flow batteries for stationary commercial, industrial, and utility applications.

Redflow batteries are modular, scalable, fire-safe, and capable of 100% depth of discharge. They can also operate in a wide range of environments without supplemental heating or cooling and offer an extended life with minimal degradation over time.

Our smart, self-protecting storage technology offers unique advantages, including a hibernation feature, secure remote management, a simple recycling path, and sustained energy delivery throughout its operating life.

Redflow proudly developed our technology in Australia, with the capability to deliver it globally. Our deployments

have been in use for more than a decade and are located throughout the world at over 270 sites, so we can meet your energy storage needs.

We are dedicated to a sustainable, carbon-free future, and we are proud that our flow battery technology will help to build the energy storage systems of today, as well as tomorrow.

Our vision, mission and values describe what we stand for. Founded on authenticity and ambition, they shape our culture and guide our work every day.

They also help ensure we work well together, operate safely, minimise impacts on the environment and create value for our shareholders.

Our vision

To be a global leader in clean energy storage, paving the way to a sustainable future.

Our mission

Redflow is leading the renewable energy transition by delivering the world's safest and cleanest energy storage solution.



Environment, social and governance

A sustainable, carbon-free future is at the heart of all that we do. We understand that as the world transitions to zero emissions our energy storage solution will play a vital role and we take our responsibilities seriously. We are proud that we can make a difference on a global scale by delivering a unique energy storage solution.

Environmentally responsible

We are proud to produce one of the most environmentally friendly energy storage solutions; our batteries are fully recyclable and manufactured from widely available, low-toxicity materials.

We are dedicated to a sustainable, carbon-free future, and we are proud that our flow battery technology will help to build the energy storage systems of today, as well as tomorrow.

- Battery is made from HDPE plastic which is commonly recycled into plastic bottles.
- Electronics – follows standard pathway for electronics recycling.
- Electrolyte – R&D program to recondition electrolyte for reuse.

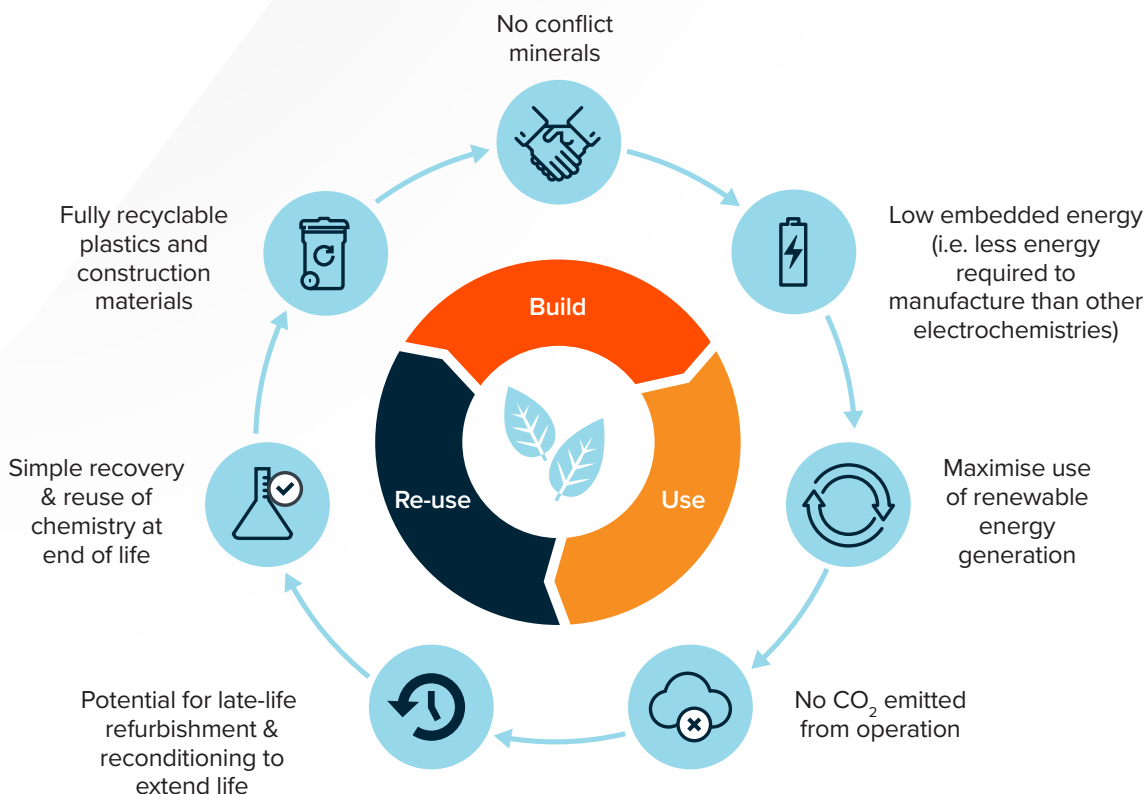
- Minerals sourced from non-conflict areas.
- No CO₂ emitted from operation.

Social standards

We are a tightknit team of passionate people from diverse cultural backgrounds who are all committed to delivering a solution that we believe will change the world. We embrace cultural and gender diversity and promote these values within the business.

We are committed to ensuring that our business is undertaken in accordance with international standards. Our approach to sustainability aligns with the United Nations Sustainable Development Goals, which are recognised as the global blueprint for a sustainable future.

Our business approach contributes to five goals that we feel are most relevant to operating our business responsibly and where we can have the biggest impact:



Redflow Limited
Directors' report
For the year ended 30 June 2023

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of Redflow Limited (referred to hereafter as the 'Company') and the entities it controlled at the end of, or during, the year ended 30 June 2023.

Directors

The following persons were Directors of Redflow Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Directors	Position	Date of Appointment	Date of Resignation
Brett Johnson	Chairman (Non-executive)	27 September 2017	28 February 2023
Timothy Harris	Managing Director & Chief Executive Officer (CEO)	2 July 2018	
David Knox	Director (Non-executive)	2 March 2017	
John Lindsay	Director (Non-executive)	11 September 2018	
David Brant	Director (Non-executive)	19 October 2018	
Adele Fraser	Director (Non-executive)	23 February 2023	

Principal activities

The principal activity of the Group consists of the sale, manufacture and ongoing development of its zinc-bromine flowing electrolyte battery.

A review of the operations of the Group for the financial year is included in the Directors' Report.

Dividends

No dividend has been paid and the Directors do not recommend the payment of a dividend. (2022: nil).

Issue of shares

During the year, issued capital increased by \$13,006,996 (from \$140,702,054 to \$153,709,050). A total of 33,080,979 ordinary shares were issued during the year. Details of the changes in issued capital are disclosed in Note 22 of the financial statements.

Review of operations and financial position

During the year the Company executed on key elements of its strategy. Milestones achieved include:

- Announcement of our largest project to date, a 20 MWh project in California for the Paskenta Band of Nomlaki Indians, funded through the California Energy Commissions Long Duration Storage Program;
- Launch of the 200kWh Energy Pod for large scale energy storage solutions. This product will be the core to our delivery of our 20 MWh project in California and 4 MWh Project for Energy Queensland announced in August 2023, and has garnered strong interest in Australia and other parts of the world with a number of other smaller orders being received with anticipated deliveries over the next 12 to 18 months;
- The successful installation and commissioning of Redflow batteries for key projects in Australia. This includes the Australian Government's Bureau of Meteorology emission reduction and reliability project as well as the sale of new 3rd generation batteries (ZBM3) to MyENERGY for the 560kWh Southern Ocean Lodge project in South Australia;
- The compact version of the Energy Pod, the QuadPod 40 kWh solution was also launched and has also generated strong interest in the commercial and industrial segments of the market in Australia;
- Strategic relationships established with leading Engineering Procurement and Construction (EPC) companies Ameresco and Black & Veatch to provide advanced non-lithium energy storage solutions to customers across North America and Europe;
- Achievement of our 1.5-year operational milestone in May 2023 for Redflow's reference 2 MWh installation for Anaergia in California, which continues to generate significant industry interest;
- Redflow's zinc-bromine flow battery has been approved by the California Public Utilities Commission as eligible for the state's Self-Generation Incentive Program (SGIP);
- Launched a new \$5 million research collaboration with The University of Queensland within the Australian Research Council (ARC) Research Hub administered by Deakin University to extend Redflow's technology leadership.

Redflow Limited Directors' report For the year ended 30 June 2023

Total Revenue from Contract with Customers of \$1,235,567 for FY2023, a 24% decrease from FY2022.

The loss for the Group after providing for income tax amounted to \$13,664,049 (30 June 2022: \$13,246,935).

The FY2023 loss was mainly attributable to the following factors:

- Increase in payroll costs largely due to building the US sales team, market required salary increases in Australia and an investment in R&D and manufacturing headcount to support the future requirements of the business;
- Continued spend on research and development offset by accrual of R&D tax incentive of \$2.5 million;
- Focused development spending on the Energy Pod as the building block for large scale energy storage and initiated manufacturing scale up/automation in the past 12 months;
- Management making the decision to mark down or disposing of prior generation battery material;
- The immediate expensing of a portion of the overheads at the Thailand facility (\$2,356,935) including initial ramp up costs;
- Production and production recovery efforts for the ZBM3 battery were hampered by supply quality issues.

On 14 June 2023 an Entitlement Offer opened for all current Redflow shareholders to participate in a capital raise and \$4.9 million was taken up including participation by one institutional investor.

These capital injections will allow Redflow to execute on its announced customer projects and other income generating activities.

The Group's independent auditor's report for the year ended 30 June 2023 includes a section titled "Material uncertainty related to going concern" drawing members attention to the contents of Note 2(a) of the accompanying financial statements which deals with the Group's going concern assumptions and the basis upon which those financial statements have been prepared. A copy of the independent audit report is included with the accompanying financial statements for the year ended 30 June 2023.

Material risks

The Company, like all companies, faces risks inherent in its business and the stage of development of its core product. These risks are both specific to the Company and also relate to general business and economic climate. Neither the Directors, the Company nor any person associated with the Company can guarantee the performance of the Company. A detailed review of the Company's risks is outlined in the Risk Report of the Appendix 4E and Annual Financial Report.

Significant changes in the state of affairs

Significant changes in the state of affairs of the Group during the financial year are outlined in the review of operations and financial position.

Matters subsequent to the end of the financial year

Subsequent to the end of the financial year, the following events have occurred:

- An Entitlement Offer opened on 14 June 2023 and closed on 11 August 2023 for all current Redflow shareholders with applications received totalling \$4.9 million raised from shareholders and one institutional investor;
- On 1 August 2023 Redflow was selected to supply 4MWh, \$3.5 million energy storage project to Energy Queensland;
- Redflow received an order and deposit to deploy for a 200 kWh energy pod by early 2024 as the first phase of a potential 100 MWh energy storage and solar project for a water utility in Israel.

No other matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Redflow Limited

Directors' report

For the year ended 30 June 2023

Likely developments and expected results of operations

Redflow is focused on the following opportunities and objectives in the immediate future:

- **Deliver on current backlog, execute on key projects:** Deliver current project and order backlog of circa 2,500 batteries, including new customer project Paskenta Racheria Microgrid Project for a 20 MWh long-duration energy storage and 4 MWh project for Energy Queensland which was signed in August 2023;
- **Convert existing and new sales opportunities:** Progressing on multiple large-scale opportunities representing over 6 GWh of total qualified pipeline, including approximately 70 MWh of battery demand which are at detailed customer engagement stages;
- **Grow our presence and market profile in the US, Australia and other selected markets:** Expand partner ecosystem and market profile in the US, Australia and other selected international markets;
- **Ramp up production of ZBM3 and Energy Pod for Large Scale Deployments:** Scale up battery production in Thailand with an objective to scale to 40 MWh per annum by early 2024 with an increase again to 80 MWh by the end of 2024. In addition, Redflow will continue to develop options for US and Australia localisation (demand dependent) and further production capabilities;
- **Extend Technology Leadership:** Focus on driving increased operational performance and cost reductions. Focus on electrolyte, separator, and supplier performance and cost advances;
- **Strategic Partnerships:** Progress potential strategic partnerships which will help to secure Redflow's long term future. This may include options to licence out battery technology into specific markets;
- **Driving production efficiencies, supplier diversification and quality control:** Manage materials quality control and source additional suppliers to ensure continued battery production through the coming growth phase;
- **Ongoing Prudent Cost Management:** Continue to focus on effective cost management whilst ensuring Redflow's ongoing technical leadership. Ensure all Redflow's employees remain safe and engaged.

Redflow expects to receive a research and development tax cash credit of circa \$2.5 million for FY2023 in Q3/Q4 of 2023.

Environmental regulation

The Company and its subsidiaries are subject to the environmental regulations of the countries in which it operates or has activities. The Company currently operates facilities in Australia and Thailand and complies with Environmental and Workplace Health & Safety regulations of both countries and closely monitors the requirements around chemical storage and handling. Based on the results of enquires made, the Board is not aware of any significant breaches during the period covered in this report.

Greenhouse gas and energy data reporting requirements

The Group is not subject to the reporting requirements of the *National Greenhouse and Energy Reporting Act 2007*.

Redflow Limited Directors' report For the year ended 30 June 2023

Information on Directors and Company Secretary

The names and details of the Company's Directors in office during the financial year and until the date of this report are as follows. Directors were in office for the entire period unless otherwise stated.

Name: Brett Johnson LLB
Title: Independent Non-Executive Chairman
Experience and expertise: Brett Johnson has more than 18 years' experience as a Director of listed companies, including Scott Corporation Limited, Helloworld Limited and Cashrewards Limited.

At Scott, Brett was the only Independent Non-Executive Director representing minority shareholders and chaired the Audit Committee. At Helloworld, he was a member of the Audit Committee and Remuneration & Nominations Committee. He was also Chairman from August 2014 to December 2015. Brett was the Chairman of Cashrewards Limited from August 2020 to December 2021 (when it was acquired by ANZ bank). He also has more than 25 years' experience as General Counsel of listed Australian companies, including Qantas Airways Limited (1995-2012).

Brett was appointed Non-Executive Chairman on 27 September 2017.

Other current directorships: Allotrac Limited Advisory Board (Chair)
Former directorships (last 3 years): Cashrewards Limited
Special responsibilities: Chair of the Board & Member of the Audit & Risk Committee

Name: Timothy Harris BA, LLB, MBA
Title: CEO and Managing Director
Experience and expertise: Tim Harris is a seasoned business executive with extensive experience working for international companies.

Prior to joining Redflow, Tim was Chief Commercial Officer for Chorus, New Zealand's largest telecommunications infrastructure company. Prior to that, Tim spent a decade in senior executive roles with BT, the British multinational telecommunications company that is the UK's largest provider of fixed-line, mobile, broadband and media services, which has operations in 180 countries.

Tim was appointed CEO on 27 March 2018 and Managing Director on 2 July 2018.

Special responsibilities: CEO

**Redflow Limited
Directors' report
For the year ended 30 June 2023**

Name: John Lindsay GAICD
Title: Independent Non-Executive Director
Experience and expertise: John has previously held senior technology leadership roles as Chief Technology Officer (CTO) at iiNet Limited, CTO at Internode and General Manager of Chariot Internet.

John was a Director of the Telecommunications Industry Ombudsmen until Feb 2023 and was a member of the Audit, Finance and Risk Committee. He was a Non-Executive Director of Uniti Group Ltd, a member of the Audit and Risk Committee and Chair of the Remuneration Committee until 2022 (when it was acquired by Morrison Brookfield Group) John is a graduate member of the Australian Institute of Company Directors. He was appointed as a Non-Executive Director on 11 September 2018.

Other current directorships: Ultra Commerce Ltd, Clevertar Pty Ltd
Former directorships (last 3 years): Telecommunications Industry Ombudsman (TIO) Ltd, Uniti Group Ltd
Special responsibilities: Member of the Audit & Risk Committee

Name: David Brant BEng, PgDBA, FAICD
Title: Independent Non-Executive Director
Experience and expertise: David Brant has more than 20 years of Managing Director experience running a number of businesses in Asia for IMI plc, a UK based FTSE 200 company.

This included 13 years at Executive Board level for the Norgren Group of companies focused on manufacturing automation and included establishing a global manufacturing and technology design centre based in China. David then worked for Redflow as Vice President Strategy and Corporate Development from 2010 to 2012 and ran his own start-up energy storage business Energy 365 from 2014 to 2017.

David is a Fellow of the Australian Institute of Company Directors, has a Bachelor of Engineering and a Post Graduate Diploma of Business Administration. David is currently not a Director of any other listed companies. He was appointed as a Non-Executive Director on 19 October 2018.

Other current directorships: Loddon Mallee Housing Services Ltd

Redflow Limited
Directors' report
For the year ended 30 June 2023

Name: Adele Fraser BComm (Hons), GradDipCA, FCA, GAICD
Title: Independent Non-Executive Director
Experience and expertise: Adele joined Redflow as a Non-Executive Director in February 2023.

Adele is the Chief Financial Officer at Australian Naval Infrastructure and prior to that held management positions at PwC, initially in South Africa and later in Australia.

She has an honours degree in Financial Reporting, Auditing, Taxation and Management Accounting, and a Graduate Diploma of Chartered Accounting.

Adele is a Fellow of Chartered Accountants Australia and New Zealand (FCA) and a Graduate of the Australian Institute of Company Directors (GAICD).

Other current directorships: N/A
Special responsibilities: Chair of the Audit & Risk Committee

Name: Trudy Walsh BBus, CPA, MBA, GAICD
Title: Company Secretary
Experience and expertise: Trudy Walsh is a qualified CPA and holds an MBA in Accounting and Business Management. She has strong financial experience across a number of industries, including both national and international exposure and has a real passion for the business and not just the numbers.

Previous roles include CFO for Tritium and more than 20 years' experience in CFO and senior finance executive roles for global companies including Bucyrus, Caterpillar Global Mining, Ansaldo, ABB and privately held companies. Trudy commenced as CFO on 21 August 2018 and was appointed Company Secretary on 28 August 2018.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Directors' interest in shares and options

As at the date of this report, the interest (direct and/or beneficial) of the Directors in the shares and options of Redflow Limited were:

	Number of ordinary shares	Number of options	Number of performance rights
Brett Johnson	255,779	416,667	-
John Lindsay	695,448	222,000	-
David Brant	250,000	222,000	-
Adele Fraser	-	-	-
Tim Harris	921,339	-	2,670,000

Redflow Limited
Directors' report
For the year ended 30 June 2023

Meetings of Directors

The number of meetings of the Group's Board of Directors ('the Board') and Audit Committee held during the year ended 30 June 2023, and the number of meetings attended by each Director were:

Directors	Full meeting of Directors		Meetings of audit committee	
	A	B	A	B
Brett Johnson	16	16	6	6
Tim Harris	16	16	*	*
David Knox	12	12	5	5
John Lindsay	16	16	6	6
David Brant	16	15	*	*
Adele Fraser	6	6	3	3

A = Number of meetings held during the time the Director held office or was a member of the committee during the year. All Directors were eligible to attend all meetings held during their tenure.

B = Number of meetings attended

* = Not a member of the committee

Shares issued on the exercise of options

There were no ordinary shares of Redflow Limited issued on the exercise of options granted under the Redflow Limited Employee Option during the year ended 30 June 2023 and up to the date of this report. The options do not entitle the holder to participate in any share issue of the Company.

Performance Rights issue

The Company has established a Performance Rights Plan in lieu of a share option plan. Performance rights will be issued to executive and key management from time to time, aligning management objectives with shareholders. During the year ended 30 June 2023, 1,025,002 ordinary shares of Redflow Limited were issued as a result of the vesting of performance rights (2022: 768,500 post consolidation).

Shares under option

Unissued ordinary shares of Redflow Limited under option at the 30 June 2023 are as follows:

<i>Grant date</i>	<i>First exercise date</i>	<i>Expiry date</i>	<i>Exercise price</i> ¹	<i>Balance at date of report</i> ²	<i>Vested and exercisable at date of report</i> ³
01/09/2020	02/09/2020	17/07/2023	\$0.4500	400,000	400,000
25/08/2021	26/08/2021	25/08/2024	\$1.0000	425,000	-
14/10/2021	25/03/2024	25/03/2024	\$1.0000	5,500,000	-
14/10/2021	30/06/2022	14/10/2024	\$1.0000	1,082,667	-
				<u>7,407,667</u>	<u>400,000</u>

1. Exercise price is applied retrospectively upon share consolidation on 2 December 2022.

2. Share balance is applied retrospectively upon share consolidation on 2 December 2022.

3. Share balance is applied retrospectively upon share consolidation on 2 December 2022.

Indemnity and insurance of officers

The Company has indemnified the Directors and executives of the Company for costs incurred, in their capacity as a Director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, Redflow Limited paid a premium of \$82,368 (2022: \$81,463) in respect of a contract to insure the Directors and executives of the Group against a liability to the extent permitted by the *Corporations Act 2001*.

Redflow Limited

Directors' report

For the year ended 30 June 2023

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers in the Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Group. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

Proceedings on behalf of the Group

No person has applied to the Court under Section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Group, or to intervene in any proceedings to which the Group is a party, for the purpose of taking responsibility on behalf of the Group for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Group with leave of the Court under Section 237 of the *Corporations Act 2001*.

Non-audit services

The Group may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Group are important.

There were no non-audit services provided during the financial year by the auditor.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under Section 307C of the *Corporations Act 2001* is set out immediately after this Directors' report.

Remuneration Report

The Directors of Redflow Limited present the remuneration report for the Company and the Group for the year ended 30 June 2023 in accordance with the requirements of the *Corporations Act 2001* (the Act) and its regulations. This information has been audited as required by Section 308(3C) of the Act.

This remuneration report details the remuneration arrangements for key management personnel ("KMP") of the Group, which comprises all Directors (Executive and Non-Executive) and those Executives who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly.

For the purposes of this remuneration report, the term "Executive" includes the Chief Executive Officer (CEO), Executive Directors, Senior Executives, General Managers and Company Secretary of the Parent and the Group. The term "Director" refers to Non-Executive Directors only.

The remuneration report is presented under the following sections:

- (a) Remuneration overview
- (b) Remuneration at a glance
- (c) Overview of executive remuneration
- (d) Executive performance agreements
- (e) Performance and executive remuneration outcomes for the year ended 30 June 2023
- (f) Non-Executive Directors (NED) remuneration disclosure
- (g) Share-based compensation
- (h) Equity instruments held by key management personnel
- (i) Other transactions with key management personnel
- (j) Securities Trading Policy

Redflow Limited Directors' report For the year ended 30 June 2023

The following table details the Group's KMP during the 2023 financial year and up to the date of this report.

(a) Remuneration overview

Non-Executive and Executive Directors (see Pages 11 to 13) for details about each Director)

Brett Johnson	Independent Non-Executive Chairman
Tim Harris	CEO and Managing Director
John Lindsay	Independent Non-Executive Director
David Brant	Independent Non-Executive Director
Adele Fraser	Independent Non-Executive Director (appointed effective 23 February 2023)

Key management personnel

Tim MacTaggart	Chief Operating Officer (appointed effective 19 August 2022)
Steven Hickey	Chief Technology Officer
Trudy Walsh	Chief Financial Officer and Company Secretary

(b) Remuneration at a glance

(i) Remuneration strategy

The Group's remuneration strategy is designed to attract, motivate and retain Employees, Executives and Directors by identifying and rewarding high performers and recognising the contribution of each employee to the continued growth and success of the Group.

Four principles are used when determining employee remuneration. They are:

1. Fairness: provide a fair level of reward to all employees;
2. Transparency: build a culture of achievement by transparent links between reward and performance;
3. Alignment: align Employees and Shareholders interests through share ownership; and
4. Culture: drive leadership performance and behaviours that creates a culture that promotes safety, high performance, diversity and employee satisfaction.

(ii) Use of remuneration consultants

External specialist remuneration advice is sought on an as-needs basis in respect of remuneration arrangements for KMP of the Group. General remuneration advice is sought on an ad-hoc basis.

(iii) Board oversight of remuneration – Remuneration Committee

The Group's remuneration function is overseen and approved by the Non-Executive Directors. The Company currently has four Non-Executive Directors. This is considered appropriate given the size and stage of development of the Group.

(c) Overview of executive remuneration

(i) Executive remuneration arrangements

The Group aims to reward Executives with a level and mix of remuneration commensurate with their position and responsibilities within the Group and aligned with market practice. As such, the Group rewards each Executive with a fixed remuneration package, the value of which is determined by the Board acting as the Remuneration Committee based on the remuneration policy noted above. In the 2023 financial year, remuneration of Executives included the issue of performance rights and performance based remuneration incentive schemes consisting of a performance based STI.

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(ii) Structure

In the 2023 financial year, the Executive remuneration framework consisted of the following components:

(1) *Fixed remuneration*: This component has been negotiated by each Executive with the Board or Chief Executive Officer as appropriate, based on their experience and duties. The remuneration of Executives for the year ended 30 June 2023 is disclosed in Table 1.

(2) *Short-term incentive (STI) scheme*: Employees are eligible to participate in a STI scheme as agreed and reviewed annually in line with specific short-term performance indicators. The short-term performance indicators are a mixture of financial and non-financial targets with a combination of personal and Group performance.

(3) *Share based incentives*: The Board may, at any time, make invitations to Eligible Persons (being Directors, Officers, Employees or Contractors of Redflow) to participate in the Redflow Performance Rights Plan ('Plan') specifying the total number of rights being made available, the exercise period and exercise conditions. Performance is measured over the term of the rights based on the achievement of key performance measures. These include an element of loyalty and retention, operational performance hurdles and share price performance / market capitalisation. The Board is satisfied that the selected performance measures are appropriate given the alignment with the objectives of the Group. The Board exercises discretion to determine the outcomes taking into account the impact of conditions outside the control of the Chief Executive Officer and executives.

(d) Executive performance agreements

KMP employment contracts and notice periods are set out below:

Designation	Term	Start of contract	Basic salary including superannuation	Termination benefit
Executive Directors				
Tim Harris	Indefinite, 3 months' notice	27/03/2018	457,500	3 months
Other key management personnel				
Tim MacTaggart	Indefinite, 3 months' notice	19/08/2022	312,500	3 months
Steven Hickey	Indefinite, 3 months' notice	31/08/2020	315,500	3 months
Trudy Walsh	Indefinite, 3 months' notice	21/08/2018	363,000	3 months

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(e) Performance and executive remuneration outcomes for the year ended 30 June 2023

The actual remuneration earned by Executives during the year ended 30 June 2023 is set out in Table 1 below. This provides shareholders with a view of the remuneration expense attributable to executives for performance during the year.

Table 1 - Details of Remuneration

	Short-term		Post employment	Long term ¹		Share based payment ²	Total	Performance related
	Salary & fees	STI	Superannuation	Annual and Long service leave	Termination	Shares and options		%
30 June 2023	\$	\$	\$	\$	\$	\$	\$	%
Executive Director								
Tim Harris	430,000	-	27,500	(694)	-	214,850	671,656	32%
Other key management personnel								
Richard Aird ³	59,168	-	6,213	(8,066)	-	1,980	59,295	3%
Tim MacTaggart ⁴	274,037	-	27,500	21,415	-	84,179	407,131	21%
Steven Hickey	282,463	-	27,500	28,236	-	84,178	422,377	20%
Trudy Walsh	331,785	-	27,500	7,978	-	90,068	457,331	20%
Total executive KMP	1,377,453	-	116,213	48,869	-	475,255	2,017,790	

1. Movement in provisions, does not have a cash implication.

2. Movement in reserves, does not have a cash implication.

3. Richard Aird resigned effective 19 August 2022.

4. Tim MacTaggart appointed effective 19 August 2022.

	Short-term		Post employment	Long term ¹		Share based payment ²	Total	Performance related
	Salary & fees	STI	Superannuation	Annual and long service leave	Termination	Shares and options		%
30 June 2022	\$	\$	\$	\$	\$	\$	\$	%
Executive Director								
Tim Harris	430,000	-	25,000	10,606	-	83,134	548,740	15%
Other key management personnel								
Richard Aird	315,000	-	25,000	(8,267)	-	(61,160)	270,573	(23%)
Steven Hickey	240,000	-	23,214	19,743	-	101,915	384,872	26%
Trudy Walsh	305,000	-	25,000	6,565	-	78,738	415,303	19%
Total executive KMP	1,290,000	-	98,214	28,647	-	202,627	1,619,488	

1. Movement in provisions, does not have a cash implication.

2. Movement in reserves, does not have a cash implication.

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The following table shows for each executive KMP how much of their STI was awarded and how much was forfeited. It also shows the value of performance rights that were granted, exercised and forfeited during the year ended 30 June 2023. The number of options and performance rights vested/forfeited for each grant are disclosed in section (g) of the remuneration report.

30 June 2023	<i>Total opportunity</i>	Total STI		Share Based Performance Rights		
	<i>\$</i>	<i>Awarded</i>	<i>Forfeited</i>	<i>Value granted</i>	<i>Value exercised</i>	<i>Value forfeited</i>
	<i>\$</i>	<i>%</i>	<i>%</i>	<i>\$</i>	<i>\$</i>	<i>\$</i>
Executive Directors						
Tim Harris	90,000	-	100%	282,275	(131,900)	(121,000)
Other key management personnel						
Richard Aird	-	-	100%	-	(77,540)	(438,400)
Tim MacTaggart	85,500	-	100%	86,820	(55,297)	(42,350)
Steven Hickey	86,400	-	100%	86,820	(44,330)	(42,350)
Trudy Walsh	100,650	-	100%	86,820	(77,540)	(72,600)

(f) Non-Executive Directors (NED) remuneration disclosure

(i) Director fee policy

The Group's NED fee policy is designed to attract and retain high calibre Directors, who can discharge the roles and responsibilities required in terms of good governance, strong oversight, independence and objectivity.

The Group rewards each Director with a fixed remuneration package. In the year ended 30 June 2023 remuneration of Directors was not dependent on sales performance or any other financial measures. There is no short-term incentive scheme in place.

(ii) Maximum aggregate NED fee pool

The total amount paid to all Directors for their services must not exceed in aggregate in any financial year the amount fixed by shareholders in a general meeting. At the Annual General Meeting on 24 November 2017 shareholders approved an aggregate amount of \$400,000 per annum for Non-Executive fees. Any changes to this amount in future will require approval by shareholders in a general meeting in accordance with ASX listing rules.

Table 2 - Details of Statutory Non-Executive Director Fees

30 June 2023	Short term		Post employment	Long term	Share based payment	Total
	<i>Salary & fees</i>	<i>STI</i>	<i>Superannuation</i>	<i>Annual and long service leave</i>	<i>Shares and options</i>	
	<i>\$</i>	<i>\$</i>	<i>\$</i>	<i>\$</i>	<i>\$</i>	<i>\$</i>
Non-Executive Directors						
Brett Johnson	100,000	-	10,500	-	-	110,500
David Knox	³ 35,520	-	3,730	-	-	39,250
Adele Fraser	⁴ 21,611	-	2,269	-	-	23,880
John Lindsay	53,280	-	5,594	-	-	58,874
David Brant	53,280	-	5,594	-	-	58,874
Total non-executive directors	263,691	-	27,687	-	-	291,378

1. Movement in provisions, does not have a cash implication.

2. Movement in reserves, does not have a cash implication.

3. David Knox resigned as Non-Executive Director and Chair of the Audit Committee on 28th February 2023.

4. Adele Fraser was appointed as Non-Executive Director on the 23rd February 2023 and Chair of the Audit Committee on 28th February 2023.

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		Short term		Post employment	Long term ¹	Share based payment ^{2,4}	Total
		Salary & fees	STI	Superannuation	Annual and long service leave	Shares and options	
30 June 2022		\$	\$	\$	\$	\$	\$
Non-Executive Directors							
Brett Johnson	3.5	98,333	-	9,833	-	108,333	216,499
David Knox	3.6	53,280	-	5,328	-	57,720	116,328
John Lindsay	3.7	53,280	-	5,328	-	57,720	116,328
David Brant	3.8	53,280	-	5,328	-	57,720	116,328
Total non-executive directors		258,173	-	25,817	-	281,493	565,483

1. Movement in provisions, does not have a cash implication.

2. Movement in reserves, does not have a cash implication.

3. Options were approved at the AGM on 14 October 2021, with an expiry date of 14 October 2024. Directors must be a Director of Redflow at the time of exercise.

4. Share based payments are not included in the Directors fee pool.

5. Brett Johnston was granted 416,667 options (post consolidation) during FY22, no options have been exercised and 416,667 option were still held at 30 June 2022.

6. David Knox was granted 222,000 options (post consolidation) during FY22, no options have been exercised and 222,000 were still held at 30 June 2022.

7. John Lindsay was granted 222,000 options (post consolidation) during FY22, no options have been exercised and 222,000 were still held at 30 June 2022.

8. David Brant was granted 222,000 options (post consolidation) during FY22, no options have been exercised and 222,000 were still held at 30 June 2022.

(g) Share-based compensation

Long term incentives provided to executives under a share rights issue include performance based measures such as the achievement of key performance indicators specific to the executive's role. These align with the objectives, goals and strategy of the Company, and the role of the individual. Achievement of these key performance indicators is ultimately determined at the discretion of the Board. The conditions upon which performance rights will vest are outlined below.

Long term incentive plan – Performance Rights:

Performance Rights Tranche Vesting - Performance Condition

Tranche 1	Retention – The Performance Rights in Tranche 1 will vest if the following condition is satisfied: a) Remain continuously employed as CEO/Executive of Redflow until test date.
Tranche 2	Operational KPIs – The Performance Rights in Tranche 2 will vest if the following conditions are satisfied: a) Remain continuously employed as CEO/Executive of Redflow until test date; and b) Operational Key Performance Indicators (KPI's) are satisfied on test date/s. Any Performance Rights that do not vest on their relevant test date will be re-tested on the following test date based on the KPI applicable on that next test date.
Tranche 3	Share Price Target/Market Capitalisation - the Performance Rights in Tranche 3 will vest if the following conditions are satisfied: a) Remain continuously employed as CEO/Executive of Redflow until test date; and b) The relevant Share Price Target/Market Capitalisation is achieved during the Performance Period.

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Table 3 - Details of Performance Rights awarded and/or vested during the year

30 June 2023	<i>Terms and conditions for each Grant</i>								Vested at 30 Jun 2023	
	Performance Rights awarded	Fair value at date of award (\$)	Award date	Expiry date	First exercise date	Last exercise date	Exercised during the year	Forfeited / cancelled during the year	Number	%
Executive Directors										
Tim Harris										
Tranche 1	66,667	34,000	21/11/2019	21/11/2025	30/06/2022	30/06/2022	(66,667)	-	-	0%
Tranche 1	110,000	30,800	26/11/2020	26/11/2026	30/06/2022	30/06/2022	(110,000)	-	-	0%
Tranche 1	113,334	31,733	26/11/2020	26/11/2026	30/06/2023	30/06/2023	-	-	113,334	100%
Tranche 2	111,111	31,111	26/11/2020	26/11/2026	30/06/2021	30/06/2023	-	(111,111)	-	0%
Tranche 2	111,111	31,111	26/11/2020	26/11/2026	30/06/2022	30/06/2023	-	(111,111)	-	0%
Tranche 2	111,111	31,111	26/11/2020	26/11/2026	30/06/2023	30/06/2023	-	(111,111)	-	0%
Tranche 3	333,333	48,445	26/11/2020	26/11/2026	30/06/2023	30/06/2023	-	(222,222)	111,111	33%
Tranche 1	110,000	67,100	14/10/2021	14/10/2027	30/06/2022	30/06/2022	(110,000)	-	-	0%
Tranche 1	110,000	67,100	14/10/2021	14/10/2027	30/06/2023	30/06/2023	-	-	110,000	100%
Tranche 1	113,334	69,134	14/10/2021	14/10/2027	30/06/2024	30/06/2024	-	-	-	0%
Tranche 2	111,111	67,778	14/10/2021	14/10/2027	30/06/2024	30/06/2024	-	-	-	0%
Tranche 2	111,111	67,778	14/10/2021	14/10/2027	30/06/2024	30/06/2024	-	-	-	0%
Tranche 2	111,111	67,778	14/10/2021	14/10/2027	30/06/2024	30/06/2024	-	-	-	0%
Tranche 2	111,111	67,778	14/10/2021	14/10/2027	30/06/2024	30/06/2024	-	-	-	0%
Tranche 3	333,333	134,889	14/10/2021	14/10/2027	30/06/2024	30/06/2024	-	-	-	0%
Tranche 1	200,000	60,000	25/11/2022	25/11/2027	30/06/2023	25/11/2027	-	-	200,000	100%
Tranche 1	150,000	45,000	25/11/2022	25/11/2027	30/06/2024	25/11/2027	-	-	-	0%
Tranche 1	150,000	45,000	25/11/2022	25/11/2027	30/06/2025	25/11/2027	-	-	-	0%
Tranche 2	100,000	30,000	25/11/2022	25/11/2027	30/06/2025	25/11/2027	-	-	-	0%
Tranche 2	75,000	22,500	25/11/2022	25/11/2027	30/06/2025	25/11/2027	-	-	-	0%
Tranche 2	75,000	22,500	25/11/2022	25/11/2027	30/06/2025	25/11/2027	-	-	-	0%
Tranche 2	75,000	22,500	25/11/2022	25/11/2027	30/06/2025	25/11/2027	-	-	-	0%
Tranche 3	100,000	27,800	25/11/2022	25/11/2027	30/06/2025	25/11/2027	-	-	-	0%
Tranche 3	75,000	17,100	25/11/2022	25/11/2027	30/06/2025	25/11/2027	-	-	-	0%
Tranche 3	75,000	12,375	25/11/2022	25/11/2027	30/06/2025	25/11/2027	-	-	-	0%
	2,956,667	1,062,142					(286,667)	(555,555)	534,445	

30 June 2023	<i>Terms and conditions for each Grant</i>								Vested at 30 Jun 2023	
	Performance Rights awarded	Fair value at date of award (\$)	Award date	Expiry date	First exercise date	Last exercise date	Exercised during the year	Forfeited / cancelled during the year	Number	%
Other key management personnel										
Tim MacTaggart										
Tranche 1	23,334	10,967	17/12/2019	21/11/2025	30/06/2022	30/06/2022	(23,334)	-	-	0%
Tranche 1	38,500	10,780	21/04/2021	21/04/2027	30/06/2022	30/06/2022	(38,500)	-	-	0%
Tranche 1	39,667	11,107	21/04/2021	21/04/2027	30/06/2023	30/06/2023	-	-	39,667	100%
Tranche 2	38,885	10,888	21/04/2021	21/04/2027	30/06/2021	30/06/2023	-	(38,885)	-	0%
Tranche 2	38,885	10,888	21/04/2021	21/04/2027	30/06/2022	30/06/2023	-	(38,885)	-	0%
Tranche 2	38,897	10,891	21/04/2021	21/04/2027	30/06/2023	30/06/2023	-	(38,897)	-	0%
Tranche 3	116,666	16,955	21/04/2021	21/04/2027	30/06/2023	30/06/2023	-	(77,781)	38,885	33%
Tranche 1	55,000	33,550	14/10/2021	14/10/2027	30/06/2022	30/06/2022	(55,000)	-	-	0%
Tranche 1	55,000	33,550	14/10/2021	14/10/2027	30/06/2023	30/06/2023	-	-	55,000	100%
Tranche 1	56,667	34,567	14/10/2021	14/10/2027	30/06/2024	30/06/2024	-	-	-	0%
Tranche 2	55,550	33,886	14/10/2021	14/10/2027	30/06/2024	30/06/2024	-	-	-	0%
Tranche 2	55,550	33,886	14/10/2021	14/10/2027	30/06/2024	30/06/2024	-	-	-	0%
Tranche 2	55,567	33,896	14/10/2021	14/10/2027	30/06/2024	30/06/2024	-	-	-	0%
Tranche 3	166,666	67,443	14/10/2021	14/10/2027	30/06/2024	30/06/2024	-	-	-	0%
Tranche 1	120,000	21,600	16/05/2023	16/05/2028	01/07/2023	16/05/2028	-	-	120,000	100%
Tranche 1	90,000	16,200	16/05/2023	16/05/2028	01/07/2024	16/05/2028	-	-	-	0%
Tranche 1	90,000	16,200	16/05/2023	16/05/2028	01/07/2025	16/05/2028	-	-	-	0%
Tranche 2	60,000	10,800	16/05/2023	16/05/2028	01/07/2025	16/05/2028	-	-	-	0%
Tranche 2	45,000	8,100	16/05/2023	16/05/2028	01/07/2025	16/05/2028	-	-	-	0%
Tranche 2	45,000	8,100	16/05/2023	16/05/2028	01/07/2025	16/05/2028	-	-	-	0%
Tranche 3	60,000	3,660	16/05/2023	16/05/2028	01/07/2025	16/05/2028	-	-	-	0%
Tranche 3	45,000	1,395	16/05/2023	16/05/2028	01/07/2025	16/05/2028	-	-	-	0%
Tranche 3	45,000	765	16/05/2023	16/05/2028	01/07/2025	16/05/2028	-	-	-	0%
	1,434,834	440,073					(116,834)	(194,448)	253,552	

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	Performance Rights awarded	Fair value at date of award (\$)	Terms and conditions for each Grant					Exercised during the year	Forfeited / cancelled during the year	Vested at 30 Jun 2023	
			Award date	Expiry date	First exercise date	Last exercise date	Number			%	
30 June 2023											
Other key management personnel (continued)											
Steven Hickey											
Tranche 1	38,500	10,780	21/04/2021	21/04/2027	30/06/2022	30/06/2022	(38,500)	-	-	0%	
Tranche 1	39,667	11,107	21/04/2021	21/04/2027	30/06/2023	30/06/2023	-	-	39,667	100%	
Tranche 2	38,885	10,888	21/04/2021	21/04/2027	30/06/2021	30/06/2023	-	(38,885)	-	0%	
Tranche 2	38,885	10,888	21/04/2021	21/04/2027	30/06/2022	30/06/2023	-	(38,885)	-	0%	
Tranche 2	38,897	10,891	21/04/2021	21/04/2027	30/06/2023	30/06/2023	-	(38,897)	-	0%	
Tranche 3	116,666	16,955	21/04/2021	21/04/2027	30/06/2023	30/06/2023	-	(77,781)	38,885	33%	
Tranche 1	55,000	33,550	14/10/2021	14/10/2027	30/06/2022	30/06/2022	(55,000)	-	-	0%	
Tranche 1	55,000	33,550	14/10/2021	14/10/2027	30/06/2023	30/06/2023	-	-	55,000	100%	
Tranche 1	56,667	34,567	14/10/2021	14/10/2027	30/06/2024	30/06/2024	-	-	-	0%	
Tranche 2	55,550	33,885	14/10/2021	14/10/2027	30/06/2024	30/06/2024	-	-	-	0%	
Tranche 2	55,550	33,886	14/10/2021	14/10/2027	30/06/2024	30/06/2024	-	-	-	0%	
Tranche 2	55,567	33,896	14/10/2021	14/10/2027	30/06/2024	30/06/2024	-	-	-	0%	
Tranche 3	166,666	67,444	14/10/2021	14/10/2027	30/06/2024	30/06/2024	-	-	-	0%	
Tranche 1	120,000	21,600	16/05/2023	16/05/2028	01/07/2023	16/05/2028	-	-	120,000	100%	
Tranche 1	90,000	16,200	16/05/2023	16/05/2028	01/07/2024	16/05/2028	-	-	-	0%	
Tranche 1	90,000	16,200	16/05/2023	16/05/2028	01/07/2025	16/05/2028	-	-	-	0%	
Tranche 2	60,000	10,800	16/05/2023	16/05/2028	01/07/2025	16/05/2028	-	-	-	0%	
Tranche 2	45,000	8,100	16/05/2023	16/05/2028	01/07/2025	16/05/2028	-	-	-	0%	
Tranche 2	45,000	8,100	16/05/2023	16/05/2028	01/07/2025	16/05/2028	-	-	-	0%	
Tranche 3	60,000	3,660	16/05/2023	16/05/2028	01/07/2025	16/05/2028	-	-	-	0%	
Tranche 3	45,000	1,395	16/05/2023	16/05/2028	01/07/2025	16/05/2028	-	-	-	0%	
Tranche 3	45,000	765	16/05/2023	16/05/2028	01/07/2025	16/05/2028	-	-	-	0%	
	1,411,500	429,106					(93,500)	(194,448)	253,552		

	Performance Rights awarded	Fair value at date of award (\$)	Terms and conditions for each Grant					Exercised during the year	Forfeited / cancelled during the year	Vested at 30 Jun 2023	
			Award date	Expiry date	First exercise date	Last exercise date	Number			%	
30 June 2023											
Other key management personnel											
Trudy Walsh											
Tranche 1	40,000	18,800	17/12/2019	21/11/2025	30/06/2022	30/06/2022	(40,000)	-	-	0%	
Tranche 1	66,000	18,480	21/04/2021	21/04/2027	30/06/2022	30/06/2022	(66,000)	-	-	0%	
Tranche 1	68,000	19,040	21/04/2021	21/04/2027	30/06/2023	30/06/2023	-	-	68,000	100%	
Tranche 2	66,660	18,665	21/04/2021	21/04/2027	30/06/2021	30/06/2023	-	(66,660)	-	0%	
Tranche 2	66,660	18,665	21/04/2021	21/04/2027	30/06/2022	30/06/2023	-	(66,660)	-	0%	
Tranche 2	66,680	18,670	21/04/2021	21/04/2027	30/06/2023	30/06/2023	-	(66,680)	-	0%	
Tranche 3	200,000	29,066	21/04/2021	21/04/2027	30/06/2023	30/06/2023	-	(133,340)	66,660	33%	
Tranche 1	66,000	40,260	14/10/2021	14/10/2027	30/06/2022	30/06/2022	(66,000)	-	-	0%	
Tranche 1	66,000	40,260	14/10/2021	14/10/2027	30/06/2023	30/06/2023	-	-	66,000	100%	
Tranche 1	68,000	41,480	14/10/2021	14/10/2027	30/06/2024	30/06/2024	-	-	-	0%	
Tranche 2	66,660	40,663	14/10/2021	14/10/2027	30/06/2024	30/06/2024	-	-	-	0%	
Tranche 2	66,660	40,663	14/10/2021	14/10/2027	30/06/2024	30/06/2024	-	-	-	0%	
Tranche 2	66,680	40,675	14/10/2021	14/10/2027	30/06/2024	30/06/2024	-	-	-	0%	
Tranche 3	200,000	80,932	14/10/2021	14/10/2027	30/06/2024	30/06/2024	-	-	-	0%	
Tranche 1	120,000	21,600	16/05/2023	16/05/2028	01/07/2023	16/05/2028	-	-	120,000	100%	
Tranche 1	90,000	16,200	16/05/2023	16/05/2028	01/07/2024	16/05/2028	-	-	-	0%	
Tranche 1	90,000	16,200	16/05/2023	16/05/2028	01/07/2025	16/05/2028	-	-	-	0%	
Tranche 2	60,000	10,800	16/05/2023	16/05/2028	01/07/2025	16/05/2028	-	-	-	0%	
Tranche 2	45,000	8,100	16/05/2023	16/05/2028	01/07/2025	16/05/2028	-	-	-	0%	
Tranche 2	45,000	8,100	16/05/2023	16/05/2028	01/07/2025	16/05/2028	-	-	-	0%	
Tranche 3	60,000	3,660	16/05/2023	16/05/2028	01/07/2025	16/05/2028	-	-	-	0%	
Tranche 3	45,000	1,395	16/05/2023	16/05/2028	01/07/2025	16/05/2028	-	-	-	0%	
Tranche 3	45,000	765	16/05/2023	16/05/2028	01/07/2025	16/05/2028	-	-	-	0%	
	1,774,000	553,138					(172,000)	(333,340)	320,660		

Redflow Limited
Directors' report
For the year ended 30 June 2023

	Performance Rights awarded	Fair value at date of award (\$)	Terms and conditions for each Grant				Exercised during the year	Forfeited / cancelled during the year	Vested at 30 Jun 2023	
			Award date	Expiry date	First exercise date	Last exercise date			Number	%
30 June 2023										
Other key management personnel (continued)										
Richard Aird										
Tranche 1	40,000	18,800	17/12/2019	21/11/2025	30/06/2022	30/06/2022	(40,000)	-	-	0%
Tranche 1	66,000	18,480	21/04/2021	21/04/2027	30/06/2022	30/06/2022	(66,000)	-	-	0%
Tranche 1	66,000	40,260	14/10/2021	14/10/2027	30/06/2022	30/06/2022	(66,000)	-	-	0%
	172,000	77,540					(172,000)	-	-	
Total	7,749,001	2,561,998					(841,001)	(1,277,791)	1,362,209	

Fair value of options included as a part of remuneration

For details on the valuation of performance rights and options, including models and assumptions used, please refer to Note 35 of the financial statements. There were no alterations to the terms and conditions of performance rights and options granted as remuneration since the grant date.

(h) Equity instruments held by key management personnel

Shares held by key management personnel are outlined in Table 4 below. Performance Rights are outlined in Table 3 above.

Table 4 - Shares held by key management personnel

30 June 2023	Balance at start of year ¹	Shares issued under Performance Rights Plan	Other changes during the year	Balance at end of year
	Number	Number	Number	Number
Ordinary shares				
Non-Executive Directors				
Brett Johnson	214,482	-	21,297	235,779
David Knox ²	311,105	-	(311,105)	-
John Lindsay	130,330	-	465,118	595,448
David Brant	202,742	-	21,297	224,039
Adele Fraser	-	-	-	-
Executive Directors				
Tim Harris	589,565	286,667	21,297	897,529
Other key management personnel				
Richard Aird ³	385,955	172,000	(557,955)	-
Tim MacTaggart	73,500	116,384	-	190,334
Steven Hickey	38,500	93,500	-	132,000
Trudy Walsh	260,578	172,000	-	432,578
Total	2,206,757	840,551	(194,090)	2,853,668

1. Share opening balance is applied retrospectively upon share consolidation on 2 December 2022.

2. David Knox resigned as Non-Executive Director and Chair of the Audit Committee on 28th February 2023.

3. Richard Aird resigned effective 19 August 2022.

(i) Other transactions with key management personnel

There were no other transactions with key management personnel of Redflow Limited during 2023 (2022: nil).

Redflow Limited
Directors' report
For the year ended 30 June 2023

(j) Security Trading Policy

All Directors, employees and consultants are required to comply with the Group's Securities Trading Policy in undertaking any trading in the Group shares and may not trade if they are in possession of any inside information. Unless otherwise permitted by the policy, Directors and employees can only trade during the specified trading windows immediately following the release of the half year and full year results and the AGM. Employees who participate in any equity-based plans are prohibited from entering into any transactions in relation to invested securities which would have the effect of limiting the economic risk of an invested security.

Auditor

PricewaterhouseCoopers continues in office in accordance with Section 327 of the *Corporations Act 2001*.

This report is made in accordance with a resolution of Directors, pursuant to section 298(2)(a) of the *Corporations Act 2001*.

On behalf of the Directors



Brett Johnson
Chairman

31 August 2023
Brisbane

Redflow Limited
Corporate governance report
For the year ended 30 June 2023

Corporate Governance Report

Redflow Limited (the 'Company') and its associated entities (the 'Group') are committed to achieving best practice across the Group in all respects, which is fundamental to the long term performance and sustainability of the Group and the delivery of the Group's strategic objectives.

The Group believes corporate governance is central to its business objectives and a critical element contributing to the preservation of shareholder value.

The Board has adopted a suite of charters and key corporate governance documents which define the policies and procedures followed by the Group. These documents are reviewed as required to address changes in governance practices and the law.

The Directors are responsible for establishing the corporate governance framework of the Group having regard to the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (4th Edition) (the "Principles"). The Board guides and monitors the business and the affairs of Redflow Limited on behalf of the shareholders by whom they are elected and to whom they are accountable.

The Principles are outlined on the following pages, with the corresponding section of this Corporate Governance Report addressing the Group's practices.

This report provides an outline of the main corporate governance policies and practices the Group had in place during FY2023 and how the Group's framework aligns with the Principles (unless otherwise noted).

This report has been approved by the Board of Directors of the Group and the information contained herein is correct as of 31 August 2023.

You can find further information on the structure of our business, our Board and management team on the Company's website.

Website Links:

Company information

www.redflow.com/about-us/board-management/

Redflow Limited
Corporate governance report
For the year ended 30 June 2023

Recommendations	Compliance with recommendations
Principle 1 – Lay solid foundations for management and oversight	
1.1 Role of Board and management	<p>The Board has established a clear distinction between the functions and responsibilities reserved for the Board and those delegated to management, which are set out in the Group’s Board Charter (Charter). The Charter also provides an overview of the roles of the Chairman, Directors and Executives.</p> <p>A copy of the Charter can be viewed on the corporate governance page of the Company’s website. The Board has approved the Group’s Values Statement and Code of Conduct, which underpin the desired culture within the Group.</p>
1.2 Appointment and election of Directors	<p>The Group carefully considers the character, experience, education, skill set as well as interests and associations of potential candidates for appointment to the Board and conducts appropriate background checks to verify the suitability of the candidate prior to their election.</p> <p>Comprehensive biographical information is provided to shareholders in the notice of meetings to enable them to make an informed decision on whether to elect or re-elect a Director.</p> <p>The Group has appropriate procedures in place to ensure material information relevant to a decision to elect or re-elect a Director is disclosed in the Notice of Meeting provided to shareholders.</p>
1.3 Written contracts to appointment	<p>In addition to being set out in the Charter, all Directors and senior executives have a written agreement which formalises the terms of their appointment. Each Director commits to a letter of appointment which specifies the term of their appointment, the envisaged time commitment, expectations and duties relating to the position, remuneration, disclosure and confidentiality obligations, insurance and indemnity entitlements, details of the Group’s corporate governance policies, (including the requirement to comply with the Group’s Anti-bribery and Corruption Policy), and reporting lines.</p> <p>Each senior executive enters into an employment contract which sets out the material terms of employment, including a description of position and duties, reporting lines, remuneration arrangements and termination rights and entitlements. Contract details of senior executives who are key management personnel can be found on Page 17 of the 2023 Annual Report.</p>
1.4 Company Secretary	<p>The Group has a Board-appointed Company Secretary. Biographical details and qualifications can be viewed on Page 13 of the 2023 Annual Report.</p> <p>The Group Company Secretary has overall responsibility for the Group secretariat function and is directly accountable to the Board, through the chairman, on all matters to do with the proper functioning of the Board. This includes advising the Board and its committees on governance matters, coordinating Board business and providing a point of reference for dealings between the Board and management. All Directors have access to the advice and services of the Company Secretary.</p>

1.1 Role of Board and management

The Board has established a clear distinction between the functions and responsibilities reserved for the Board and those delegated to management, which are set out in the Group’s Board Charter (Charter). The Charter also provides an overview of the roles of the Chairman, Directors and Executives.

A copy of the Charter can be viewed on the corporate governance page of the Company’s website. The Board has approved the Group’s Values Statement and Code of Conduct, which underpin the desired culture within the Group.

1.2 Appointment and election of Directors

The Group carefully considers the character, experience, education, skill set as well as interests and associations of potential candidates for appointment to the Board and conducts appropriate background checks to verify the suitability of the candidate prior to their election.

Comprehensive biographical information is provided to shareholders in the notice of meetings to enable them to make an informed decision on whether to elect or re-elect a Director.

The Group has appropriate procedures in place to ensure material information relevant to a decision to elect or re-elect a Director is disclosed in the Notice of Meeting provided to shareholders.

1.3 Written contracts to appointment

In addition to being set out in the Charter, all Directors and senior executives have a written agreement which formalises the terms of their appointment. Each Director commits to a letter of appointment which specifies the term of their appointment, the envisaged time commitment, expectations and duties relating to the position, remuneration, disclosure and confidentiality obligations, insurance and indemnity entitlements, details of the Group’s corporate governance policies, (including the requirement to comply with the Group’s Anti-bribery and Corruption Policy), and reporting lines.

Each senior executive enters into an employment contract which sets out the material terms of employment, including a description of position and duties, reporting lines, remuneration arrangements and termination rights and entitlements. Contract details of senior executives who are key management personnel can be found on Page 17 of the 2023 Annual Report.

1.4 Company Secretary

The Group has a Board-appointed Company Secretary. Biographical details and qualifications can be viewed on Page 13 of the 2023 Annual Report.

The Group Company Secretary has overall responsibility for the Group secretariat function and is directly accountable to the Board, through the chairman, on all matters to do with the proper functioning of the Board. This includes advising the Board and its committees on governance matters, coordinating Board business and providing a point of reference for dealings between the Board and management. All Directors have access to the advice and services of the Company Secretary.

Redflow Limited
Corporate governance report
For the year ended 30 June 2023

Recommendations

Compliance with recommendations

Principle 1 – Lay solid foundations for management and oversight (continued)

1.5 Diversity and inclusion

The Group’s Diversity Policy sets out its objectives and reporting practices regarding diversity. A copy of The Diversity Policy is available on the Company’s website.

The Company recognises the value contributed to the organisation by employing people with different skills, cultural backgrounds, ethnicity and experience. The Company believes its diverse workforce is the key to its continued growth, improved productivity and performance.

The Company actively values and embraces the diversity of all employees and is committed to creating an inclusive workplace where everyone is treated equally and fairly, and where discrimination, harassment and inequity are not tolerated.

Gender diversity statistics as at 30 June 2023 are outlined in the table below.

Item	Male	Female
Number of permanent employees	80	21
Percentage of permanent employees	79%	21%
Number of employees in senior management positions*	5	1
Percentage of employees in senior executive positions	83%	17%
Number of Non-Executive Directors (NED) Board members	3	1
Percentage of NED Board members	75%	25%

* For the purpose of determining the above statistics, the Group considers “Senior Management” to include those individuals who are either heads of lines of business, functions or regions.

Redflow Limited
Corporate governance report
For the year ended 30 June 2023

Recommendations Compliance with recommendations

Principle 1 – Lay solid foundations for management and oversight (continued)

1.5 Diversity and inclusion (continued)

FY2023 Measure

Targets	Objective	Progress
Ensure against inappropriate workplace and business behaviour (including discrimination, harassment, bullying, victimisation and vilification).	Build and maintain safe work environment	Achieved
Develop and ensure flexibility in the workplace to meet the differencing needs of employees at different stages of their life cycle.	Flexible work practices	Achieved
Ensure recruitment practices, policies and procedures give everyone equal opportunity to employment, training, promotion and compensation regardless of gender and ethnicity.	Equal opportunity employment	Achieved
20%	Percentage of Non-Executive board positions filled by women	Achieved
20%	Percentage of Senior Management roles filled by women	Ongoing
22.5%	Percentage of roles across the entire organisation filled by women	Ongoing
15%	Percentage of the total remuneration of the Company paid to women	Achieved

1.6 Board reviews

The Board is responsible for undertaking a formal evaluation process to review its performance and that of its committees once every two years. The Board led by the Chairman, Brett Johnson, formally evaluates its performance, assessing the needs of the Group and ensuring the Board has the required skills to support the executive team and meet its obligations. The full Board self-assess their skills as required during the year with any gaps addressed when evaluating key attributes of Board replacements.

1.7 Management reviews

The Board is responsible for evaluating the performance of the Executive Management Team. At least annually, the Board formally evaluates the performance of the Executive Management Team against their previously approved KPIs. The Chair of the Board, with input from the other Non-Executive Directors, is also responsible for periodically reviewing the performance of the Managing Director and CEO. These reviews are documented.

Redflow Limited
Corporate governance report
For the year ended 30 June 2023

Recommendations Compliance with recommendations

Principle 2 – Structure the Board to be effective and add value

- 2.1 Nominations Committee** The full Board carries out the nomination function which forms part of the Directors’ established Charter. The Chairman of the Company, Brett Johnson, is an Independent Non-Executive Director. Due to the size, scale and nature of the Company’s business, the Board considers that they are able to deal efficiently and effectively with Board composition and succession issues without establishing a separate nomination committee.
- The process the Board employs to address Board succession issues and to ensure that the Board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively is detailed on the Company’s website.
- 2.2 Board skills matrix** Further details regarding the skills and experience of each Director are included in the 2023 Annual Report on Page 11 to 13. Details of the Board skills matrix can be viewed on the corporate governance page of the Company’s website. As part of the Board’s Charter, the Board periodically reviews the skills of the Board and aligns these with the needs of the business.
- 2.3 Disclose independence and length of service** The Group currently has a five-member Board, of which four are Independent Non-Executive Directors. Together, the Directors have a broad range of experience, expertise, skills, qualifications and contacts relevant to the Group and its business. Details of their length of service, individual skills and experience are set out on Page 8, 11 to 13 of the 2023 Annual Report.

Board and Audit & Risk Committee composition

Board	Audit and Risk Committee
Tim Harris (Appointed 2 July 2018) Managing Director	A
Brett Johnson (Appointed 27 September 2017) Independent Non-Executive Chairman	M
David Knox (Appointed 23 Jun 2010, Resigned 28 February 2023) Independent Non-Executive Director	C
John Lindsay (Appointed 11 September 2018) Independent Non-Executive Director	M
David Brant (Appointed 19 October 2018) Independent Non-Executive Director	A
Adele Fraser (Appointed 23 February 2023) Independent Non-Executive Director	C
C – Chairman, M – Member, A – Attendee	

Redflow Limited
Corporate governance report
For the year ended 30 June 2023

Recommendations Compliance with recommendations

Principle 2 – Structure the Board to be effective and add value (continued)

- 2.5 Chair Independent** The Chairman, Brett Johnson, is an Independent Non-Executive Director.
- Further details regarding the Chairman are set out on Page 11 of the 2023 Annual Report and are also available on the Company's website.
- 2.6 Induction and professional development** An induction process including appointment letters and ongoing education exists to promote early, active and relevant involvement of new members of the Board.
- Directors are encouraged to undertake continuing professional development activities each year and to join appropriate professional associations in order to continually develop and enhance their respective levels of industry knowledge, technical knowledge and other skills required to discharge their role effectively.
- In addition, to familiarise themselves with the Group's operations and to assist Directors to maintain an appropriate level of knowledge, skill and experience, Directors are encouraged to undertake site visits to the Australian operations site.

Principle 3 – Act ethically and responsibly

- 3.1 Articulate and disclose values** The Group's Values Statement sets out the guiding principles for Redflow and what is required from its Directors, senior executives and employees. Redflow's values include ethics, safety, sustainability, excellence, fair profits and diversity.
- The Values Statement has been approved by the Board and can be viewed on the Corporate Governance page of the Company's website.
- 3.2 Code of Conduct** The Group has a Code of Conduct for Directors, senior executives, employees, consultants and contractors which sets out the fundamental principles of business conduct expected by the Group and can be viewed on the Corporate Governance page of the Company's website. The Board is informed of any material breaches of the Code of Conduct.
- 3.3 Whistleblower Policy** The Group's Whistleblower Policy is contained within the Code of Conduct and all employees are required to read and follow this policy.
- The CEO is the initial point of contact and will inform the Board of details of the complaint or allegation. The Board is tasked with the responsibility to take appropriate action in relation to, all bona fide complaints or allegations which indicate that there may be illegal or unethical conduct by the Company or any of its employees. In certain circumstances, where appropriate, the Chair of the Board will receive and deal with the complaint or allegation.
- A copy of the policy can be viewed on the Corporate Governance page of the Company's website.
- 3.4 Anti-bribery and Corruption Policy** The Group's Anti-bribery and Corruption policy is contained within the Code of Conduct and all employees are required to read and follow this policy.
- The Board is notified of all breaches of the Anti-bribery and Corruption policy.
- A copy of the policy can be viewed on the Corporate Governance page of the Company's website.

Redflow Limited
Corporate governance report
For the year ended 30 June 2023

Recommendations Compliance with recommendations

Principle 4 – Safeguard integrity in corporate reporting

4.1 Audit Committee The Group has an established Audit and Risk Committee which is comprised of three Independent Non-Executive Directors, and is chaired by Independent Non-Executive Director, Adele Fraser. Further details about the membership of the Audit and Risk Committee, including the names and qualifications of its members, are included in the Annual Report.

The Audit and Risk Committee Charter can be viewed on the Corporate Governance page of the Company's website. The number of meetings held by the Committee and the Directors' attendance at meetings is disclosed in the Annual Report.

4.2 Declarations of CEO and CFO The Chief Executive Officer and Chief Financial Officer provide a statement to the Board and Audit and Risk Committee in advance of seeking approval of any financial report to the effect that the Group's risk management and internal compliance and control systems are operating efficiently and effectively in all material respects.

In accordance with the above, the Board has received a written assurance that the declaration provided under section 295A of the *Corporations Act 2001* is based on a sound system of internal control and risk management, which is operating effectively in all respects in relation to material business risks and financial reporting.

4.3 Integrity of periodic corporate reports released to market Information that is not audited or reviewed by an external auditor is subject to a rigorous process of internal review before it is released to the market. Once prepared, the information is submitted to the Chief Financial Officer and Company Secretary for first review, followed by a second review by the Chief Executive Officer, and finally by the Audit and Risk Committee Chair, prior to lodgement with the ASX.

Principle 5 – Make timely and balanced disclosures

5.1 Continuous Disclosure Policy The Group has adopted a Continuous Disclosure Policy which sets out the processes and practices to ensure compliance with the continuous disclosure requirements under the ASX Listing Rules and the *Corporations Act 2001*. A copy of the policy can be viewed on the Corporate Governance page of the Company's website.

The Company Secretary is responsible for communications with the ASX including responsibility for ensuring compliance with the continuous disclosure requirements in the ASX Listing Rules and overseeing information going to the ASX, shareholders and other interested parties. All such communication is circulated to the Chairman for approval, or in his absence another Non-Executive Director.

5.2 Board's visibility of information disclosed to market Links to ASX announcements on the ASX website are provided to Board members promptly after being released to market, allowing timely visibility of the nature and quality of the information being disclosed to the market and the frequency of such disclosures.

5.3 Investor presentation released to ASX in advance All investor presentations are approved by the Board and are released to the ASX on the ASX Markets Announcements Platform in advance of the presentation.

Redflow Limited
Corporate governance report
For the year ended 30 June 2023

Recommendations Compliance with recommendations

Principle 6 – Respect the rights of the security holders

6.1 Publicly available information accessible on website	<p>The Company’s website contains extensive information on the Group, its history and business activities and information relevant to investors as set out in the guidelines. Investors may access copies of ASX announcements, notices of meeting, investor presentations and annual reports, as well as general information about the Group.</p>
6.2 Investor relations programs	<p>The Group recognises the value of providing current and relevant information to its shareholders and aims to provide information that will enable existing and potential shareholders to make informed decisions about the Group’s value.</p> <p>The Directors aim to ensure that all shareholders are informed of information necessary to assess the performance of the Group and its Directors. Information on major developments affecting the Group is communicated to the shareholders through the annual and half yearly reports, quarterly operational reports accompanying Appendix 4C cash flow statement releases, market updates and ASX announcements released at the time of key developments (for example, relating to material sales of batteries and strategic partnerships).</p> <p>Investor briefings are provided on the day that half year and full year results are released, providing investors with the opportunity to ask questions to Executive Management and investor roadshows are periodically conducted to keep investors informed of developments. Additionally, shareholders are kept informed via general meetings, notices of the general meetings and by general correspondence from the Board.</p> <p>Contact details are provided on ASX releases allowing investors to contact the company representative with any queries they have related to the releases.</p> <p>All presentation material is provided to the ASX and subsequently uploaded to the Company’s website to ensure that all shareholders have timely access to information. The Group aims to ensure that all shareholders are well informed of all major developments affecting the Group through its ongoing commitment to continuous disclosure obligations.</p>
6.3 Facilitate participation at meetings of security holders	<p>Shareholders are encouraged to attend and participate in the Group’s Annual General Meeting and any other general meeting and to ask questions of Directors. The notice of meeting provides background information on the business of the meeting and the resolutions being put to shareholders.</p>
6.4 Substantive resolutions	<p>All substantive resolutions at the Group’s AGM and at shareholder meetings are decided by a poll (rather than by a show of hands).</p>
6.5 Facilitate electronic communication	<p>The Group provides its investors the option to receive communications from, and send communications to, the Group and the share registry electronically.</p>

Redflow Limited
Corporate governance report
For the year ended 30 June 2023

Recommendations Compliance with recommendations

Principle 7 – Recognise and manage risk

7.1 Risk committee The Group manages risk through its Audit and Risk Committee. The Audit and Risk Committee is comprised of a majority of Independent Non-Executive Directors and is chaired by Adele Fraser who is an Independent Non-Executive Director. Further details about the membership of the Audit and Risk Committee, including the names and qualifications of its members, are set out on Pages 11 to 13 of the 2023 Annual Report.

The Charter of the Audit and Risk Committee can be viewed on the Corporate Governance page of the Company's website. The number of meetings held by the Committee and the Directors' attendance at meetings is disclosed each year in the Group's Annual Report.

7.2 Annual risk review The Board is responsible for the oversight and management of risk, including the identification of material business risks on an ongoing basis and is assisted by the Audit and Risk Committee where required.

A review of material business risks has been conducted in the current period, which concluded that controls over risk management processes were adequate and effective. Risk is formally reviewed at least quarterly by the Audit and Risk Committee.

7.3 Internal audit The Group does not have a formal internal audit function. To ensure compliance with the Group's published policies and procedures and its legal and regulatory obligations, the Group continually review and refine processes and policies to enhance the effectiveness of the Group's internal controls. Any identified control and process issues are formally reported to the Audit and Risk Committee and formalised action plans are put in place to address the issues.

7.4 Sustainability risks The Directors advise the Group has no material exposure to environmental or social risks.

Redflow Limited
Corporate governance report
For the year ended 30 June 2023

Recommendations Compliance with recommendations

Principle 8 – Remunerate fairly and responsibly

- 8.1 Remuneration Committee** The Group’s remuneration function is overseen and approved by the Non-Executive Directors. The Company currently has four Non-Executive Directors. Whilst the ASX Principles suggest a remuneration committee be established comprising at least three Directors, a majority of whom are independent, with an independent chair, they recognise that for smaller boards the same efficiencies may not be obtained through establishing a separate committee.
- Given the size, scale and nature of the Company’s business, the Board does not consider the non-compliance with this ASX recommendation to be materially detrimental to the Company.
- 8.2 Disclosure of Executive and Non-Executive Director remuneration policy** The Group seeks to attract and retain high performing Directors and Executives with appropriate skills, qualifications and experience to add value to the Group and fulfil the roles and responsibilities required. Further details of the Group’s remuneration methodologies are set out on Pages 15 to 24 of the 2023 Annual Report.
- Executive remuneration is designed to reflect performance and accordingly, remuneration is structured with a fixed component and performance-based component split across short-term performance goals and long-term incentives. The long-term plan is designed to focus executives on delivering long term shareholder return. Under the Plan, participants will be granted rights only if performance conditions pertaining loyalty, share price/market capitalisation and operational performance hurdles are met and the employee is still employed at the end of the three years vesting period.
- Non-Executive Directors are paid fixed fees for their services in accordance with the Group’s Constitution. Fees paid cover Board and Committee responsibilities and where applicable additional fees for chairing any committees and any contributions by the Group to a fund for the purposes of superannuation benefits for a Director.
- 8.3 Equity-based remuneration scheme** The Group has an equity-based remuneration scheme.
- Participants are not permitted to enter into a scheme or arrangement that protects the value of Performance Rights granted under the Plan prior to them becoming a vested Performance Right.

Redflow Limited

Risk report

For the year ended 30 June 2023

As outlined in the Directors' Report the Group has a number of specific risks which it must manage as outlined in this report.

RISKS

There are a number of factors, both specific to the Company and of a general nature, which may affect the future operating and financial performance of the Company, its products, the industry in which it operates and the outcome of an investment in the Company. There can be no guarantee that the Company will achieve its stated objectives or that forward-looking statements will be realised.

This section describes certain, but not all, risks associated with an investment in the Company. Each of the risks set out below could, if it eventuates, have a materially adverse impact on the Company's operating performance, financial performance, financial position, liquidity, and the value of its Shares.

SPECIFIC RISK FACTORS

In addition to the general risks set out above, the Directors believe that there are a number of specific factors that should be considered. Each of these factors could have a materially adverse impact on the Company, its expansion plans, operating and product strategies and its financial performance and position. These include:

Funding risk

If the recent Entitlement Offer is fully subscribed (including if any shortfall is fully placed), the Company will have sufficient funds for its activities for the 2024 financial year (including funds for its expenditure requirements under the Faraday Supply Agreement). There is a risk that the Offer (including any placement of the shortfall) will not raise all of the funds required for the 2024 financial year and the Company will need to raise additional funds.

Even if funds are raised to meet the immediate needs of the Company, there is no assurance that adequate or sufficient funds can be raised in the future to meet its funding requirements after the 2024 financial year, to achieve its stated business objectives or strategy, to meet expenditure requirements under future commercial scale supply contracts or to achieve a breakeven point, either at all or on terms and conditions which are commercially acceptable to the Company or at a price which is not lower than the Offer Price.

If the Company is unable to obtain such additional capital, it may be required to reduce the scope of its anticipated activities which could adversely affect its business, prospects, financial condition and operating results. There is also a risk of default of its contractual commitments if they cannot be renegotiated.

Faraday Supply Agreement – 20 MWh Paskenta Project

Commencement of work under the Faraday Supply Agreement is subject to Faraday Microgrids formalising definitive legal project agreements for funding with the California Energy Commission and the use of Federal Investment Tax Credits and power offtake with the Paskenta Band of Nomlaki Indians and then giving Redflow a notice to proceed.

There is no guarantee that the required definitive legal project agreements will be finalised and the notice to proceed given, within the expected timeframe. If the agreements are not agreed or the notice to proceed not given, then the Paskenta Project may be materially delayed or may not proceed which could materially affect Redflow business and operating results.

The Faraday Supply Agreement contains terms and conditions which are commonly found in capital equipment supply agreements of comparable size, nature and type including provisions for liquidated damages for delivery and completion delay, obligations to remedy defects in materials and workmanship. Redflow bears the risk of increased costs and, to manage this risk, has included a right to modify the project scope in the event of cost increases due to force majeure events. Faraday may terminate the agreement without cause subject to payment of an amount of compensation.

Redflow Limited
Risk report
For the year ended 30 June 2023

Sales and revenue risk

The Company currently operates on a negative cash operating basis in that its operating expenses exceed its revenue. The Company's revenue depends on the extent and timing of future product sales and implementation of individual projects which may be affected by factors outside the Company's control such as tasks for which the customer is responsible. There is a risk that sales and revenue may take longer than expected to materialise or not be realised at all. For example, there are no guarantees that battery trials, system demonstrations, initial deployments or commercial scale projects, will be successful or, even if successful, will convert into firm orders or sales revenue on a timely basis.

Manufacturing cost reductions

The Company's business prospects are dependent on its ability to ramp up manufacturing capability and reduce the production costs of its batteries. The Company manufactures its current ZBM3 battery from its facilities in Thailand and believes that manufacturing cost reductions are achievable via efficiencies and general productivity improvements, key engineering projects, reductions in supplier and manufacturing costs from greater customer orders and economies of scale, plus productivity and process improvements. There is no guarantee however that cost reductions will be successfully implemented or will be achieved. If the Company is unable to reduce its cost of production sufficiently, the Company may not achieve profitability.

Commercialisation risk

If the Company's battery technology is not adopted by its customers, or if its battery technology does not meet industry requirements for power and energy storage capacity in an efficient and safe design, the Company's battery will not gain market acceptance.

Many other factors outside of the Company's control may also affect the demand for its battery and the viability of adoption of advanced battery applications, including:

- performance and reliability of battery power products compared to conventional and other non-battery energy sources and products;
- success of alternative battery chemistries; and
- cost-effectiveness of the Company's products compared to products powered by conventional energy sources and alternative battery chemistries.

Product and performance risk

The Company's products are complex and now includes a battery which is capable of being deployed for various applications (including telecommunications, residential, small-scale and large-scale commercial use and application by utilities), a battery management system and a physical enclosure for its residential and commercial storage system. The Company launched its ZBM3 battery in July 2022.

There is an inherent risk that the products and enhancements (including the ZBM3 product) will contain defects or otherwise do not perform as expected (for example in terms of battery life and reliability). The Company undertakes product testing under laboratory and simulated field conditions, which aims to identify such problems before their release for field trials or use. Even after pre-release testing, there remains the risk of manufacturing or design defects, errors or performance problems that may only emerge over time and use in the field under operating conditions.

The Company provides a product warranty which is subject to a range of technical and operating conditions. However, the Company has not tested its battery over its operating life either in the field or in simulated conditions. If the Company's products fail to perform as expected or if production of the Company's products is subject to delays (including delays in the rollout of the ZBM3 product), the Company could lose existing and future business and its ability to develop, market and sell its battery and energy storage systems could be harmed.

Product defects or non-performance may also give rise to claims against the Company, diminish the brand or divert resources from other purposes, all of which could have a materially adverse impact on the Company financially and reputationally.

Redflow Limited

Risk report

For the year ended 30 June 2023

The Company's products will frequently be deployed in remote locations where reliability is important, and any defects or non-performance problems could result in expensive and time-consuming design modifications or warranty charges, delays in the introduction of new products or enhancements (including the new ZBM3 product), significant increases in service and maintenance costs, exposure to liability for damages, damaged customer relationships and harm to the Company's reputation, any of which may adversely affect its business and the Company's operating results.

The Company is dependent on the supply of raw materials for a number of different parts and components. While the Company follows a quality control process there are possible situations where the quality of raw materials supplied will adversely affect the performance of the product.

Technology obsolescence risk

Rapid and ongoing changes in technology and product standards could quickly render the Company's products less competitive, or even obsolete if it fails to continue to improve the performance of its battery, its chemistry and battery management systems.

The Company continues to research, develop and manufacture zinc bromine flow batteries. The market for advanced rechargeable batteries is at a relatively early stage of development, and the extent to which the Company's zinc bromine batteries will be able to meet its customers' requirements and achieve significant market acceptance is uncertain.

One or more new, higher energy rechargeable battery technologies could be introduced which could be directly competitive with, or superior to, the Company's technology. Competing technologies that outperform the Company's battery could be developed and successfully introduced, and as a result, there is a risk that the Company's products may not be able to compete effectively in its target markets.

Reliance on system integrators as strategic partners

The Company relies on key system integrators as strategic partners providing channels to market. A key part of its business plan is predicated on a steady expansion of the customer bases through development of its strategic system integrator relationships.

There may be a materially adverse effect on the Company if one or more of these strategic system integrator relationships is lost and not replaced or if a dispute arises between the Company and a systems integrator. There are also risks associated with being one step removed from the ultimate customer and end user.

The Company's system integrators may operate in multiple jurisdictions which are subject to differing regulatory requirements. There is a risk that these regulatory frameworks may expose the Company to obligations, claims and additional compliance costs in relation to its products, including storage, handling and disposal of chemicals.

Manufacturing risk - general

There are risks which are inherent in manufacturing operations including machinery breakdowns, damage from flood and fire, below standard workmanship or materials, employee issues (including accidents), workplace health and safety and so on. Any adverse impact on production could have a materially adverse impact on the Company's ability to meet customer needs and the risk of customer claims and the Company's ability to achieve its expansion plans or its financial performance.

Manufacturing capacity risk

As the Company will build its manufacturing capability based on its projection of future supply agreements, its business revenue and profits will depend upon its ability to enter into and complete these agreements, achieving competitive manufacturing yields and drive volume sales consistent with its demand expectations.

In order to fulfil the anticipated product delivery requirements of its potential customers, the Company will invest in capital expenditures in advance of actual customer orders, based on estimates of future demand. If market demand for the Company's products does not increase as quickly as it has anticipated and align with the Company's manufacturing capacity, or if the Company fails to enter into and complete projected development and supply agreements, the Company may be unable to offset these costs and to achieve economies of scale, which could materially affect its business and operating results.

Redflow Limited

Risk report

For the year ended 30 June 2023

Alternatively, if the Company experiences sales in excess of its estimates, it may be unable to support higher production volumes, which could harm customer relationships and overall reputation. The Company's ability to meet such excess customer demand could also depend on its ability to raise additional capital and effectively scale its manufacturing operations.

If the Company is unable to achieve and maintain satisfactory production yields and quality, its relationships with certain customers and overall reputation may be harmed, and its sales could decrease.

Manufacturing production and outsourcing risk

The manufacturing and assembly of safe, long lasting batteries is a highly complex process that requires extreme precision and quality control throughout a number of production stages. Improving manufacturing processes will be an ongoing requirement both to reduce cost and improve battery performance and reliability by minimising manufacturing errors.

The Company has adopted a combination of outsourced and insourced component manufacturing of its battery parts to achieve the benefits of scalability, quality control, and cost efficiencies and to reduce its overall manufacturing risks (including the risk of damage to finished products when they are delivered from the factory to the customer). The outsourced component of the Company's manufacturing strategy has associated risks. It means the Company is unable to directly control delivery schedules, quality assurance, manufacturing yields and production costs.

Any defects in battery packaging, impurities in the electrolyte or electrode materials used, contamination of the manufacturing environment, incorrect welding, excess moisture, equipment failure or other difficulties in the manufacturing process could cause batteries to be rejected or to fail in the field, thereby reducing yields and affecting the Company's ability to meet customer expectations.

Problems in the Company's manufacturing and assembly processes could limit its ability to produce sufficient batteries to meet the demands of potential customers.

Thailand manufacturing personnel

The Company's manufacturing facility depends on the recruitment and retention of skilled employees to produce quality batteries and meet customer demand. There can be no assurance that the Company will be successful in attracting and retaining the skilled personnel necessary to meet current or any future demand for product. The inability to attract and retain qualified personnel could have a materially adverse impact on the Company.

Regulatory and compliance risk

The Company uses hazardous substances including zinc bromine, zinc chloride and hydrochloric acid in the manufacture of its batteries. Various regulatory requirements apply to the storage, handling and disposal of such chemicals. The Company must also comply with prescribed product standards in the various jurisdictions in which it operates, that are relevant to the manufacture, installation and operation of its battery. This includes UL certification in the United States, which is considered to be essential for large scale deployments and battery programs.

There is a risk that the Company will be unable to comply with the regulatory requirements imposed on its batteries or that the cost of compliance will exceed expectations and have an adverse impact on the financial position of the Company. This may prevent the Company from accessing markets in certain jurisdictions.

Sovereign risk

The Company's manufacturing operations in Thailand and a number of overseas battery deployment projects are subject to the risks associated in operating in foreign emerging countries. These risks may include economic, social or political instability or change, hyperinflation, or changes of law affecting foreign ownership, government participation, taxation, working conditions, rates of exchange, exchange control, export duties, capital controls, repatriation of income or return of capital, environmental protection, labour relations and government regulations that require the employment of local staff or contractors or require other benefits to be provided to local residents. No assurances can be given that the co-operation of such authorities, if sought by the Company, will be obtained, and if obtained, maintained.

Redflow Limited
Risk report
For the year ended 30 June 2023

It cannot be ruled out that the government of Thailand (or any other foreign jurisdiction in which the Company operates) may adopt substantially different laws, policies or conditions relating to foreign investment and taxation. The Company may also be hindered or prevented from enforcing its rights with respect to a governmental instrumentality because of the doctrine of sovereign immunity. Any future materially adverse changes in government policies or legislation in Thailand (or any other foreign jurisdiction in which the Company operates) in relation to foreign investment and ownership may affect the viability and profitability of the Company.

Supply risk

The Company's manufacturing operations depend on obtaining raw materials, parts and components, manufacturing equipment and other supplies, including services from reliable suppliers (including transport services) in adequate quality and quantity, in a timely manner. It may be difficult for the Company to substitute one supplier for another, increase the number of suppliers or change one component for another in a timely manner or at all due to the interruption of supply or increased industry demand. This may adversely affect the Company's operations.

The prices of raw materials, parts and components and manufacturing equipment may increase due to changes in supply and demand and global or other macroeconomic events such as the Ukraine Conflict and supply chain constraints. In addition, currency fluctuations and the weakening of the Australian dollar against foreign currencies may adversely affect the Company's purchasing power for raw materials, parts and components and manufacturing equipment from foreign suppliers.

If the Company is unable to secure key supply inputs in a timely and economically acceptable manner, it could have a materially adverse effect on its ability to meet customer demand and sell batteries profitably.

Warranty risk, product liability and extended life cycle testing risk

There is an inherent risk of defective workmanship or materials in the manufacture of the Company's products and for exposure to product liability for damages suffered by third parties attributable to the use of the product.

Defective products may have a materially adverse impact on the Company's reputation, its ability to achieve sales and commercialise its products and on its financial performance due to warranty obligations. It may also give rise to product liability claims. The Company will mitigate this risk via the usual contractual provisions which exclude liability for consequential loss and so on, but it is not possible to protect the Company against reputational loss.

The Company provides a product warranty which is subject to a range of technical and operating conditions. The battery has not however been tested over its full operating life either in the field or in simulated conditions.

Contract delivery and performance risk

The Company is expected to enter into contracts with partners and end customers which impose various contractual obligations on the Company. This may include, but not be limited to, delivery schedules, price, commissioning and integration, and performance parameters. If it does not meet those obligations, the Company may be exposed to claims for damages for breach of contract or other remedial action and incur remedial costs.

Intellectual property and patent risk

The ability of the Company to maintain protection of its proprietary intellectual property and operate without infringing the proprietary intellectual property rights of third parties is an integral part of the Company's business.

To protect its proprietary intellectual property, the Company has patents through its wholly owned subsidiary, Redflow R&D Pty Ltd. In addition, the Company has patent applications at various stages of the examination process in various jurisdictions. There is a risk that some or all of the patent applications will not be accepted, either in Australia or overseas and that other persons may be able to commercially exploit the proprietary intellectual property.

Redflow Limited
Risk report
For the year ended 30 June 2023

The granting of protection such as a registered patent does not guarantee that the rights of third parties are not infringed or that competitors will not develop technology to avoid the patent. Patents are territorial in nature and patents must be obtained in each and every country where protection is desired. There can be no assurance that any patents which the Company may own or control will afford the Company significant protection of its technology or its products have commercial application.

Competition in obtaining and sustaining protection of intellectual property and the complex nature of intellectual property can lead to disputes. The Company has, and may in the future, enter into commercial agreements under which intellectual property relevant to the Company and its ZBM3s, and which is created by the counterparty or jointly created by the Company and the counterparty, will not be owned exclusively by the Company. In these circumstances the Company will seek to negotiate an appropriate licence to use any such intellectual property.

There is a risk that such newly created intellectual property not exclusively owned by the Company, will be material to the Company and there is no guarantee that the Company will be able to enter into appropriate agreements to use it either at all or on commercially acceptable terms and conditions, or on a timely basis. The inability to secure rights to use such intellectual property could have a material impact on the Company's ability to sell or otherwise commercialise its products, and its financial performance.

Reverse engineering risk and trade secret risk

There is a risk of the Company's products and battery management system being reverse engineered or copied. The Company relies on trade secrets to protect its proprietary technologies, especially where it does not believe patent protection is appropriate or obtainable. However, trade secrets are difficult to protect. The Company relies in part on confidentiality agreements with its employees, contractors, consultants, outside scientific collaborators and other advisors to protect its trade secrets and other proprietary information.

These agreements may not effectively prevent disclosure of confidential information and may not provide an adequate remedy in the event of unauthorised disclosure of confidential information. Costly and time-consuming litigation could be necessary to enforce and determine the scope of the proprietary rights, and failure to obtain or maintain trade secret protection could adversely affect the Company's competitive business position.

Information technology

The Company relies heavily on its computer hardware, software and information technology systems. Should these not be adequately maintained, secured or updated or the Company's disaster recovery processes not be adequate, system failures may negatively impact on its performance.

Dividends

There is no guarantee as to future earnings of the Company or that the Company will be profitable at any time in the future, and there is no guarantee that the Company will be in a financial position to pay dividends at any time in the future.

Personnel risk

The Company may not be able to successfully recruit and retain skilled employees, particularly scientific, technical and management professionals.

The Company believes that its future success will depend in large part on its ability to attract and retain highly skilled technical, managerial and marketing personnel who are familiar with its key customers and are experienced in the battery industry. Industry demand for employees with experience in battery chemistry and battery manufacturing processes exceeds the number of personnel available, and the competition for attracting and retaining these employees is intense. This competition will intensify if the advanced battery market continues to grow, possibly requiring increases in compensation for current employees over time.

The Company cannot be certain that it will be successful in attracting and retaining the skilled personnel necessary to operate its business effectively in the future. Due to the highly technical nature of its battery, the loss of any significant number of the Company's existing engineering and project management personnel could have a materially adverse effect on its business and operating results.

Redflow Limited

Risk report

For the year ended 30 June 2023

The Company relies heavily on its senior executives and engineering team. There can be no assurance that the Company will be able to retain its key personnel or recruit suitable technical staff as replacements. The loss of key personnel could have a materially adverse impact on the Company.

Exchange rates

The Company is potentially exposed to movements in exchange rates. The Company's financial statements are expressed and maintained in Australian dollars. However, a portion of the Company's income and costs are earned in foreign currencies and this proportion may increase materially. Exchange rate movements affecting these currencies may impact the profit and loss account or assets and liabilities of the Company (to the extent the foreign exchange rate risk is not hedged or not appropriately hedged) and the general competitiveness of the Company's products in the market.

GENERAL RISK FACTORS

Share market

The Company's shares may trade on the ASX at higher or lower prices than the price at which shares are issued. Investors who decide to sell newly acquired shares after the capital raising may not receive the amount of their original investment. The price at which newly acquired shares trade on the ASX may be affected by the financial performance of the Company and by external factors over which the Directors and the Company have no control.

These factors include movements on international share and commodity markets, local interest rates and exchange rates, domestic and international economic conditions, government taxation, market supply and demand and other legal, regulatory or policy changes.

Dependence on general economic conditions

The operating and financial performance of the Company is influenced by a variety of general economic and business conditions, including levels of consumer spending, inflation, interest rates and exchange rates, access to debt and capital markets, government fiscal, monetary and regulatory policies.

A prolonged deterioration in general economic conditions, including an increase in interest rates or a decrease in consumer and business demand, could be expected to have a materially adverse impact on the Company's business or financial condition. Changes to laws and regulations or accounting standards which apply to the Company from time to time could adversely impact the Company's earnings and financial performance.

There are also other changes in the domestic and global macroeconomic environment associated with the events that are beyond the control of the Company and may be exacerbated in an economic recession or downturn. These include but are not limited to (i) high inflation and rising interest rates; (ii) changes in foreign currency exchange rates; (iii) changes in employment levels and labour costs; (iv) changes in aggregate investment and economic output; and (v) other changes in economic condition which may affect the revenue or costs of the Company.

Ukraine conflict

The war between Ukraine and Russia (**Ukraine Conflict**) is impacting global economic markets. The nature and extent of the effect of the Ukraine Conflict on the performance of the Company remains unknown. The Company's Share price may be adversely affected in the short to medium term by the economic uncertainty caused by the Ukraine Conflict.

The Ukraine Conflict has potential secondary and tertiary macroeconomic impacts, including the changes in pricing of commodity and energy markets, effects on global supply-chain and freight movements which would impact the supply of raw materials and delivery of finished goods and the potential of cyber activity impacting governmental or industry measures taken in response to the Ukraine Conflict.

Redflow Limited
Risk report
For the year ended 30 June 2023

Tax risk

Any change to the company income tax rate in jurisdictions in which the Company operates will impact on shareholder returns, as will any change to the income tax rates applying to individuals or trusts. Any change to the tax arrangements between Australia and other jurisdictions could have an adverse impact on future earnings and the level of dividend franking.

Legislative and regulatory changes

Legislative or regulatory changes in jurisdictions in which the Company operates, including property or environmental regulations or regulatory changes in relation to products sold by the Company, could have an adverse impact on the Company.



Auditor's Independence Declaration

As lead auditor for the audit of Redflow Limited for the year ended 30 June 2023, I declare that to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

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

A handwritten signature in black ink, appearing to read 'Allman', is written over a large, horizontal, oval-shaped scribble.

Tim Allman
Partner
PricewaterhouseCoopers

Brisbane
31 August 2023

Redflow Limited
Consolidated statement of comprehensive income
For the year ended 30 June 2023

	Note	30 June 2023 \$	30 June 2022 \$
Revenue from contracts with customers	6	1,235,567	1,626,773
Other income	7	3,637,324	1,488,285
Expenses			
Raw materials and consumables used		(6,433,030)	(4,578,159)
Other expenses from ordinary activities			
Administrative expenses		(948,527)	(801,972)
Depreciation and amortisation	8	(550,009)	(489,361)
Interest and finance expense	8	(12,359)	(19,597)
Business development		(264,077)	(169,235)
Travel and accommodation		(342,336)	(213,494)
Professional fees		(1,130,414)	(1,841,676)
Payroll expenses	8	(8,473,004)	(7,718,594)
Fair value gain/(loss) on financial instruments		-	(404,084)
Other expenses	8	(344,198)	(112,738)
Loss before income tax expense		(13,625,063)	(13,233,852)
Income tax expense	9	(38,986)	(13,083)
Loss after income tax expense for the year	24	(13,664,049)	(13,246,935)
Other comprehensive income/(loss)			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		47,872	(7,833)
Other comprehensive income/(loss) for the year, net of tax		47,872	(7,833)
Total comprehensive loss for the year		<u>(13,616,177)</u>	<u>(13,254,768)</u>
Loss per share from continuing operations attributable to the ordinary equity holders of the Group:		Cents	Cents
Basic loss per share	34	(7.85)	(9.44)
Diluted loss per share	34	(7.85)	(9.44)

The above Consolidated statement of comprehensive income should be read in conjunction with the accompanying notes

Redflow Limited
Consolidated balance sheet
As at 30 June 2023

	Note	30 June 2023 \$	30 June 2022 \$
Assets			
Current assets			
Cash and cash equivalents	11	5,512,856	9,049,762
Trade and other receivables	12	2,563,865	1,485,725
Inventories	13	2,737,488	3,624,662
Other current assets	14	706,051	1,057,601
Total current assets		11,520,260	15,217,750
Non-current assets			
Property, plant and equipment	15	1,633,315	994,416
Intangible assets	16	501,225	477,784
Right-of-use assets	17	249,521	408,811
Total non-current assets		2,384,061	1,881,011
Total assets		13,904,321	17,098,761
Liabilities			
Current liabilities			
Trade and other payables	19	1,531,378	4,118,439
Lease liabilities	18	170,149	168,456
Other current liabilities	20	572,798	954,778
Provisions	21	2,190,335	1,710,282
Total current liabilities		4,464,660	6,951,955
Non-current liabilities			
Lease liabilities	18	71,399	241,548
Provisions	21	252,847	125,198
Total non-current liabilities		324,246	366,746
Total liabilities		4,788,906	7,318,701
Net assets		9,115,415	9,780,060
Equity			
Issued capital	22	153,709,050	140,702,054
Reserves	23	5,851,250	5,858,842
Accumulated losses	24	(150,444,885)	(136,780,836)
Total equity		9,115,415	9,780,060

The above Consolidated balance sheet should be read in conjunction with the accompanying notes

Redflow Limited
Consolidated statement of changes in equity
For the year ended 30 June 2023

	Issued capital \$	Reserves \$	Retained profits \$	Total equity \$
Balance at 1 July 2022	140,702,054	5,858,842	(136,780,836)	9,780,060
Loss after income tax expense for the year	-	-	(13,664,049)	(13,664,049)
Other comprehensive income for the year, net of tax	-	47,872	-	47,872
Total comprehensive income/(loss) for the year	-	47,872	(13,664,049)	(13,616,177)
Transactions with members in their capacity as members:				
Contributions of equity, net of transaction costs (Note 22)	12,773,996	-	-	12,773,996
Employee share options - value of employee services (Note 35)	-	644,424	-	644,424
Shares issued to employees (Note 35)	233,000	(233,000)	-	-
Share options issued to external parties (Note 35)	-	(466,888)	-	(466,888)
Balance at 30 June 2023	153,709,050	5,851,250	(150,444,885)	9,115,415
	Issued capital \$	Reserves \$	Retained profits \$	Total equity \$
Balance at 1 July 2021	126,772,988	4,664,384	(124,961,558)	6,475,814
Adjustment in accounting for prior period	1,025,684	-	1,427,657	2,453,341
Balance at 1 July 2021 - restated	127,798,672	4,664,384	(123,533,901)	8,929,155
Loss after income tax expense for the year	-	-	(13,246,935)	(13,246,935)
Other comprehensive loss for the year, net of tax	-	(7,833)	-	(7,833)
Total comprehensive loss for the year	-	(7,833)	(13,246,935)	(13,254,768)
Transactions with members in their capacity as members:				
Contributions of equity, net of transaction costs (Note 22)	12,534,502	-	-	12,534,502
Employee share options - value of employee services (Note 35)	-	989,084	-	989,084
Shares issued to employees (Note 35)	368,880	(368,880)	-	-
Share options issued to external parties (Note 35)	-	582,087	-	582,087
Balance at 30 June 2022	140,702,054	5,858,842	(136,780,836)	9,780,060

The above Consolidated statement of changes in equity should be read in conjunction with the accompanying notes

Redflow Limited
Consolidated statement of cash flows
For the year ended 30 June 2023

	Note	30 June 2023 \$	30 June 2022 \$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		1,185,955	2,600,407
Payments to suppliers and employees (inclusive of GST)		(16,481,026)	(13,947,241)
Grants/R&D tax incentive received		2,443,591	1,465,082
Interest received		174,358	17,730
Interest and bank charges paid		(19,904)	(19,597)
Income taxes paid		(4,267)	(12,974)
Net cash used in operating activities	33	(12,701,293)	(9,896,593)
Cash flows from investing activities			
Payments for property, plant and equipment (inclusive of GST)		(598,289)	(1,070,336)
Payments for intangible assets (inclusive of GST)		(131,664)	(110,112)
Proceeds from sale of property, plant and equipment (inclusive of GST)		9,602	-
Net cash used in investing activities		(720,351)	(1,180,448)
Cash flows from financing activities			
Proceeds from capital raising		10,621,600	10,859,804
Transaction costs from capital raising (inclusive of GST)		(578,605)	(357,832)
Principal elements of lease payments		(168,456)	(172,861)
Net cash from financing activities		9,874,539	10,329,111
Net decrease in cash and cash equivalents		(3,547,105)	(747,930)
Cash and cash equivalents at the beginning of the financial year		9,049,762	9,808,283
Effects of exchange rate changes on cash and cash equivalents		10,199	(10,591)
Cash and cash equivalents at the end of the financial year	11	5,512,856	9,049,762

The above Consolidated statement of cash flows should be read in conjunction with the accompanying notes

Redflow Limited
Notes to the consolidated financial statements
For the year ended 30 June 2023

Note 1. CORPORATE INFORMATION

The financial report of Redflow Limited (the 'Company') and its controlled entities (the 'Group') for the year ended 30 June 2023 was authorised for issue in accordance with a resolution of the Directors on 31 August 2023. The Directors have the power to amend and reissue the financial statements.

The Company is a listed public company limited by shares, incorporated and domiciled in Australia. The Company is a for-profit entity for the purpose of preparing financial statements.

The registered office of the Company is 1/27 Counihan Road, Seventeen Mile Rocks, Brisbane, QLD 4073.

The nature of the operations and principal activities of the Group are described in the Directors' report on Page 8, which is not part of the financial statements.

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the consolidated entity consisting of Redflow Limited and its subsidiaries.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the *Corporations Act 2001*.

Compliance with IFRS

When new Accounting Standards are reviewed prior to adoption, any International Financial Reporting Standards ('IFRS') are also simultaneously reviewed to ensure the consolidated financial statements of Redflow Limited also comply with International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

The financial statements have been prepared under the historical cost convention.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 4.

Going concern status

The Group incurred an operating loss after income tax of \$13,664,049 (2022: \$13,246,935) and net cash outflow from operating activities of \$12,701,293 (2022: \$9,896,593) for the year ended 30 June 2023. Cash held at bank as at 30 June 2023 was \$5,512,856 (2022: \$9,049,762).

Since the commencement of operations in 2005, the Group has been undertaking research and development activities in accordance with its comprehensive business and strategic plan. The Group has now evolved into its manufacturing and scale up phase which has generated significant commercial traction and interest both in Australia and overseas. Nevertheless, the ability to fund development, production and marketing of the Group's products is dependent upon its ability to transition to positive cash flow from operations and raising further funding from existing and new investors as well as other government incentive and grant programs where available and applicable.

The dependency on raising further funding, creates a material uncertainty that may cast significant doubt over the ability of the Group to continue as a going concern, and that the Group may be unable to realise its assets and discharge its liabilities in the normal course of business at the amount stated in the financial report.

Redflow Limited
Notes to the consolidated financial statements
For the year ended 30 June 2023

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The following events and strategies have occurred or have been initiated by the Directors to secure the Group's going concern status for the 2023 financial year and for at least the 12 months after the date of the Directors' declaration:

- Subsequent to 30 June 2023 Redflow closed the Entitlement Offer raising \$4.9 million from current shareholders and one institutional investor;
- The ability to place additional shortfall from the Entitlement offer for 90 days after the closing of the Entitlement offer;
- Anticipated funds from an order backlog of circa 25MWh of energy storage for delivery during FY24 and Q1 and Q2 of FY 25;
- Continued engagement with individuals, collaboration partners, strategic investors and funding facilities to source additional funding to support Redflow's growth strategy;
- Pursuing potential government grants, loans and financing options (Australia and USA) on the back of ongoing government policy updates;
- Continuing prudent cost management, focusing on supporting announced customer projects and other income generating activities; and
- Consistent with prior years the receipt of a R&D tax rebate of circa \$2.5 million in Q3 or Q4 of 2023.

The Directors believe that the Group will be successful in the above matters. In addition, the Directors believe the Company will be able to raise additional funding and accordingly, have prepared this financial report on a going concern basis.

At this time, the Directors are of the opinion that no asset is likely to be realised for an amount less than the amount at which it is recorded in the financial report as at 30 June 2023.

Accordingly, no adjustments have been made to the financial report relating to the recoverability and classification of the asset carrying amounts or the amounts and classification of liabilities that might be necessary should the Company and its controlled entities not continue as a going concern.

(b) Principles of consolidation

Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the Company as at 30 June 2023 and the results of all subsidiaries for the year then ended. The Company and its subsidiaries together are referred to in these financial statements as the 'Group'.

Subsidiaries are all those entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Redflow Limited
Notes to the consolidated financial statements
For the year ended 30 June 2023

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Segment reporting

Management provides oversight of the business by reviewing and reporting financial results on a consolidated basis to the Board of Directors.

The Group manufactures predominantly one product with varying levels of customisation and has commenced sales to customers around the world. However, due to the preliminary stage of commercial operations, the Group does not report on an individual product or geographical basis.

Given the conditions stated above, management has determined that there are no separately reportable operating segments. The Group operates as one reportable segment and the segment results are the same as those reported in the financial statements. The Group is not reliant on one single customer, however sales to two customers for the year amounted to just under 35% of the total sales revenue with the balance split amongst a number of other customers.

(d) Foreign currency translation

(i) Functional currency and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Group operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is the Company's functional and presentation currency.

(ii) Transaction and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in the profit or loss as part of the fair value gain or loss.

(e) Revenue recognition

The Group recognises revenue as follows:

(i) Revenue from contracts with customers

The Group derives revenue from the sale of Redflow manufactured energy storage flow batteries at a point in time, when the battery is dispatched from Redflow premises, provided the performance obligation, by way of a written contract or purchase order has been received.

In some instances, the Group may recognise revenue from a contract over time if the following conditions are met:

- there is a practical limitation on the Group's ability to direct an asset for another use due to design specifications unique to the customer; and
- the Group has an enforceable right to payment for performance completed to date.

In this case, the input method (using costs incurred to total costs expected) is used to measure the progress toward satisfying the performance obligation.

Redflow Limited
Notes to the consolidated financial statements
For the year ended 30 June 2023

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Under some customer contracts, batteries are sold with retrospective volume discounts based on aggregate sales over a specific period. Revenue from these sales is recognised based on the price specified in the contract, net of any estimated volume discounts. Accumulated experience is used to estimate and provide for these discounts using the most likely amount method, and revenue is only recognised to the extent that it is probable that a significant reversal will not occur. A refund liability (included in trade and other payables) is recognised for expected volume discounts payable to customers in relation to sales made until the end of the reporting period. No element of financing is deemed present as the sales credit terms consist of deposit up to 50% with balance due either on delivery or within 30 days after delivery. The Group's obligation to repair or replace faulty products under the standard warranty terms is recognised as a provision, refer to Note 2(q).

(ii) Interest

Interest income is recognised using the effective interest method.

(iii) Research and development grant income

Where the Group qualifies for a cash refundable research and development tax incentive, an accrual will be recognised at fair value based on eligible R&D expenditure.

(iv) Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group has complied with all attached conditions. Government grants relating to costs are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate. Government grants relating to the purchase of property, plant and equipment are included in noncurrent liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets.

(f) Income tax

The income tax expense or revenue for the year is the tax payable on the current year's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Redflow Limited
Notes to the consolidated financial statements
For the year ended 30 June 2023

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Redflow Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation. As a consequence, these entities are taxed as a single entity and the deferred tax assets and liabilities of these entities are offset in the consolidated financial statements.

(g) Current and non-current classification

Assets and liabilities are presented in the Statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

(h) Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the consolidated balance sheet.

(i) Trade and other receivables

Trade receivables are amounts due from customers for goods sold in the ordinary course of business. They are generally due for settlement with 30-day terms and are recognised initially at the amount of consideration that is unconditional. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method, less loss allowance. Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as their fair value.

AASB 9 Financial Instruments requires calculating the credit and recoverable risk for trade receivables.

The Group applies AASB 9 to measure the impairment of trade receivables and calculates an expected loss allowance over one year for all trade receivables. Expected credit losses are calculated based on historical loss rates over the expected life of each individual trade receivable for all revenue types and is adjusted for forward looking estimates. The amount of impairment loss is categorised in the profit or loss as an impairment for credit loss. Subsequent recoveries of amounts previously recognised as an expected credit loss are credited against the same line item.

(j) Inventories

Raw materials, consumables and finished goods

Raw materials, consumables and finished goods are stated at the lower of cost or net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity.

Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts.

Redflow Limited
Notes to the consolidated financial statements
For the year ended 30 June 2023

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Consumables are held for use in the development of prototypes and are expensed to the profit and loss as prototypes are manufactured.

(k) Property, plant and equipment

All property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation on assets is calculated using the diminishing value method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives, as follows:

Plant and equipment	2 to 15 years
Leasehold improvements	3 to 15 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2(v)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

(l) Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

(m) Intangible assets

(i) Patents, trademarks and designs

Patents, trademarks and designs have a finite useful life and are carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight line method to allocate the cost of patents, trademarks and designs over their estimated useful lives, which vary from 4 to 20 years.

Redflow Limited
Notes to the consolidated financial statements
For the year ended 30 June 2023

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(ii) Software

Costs incurred in acquiring software and licenses that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to software and amortised using the diminishing values method over their estimated useful life which varies from 1 to 4 years.

(iii) Research and development

Research expenditure is recognised as an expense as incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when it is probable that the project will, after considering its commercial and technical feasibility, be completed and generate future economic benefits and its costs can be measured reliably. The expenditure capitalised comprises all directly attributable costs, including costs of materials, services, direct labour and an appropriate proportion of overheads. Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Capitalised development costs are recorded as intangible assets and amortised on a straight line basis from when the asset is ready for use, to the end of its useful life which is from 3 to 10 years.

(n) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date.

Trade and other payables also includes a liability relating to an equity issue obligation under a Share Placement Agreement, the details of which are outlined in Note 19.

(o) Leases

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of fixed and variable lease payments less incentives receivable. Where a lease contains an extension option, the lease payments for the extension period will be included in the liability if the Group is reasonably certain that it will exercise the option.

The lease payments are discounted using the interest rate implicit in the lease. If this rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. Right-of-use assets are measured at cost and include the amount of the initial measurement of lease liability; initial direct costs and any lease payments made before the commencement date less any lease incentives and where applicable, provision for dismantling and restoration.

In the cash flow statements, the total amount of cash paid for lease liabilities has been separated into a principal portion (presented within financing activities) and interest portion (which the Group presents in operating activities).

Payments associated with short-term leases (a lease term of 12 months or less) and leases of low-value assets are charged to the profit or loss on a straight line basis over the period of the lease. In the cash flow statements, the total amount of cash paid is presented within operating activities.

Redflow Limited
Notes to the consolidated financial statements
For the year ended 30 June 2023

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Employee benefits

(i) Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. All short-term employee benefit obligations are presented as payables or provisions in the balance sheet.

(ii) Other long-term employee benefits

The liabilities for long service leave and annual leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Expected future payments are discounted using market yields at the end of the reporting period of corporate bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

(iii) Termination Benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or to providing termination benefits as a result of an offer made to encourage voluntary redundancy.

Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

(iv) Share-based payments

The fair value of options granted is recognised as an expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted, which includes any market performance conditions but excludes the impact of any service and non-market performance vesting conditions and the impact of any non-vesting conditions.

Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

(q) Warranty provisions

Provisions for legal claims, service warranties and make good obligations are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The increase in the provision due to the passage of time is recognised as interest expense.

Redflow Limited
Notes to the consolidated financial statements
For the year ended 30 June 2023

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown as a deduction, net of tax, from the proceeds.

(s) Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the consolidated balance sheet.

Cash flows are presented on a gross basis.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

(t) Earnings per share

Basic earnings per share

This is calculated as net profit attributable to members of the Company, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share

This is calculated as net profit attributable to members of the Company, adjusted for:

- Costs of servicing equity (other than dividends) and preference share dividends;
- The after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses;
- Other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares, divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(u) Parent entity financial information

The financial information for the parent entity, Redflow Limited, disclosed in Note 36 has been prepared on the same basis as the consolidated financial statements, except as set out below.

Investments in subsidiaries

Investments in subsidiaries are accounted for at cost less accumulated impairment losses in the financial statements of the parent, Redflow Limited.

Tax consolidation legislation

Redflow Limited and its wholly owned Australian controlled entities have implemented the tax consolidation legislation.

The head entity, Redflow Limited, and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand-alone taxpayer in its own right.

In addition to its own current and deferred tax amounts, Redflow Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

Redflow Limited
Notes to the consolidated financial statements
For the year ended 30 June 2023

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The entities have also entered into a tax funding agreement under which the wholly owned entities fully compensate Redflow Limited for any current tax payable assumed and are compensated by Redflow Limited for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to Redflow Limited under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly owned entities' financial statements.

The amounts receivable/payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year.

The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as current amounts receivable from or payable to other entities in the group.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly owned tax consolidated entities.

(v) Impairment of assets

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

(w) New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2023. The Group has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

Comparative information has been reclassified only where it will enhance comparability.

Note 3. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks; market risk (including currency risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks and ageing analysis for credit risk.

Risk management is carried out under policies approved by the Board of Directors.

Redflow Limited
Notes to the consolidated financial statements
For the year ended 30 June 2023

Note 3. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk

(i) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures. The Group has not entered into any financial derivative instrument contracts and does not adopt hedge accounting.

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

The Group's exposure to foreign currency risk at the end of the reporting period, expressed in Australian dollars, was as follows:

<i>Denominated in:</i> <i>Presented in AUD:</i>	30 June 2023			30 June 2022		
	USD \$	EUR \$	THB \$	USD \$	EUR \$	THB \$
Trade payables	(254,834)	(54,400)	(35,207)	(432,698)	(742)	(112,639)
Trade receivables & prepaid expenses	217,375	-	40,831	775,663	-	5,095
Cash on deposit	36,892	-	-	45,551	-	-

Group Sensitivity

The Group is primarily exposed to changes in the USD/AUD exchange rates. Based on the foreign currency assets and liabilities held at 30 June 2023, had the Australian dollar weakened / strengthened by 10% against the foreign currencies with all other variables held constant, the Group's post tax loss for the year would have been \$1,594 lower / \$1,304 higher (2022: \$31,137 higher / \$25,475 lower), as a result of foreign exchange losses / gains on translation of foreign currency denominated financial instruments as detailed in the above table.

(b) Credit risk

Credit risk is managed on a Company basis. Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions as well as outstanding receivables and committed transactions. Standard sales terms on contracts for supply of goods are deposit up to 50% with balance due either on delivery or within 30 days after delivery.

The credit risk assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. This assessment is outlined below.

	30 June 2023		30 June 2022	
	Gross carrying value \$	Expected credit loss \$	Gross carrying value \$	Expected credit loss \$
Trade receivables				
Grade 1 (low risk)	55,391	-	58,068	-
Grade 2 (substandard)	-	-	-	-
Grade 3 (doubtful)	-	-	-	-
Grade 4 (loss)	-	-	-	-
	55,391	-	58,068	-

Redflow Limited
Notes to the consolidated financial statements
For the year ended 30 June 2023

Note 3. FINANCIAL RISK MANAGEMENT (continued)

For trade receivables, management makes periodic collective assessments as well as individual assessment on the recoverability of receivables based on historical settlement records and past experience. All credit and recovery risks associated with receivables have been provided for in the Consolidated Balance Sheet.

	30 June 2023	30 June 2022
	\$	\$
Cash at bank and short-term bank deposits		
AA ratings	5,512,856	9,049,762

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed finance facilities to meet obligations when due. At the reporting date the Group held deposits at call of \$5,512,856 (2022: \$9,049,762) that are expected to readily generate cash inflows for managing liquidity risk.

The Group does not have any undrawn facilities as at 30 June 2023 (2022: nil).

Maturities of financial liabilities

The tables below analyse the Group's financial liabilities into relevant maturity groupings based on their contractual maturities. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Contractual maturities of financial liabilities	<6 months	6-12 months	1-2 years	2-5 years	>5 years	Total contractual cash flows	Carrying amount (assets)/ liabilities
	\$	\$	\$	\$	\$	\$	\$
At 30 June 2023							
Non-derivatives							
Trade and other payables	1,531,378	-	-	-	-	1,531,378	1,531,378
Lease liabilities	84,862	85,287	71,399	-	-	241,548	241,548
	<u>1,616,240</u>	<u>85,287</u>	<u>71,399</u>	<u>-</u>	<u>-</u>	<u>1,772,926</u>	<u>1,772,926</u>
At 30 June 2022							
Non-derivatives							
Trade and other payables	4,118,439	-	-	-	-	4,118,439	4,118,439
Lease liabilities	84,017	84,439	241,548	-	-	410,004	410,004
	<u>4,202,456</u>	<u>84,439</u>	<u>241,548</u>	<u>-</u>	<u>-</u>	<u>4,528,443</u>	<u>4,528,443</u>

Cash flow and fair value interest rate risk

As the Company has no significant interest bearing liabilities, the Company's income and operating cash flows are not materially exposed to changes in market interest rates.

Note 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying Redflow Limited's accounting policies. The areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the financial statements are disclosed in the notes appropriately. The impact of the new accounting standards not yet adopted will require management to exercise judgement in the application of these policies.

Redflow Limited
Notes to the consolidated financial statements
For the year ended 30 June 2023

Note 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

Valuation of inventory

Inventories are measured at lower of cost or net realisable value. In estimating net realisable value, management takes into account the most reliable evidence available at reporting date.

At normal operating capacity all the Thailand Facility manufacturing overheads are allocated to the valuation of finished goods. These overheads are immediately expensed to the Profit and Loss and not included in the valuation of finished goods.

The provision for inventory diminution is based on assessments by management of particular inventory classes (i.e. finished goods and raw materials). The amount of the provision is based on a proportion of the value of damaged stock, slow moving stock that has become obsolete during the reporting period.

Estimated impairment of intangibles and other non-current assets

The Group tests annually whether intangibles have suffered any impairment, in accordance with the accounting policy stated in Note 2(v). The recoverable amounts of cash-generating units have been determined based on value-in use calculations. These calculations require the use of assumptions. Other non-current assets are reviewed annually for impairment using the same methodology as for intangibles. Impairment costs are recognised in profit or loss and against the impaired asset.

Share-based payments

The Group has issued share options and performance share rights to both employees and third parties which are accounted for as share based payments. The Group has made judgements in respect to estimating the fair value at grant date of options and share rights with market conditions granted, the vesting period and likelihood of vesting. More information is disclosed in Note 35.

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Warranty provisions

In determining the level of provision required for product warranties the Group has made judgements in respect of the expected performance of the products, the number of customers who may be entitled to claim warranty, how often, and the costs of fulfilling the conditions of the warranty.

The Group estimates a provision based on a percentage of sales revenue which reflects management's best estimate of potential warranty claims that result in full replacement of a battery. In addition, a specific provision for warranty is also made when product defects are identified and there is a greater likelihood that the battery has to be replaced or that rework is required on the battery.

Going concern

In preparation of the financial statements on a going concern basis, the Group has made a number of estimates and assumptions around the timing and amount of the forecast cash flows of the business. More information on the going concern status is disclosed in Note 2.

Research and Development Grant Income

The Group estimates the amount receivable for R&D claims based upon expenditure incurred during the year in research activities.

Redflow Limited
Notes to the consolidated financial statements
For the year ended 30 June 2023

Note 5. OPERATING SEGMENTS

Management provide oversight of the business by reviewing and reporting financial results on a consolidated basis to the Board of Directors.

The Group manufactures predominantly one product with varying levels of customisation and has commenced sales to customers around the world. Due to the early stage of commercial operations, the Group does not report on an individual product or geographical basis.

Given the conditions stated above management has determined that there are no separately reportable operating segments. The Group operates as one reportable segment and the segment results are the same as those reported in the financial statements. The Group is not reliant on one single customer, however sales to two customers for the year amounted to just under 35% of the total sales revenue with the balance split amongst a number of other customers.

Note 6. REVENUE

	30 June 2023	30 June 2022
	\$	\$
From continuing operations		
Revenue from contracts with customers*	<u>1,235,567</u>	<u>1,626,773</u>

* Sale of goods at a point in time for 30 June 2023 was \$1,235,567 (2022: \$1,626,773).

Note 7. OTHER INCOME

	30 June 2023	30 June 2022
	\$	\$
Net gain/loss on disposal of property, plant and equipment	(15,304)	-
Interest	181,414	17,730
R&D tax incentive	3,444,152	1,427,657
Government grants	73,200	47,578
Net gain/loss on foreign exchange	<u>(46,138)</u>	<u>(4,680)</u>
Total other income	<u>3,637,324</u>	<u>1,488,285</u>

The Group qualifies for a refundable R&D tax incentive of 43.5% of its eligible R&D expenditure due to its aggregate turnover being less than \$20 million. As the Group is in a tax loss position, the tax offset is paid in cash.

The Group has accrued for R&D grant income based on an estimate of expenditures incurred in research activities during the period.

Redflow Limited
Notes to the consolidated financial statements
For the year ended 30 June 2023

Note 8. EXPENSES

Loss before income tax includes the following specific expenses:	30 June 2023	30 June 2022
	\$	\$
<i>Employee benefits expense</i>		
Defined contribution superannuation expense	613,152	466,355
Other employee benefit expense	7,859,852	7,252,239
Total employee benefits expense	8,473,004	7,718,594
<i>Depreciation and amortisation</i>		
Depreciation	492,957	441,343
Amortisation	57,052	48,018
Total depreciation and amortisation	550,009	489,361
<i>Finance costs</i>		
Interest expense on lease liabilities	3,329	2,905
Other interest and finance charges paid/payable	9,030	16,692
Total finance costs	12,359	19,597
<i>Fair value gain/(loss) on financial instruments</i>	-	404,084
<i>Other expenses</i>		
Other costs	344,198	112,738
Total other expenses	344,198	112,738

Note 9. INCOME TAX EXPENSE

	30 June 2023	30 June 2022
	\$	\$
(a) Income tax expense		
Current tax benefit	(2,543,952)	(2,543,322)
Deferred tax	(277,791)	21,297
Foreign tax paid	38,986	13,083
Temporary differences and tax losses not brought to account	2,821,743	2,522,025
Aggregate income tax expense/(benefit)	38,986	13,083
	30 June 2023	30 June 2022
	\$	\$
(b) Numerical reconciliation of income tax benefit not brought to account to prima facie tax benefit		
Loss from continuing operations before income tax expense	(13,625,063)	(13,233,852)
Tax benefit at Australian tax rate of 25%	(3,406,266)	(3,308,463)

Redflow Limited
Notes to the consolidated financial statements
For the year ended 30 June 2023

Note 9. INCOME TAX EXPENSE (continued)

	30 June 2023	30 June 2022
	\$	\$
Entertainment expenses	6,053	4,829
Share-based payments	45,207	326,071
Foreign tax paid	2,402	-
Foreign tax rate and exchange rate differences	(7,130)	(2,883)
Other non-temporary differences in foreign jurisdiction	-	5,794
R&D expenditure	1,441,652	820,493
R&D tax incentive received	(861,038)	(356,914)
Prior year under/over	(3,636)	2,131
	623,510	799,521
Temporary differences and tax losses not brought to account	2,821,743	2,522,025
Income tax expense	38,986	13,083

30 June 2023	30 June 2022
\$	\$

(c) Tax losses not recognised

Unused tax losses for which no deferred tax asset has been recognised ¹	112,390,044	104,956,216
Potential tax benefit @ 25%	28,097,511	26,239,054

¹ This includes a true-up of the R&D claim following lodgment of the respective year income tax return.

This benefit from tax losses will only be realised if:

- the Group derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised;
- the Group continues to comply with the conditions for deductibility imposed by tax legislation; and
- there are no changes in tax legislation that adversely affect the entity in realising the benefit.

(d) Deferred tax liabilities

30 June 2023	30 June 2022
\$	\$

The balance comprises temporary differences attributable to:

PPE and leased assets	62,798	39,875
Foreign exchange	53,729	50,506
Total deferred tax liabilities at 25.00% (2022: 25.00%)	116,527	90,381
Set off against deferred tax assets (relating to employee provisions)	(116,527)	(90,381)
Net deferred tax liabilities at 25.00% (2022: 25.00%)	-	-

30 June 2023	30 June 2022
\$	\$

(e) Unrecognised temporary differences

Deferred tax assets not recognised comprises temporary differences attributable to:

Payable and accruals	153,697	67,279
Employee benefits	121,326	91,124
Black hole expenses (P&L)	77,529	101,426
Black hole expenses (Equity)	180,688	45,099
Provisions	748,404	532,097
Tax losses	28,097,511	26,239,054

Total deferred tax assets not recognised at 25.00% (2022: 25.00%)

29,379,155	27,076,079
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Redflow Limited
Notes to the consolidated financial statements
For the year ended 30 June 2023

Note 9. INCOME TAX EXPENSE (continued)

The above potential tax benefit, which excludes tax losses, for deductible temporary differences has not been recognised in the Statement of financial position as the recovery of this benefit is uncertain.

(f) Tax consolidation legislation

Redflow Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation with effect from 1 July 2008. The accounting policy in relation to this legislation is set out in Note 2(u).

On adoption of the tax consolidation legislation, the entities in the tax consolidated group entered into a tax sharing agreement which, in the opinion of the Directors, limits the joint and several liability of the wholly-owned entities in the case of a default by the head entity, Redflow Limited.

Note 10. FINANCIAL ASSETS AND LIABILITIES

The Group holds the following financial instruments:

	Note	30 June 2023 \$	30 June 2022 \$
Financial assets at amortised cost			
Trade and other receivables	12	2,563,865	1,485,725
Other current assets	14	706,051	1,057,601
Cash and cash equivalents	11	5,512,856	9,049,762
		<u>8,782,772</u>	<u>11,593,088</u>
Financial liabilities at amortised cost - trade and other payables	19	1,531,378	1,440,039
Financial liabilities at fair value - equity issue obligation	19	-	2,678,400
Lease liabilities	18	241,548	410,004
		<u>1,772,926</u>	<u>4,528,443</u>

Note 11. CASH AND CASH EQUIVALENTS

	30 June 2023 \$	30 June 2022 \$
Cash at bank	<u>5,512,856</u>	<u>9,049,762</u>

Note 12. TRADE AND OTHER RECEIVABLES

	30 June 2023 \$	30 June 2022 \$
<i>Current assets</i>		
Trade receivables	55,391	58,068
Research & Development grant income receivable	2,508,474	1,427,657
	<u>2,563,865</u>	<u>1,485,725</u>

(a) Classification as trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days and therefore are all classified as current. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. Details about the Group's impairment policies and the calculation of the expected credit loss are provided in Note 2(i).

Redflow Limited
Notes to the consolidated financial statements
For the year ended 30 June 2023

Note 12. TRADE AND OTHER RECEIVABLES (continued)

(b) Fair value and credit risk

Due to the short-term nature of the current receivables, their carrying amount is assumed to approximate their fair value.

(c) Impairment and risk exposure

Information about the impairment of trade receivables and the Group's exposure to credit risk, foreign currency risk and interest rate can be found in Note 3.

Note 13. INVENTORIES

	30 June 2023	30 June 2022
	\$	\$
<i>Current assets</i>		
Raw materials	3,944,862	3,885,624
Less: Provision for impairment	(1,413,088)	(980,962)
	<u>2,531,774</u>	<u>2,904,662</u>
Finished goods	205,714	720,000
Less: Provision for impairment	-	-
	<u>205,714</u>	<u>720,000</u>
	<u><u>2,737,488</u></u>	<u><u>3,624,662</u></u>

Inventories recognised as an expense, including NRV impairment, for the year ended 30 June 2023 totalled \$6,433,030 (2022: \$4,578,159). This expense has been included in the raw materials and consumables used in the statement of comprehensive income.

Note 14. OTHER CURRENT ASSETS

	30 June 2023	30 June 2022
	\$	\$
<i>Current assets</i>		
Prepayments	618,830	973,461
Security & rental bond deposits	87,221	84,140
	<u>706,051</u>	<u>1,057,601</u>

Note 15. PROPERTY, PLANT AND EQUIPMENT

	30 June 2023	30 June 2022
	\$	\$
<i>Non-current assets</i>		
Leasehold improvements - at cost	611,685	611,685
Less: Accumulated depreciation	(597,388)	(594,132)
Closing net carrying amount	<u>14,297</u>	<u>17,553</u>
Plant and equipment - at cost	6,345,957	5,463,690
Less: Accumulated depreciation	(4,726,939)	(4,486,827)
Closing net carrying amount	<u>1,619,018</u>	<u>976,863</u>
Balance at end of the year	<u><u>1,633,315</u></u>	<u><u>994,416</u></u>

Redflow Limited
Notes to the consolidated financial statements
For the year ended 30 June 2023

Note 15. PROPERTY, PLANT AND EQUIPMENT (continued)

Reconciliations of the carrying amount at the beginning and end of the year

	30 June 2023	30 June 2022
	\$	\$
<i>Leasehold improvements</i>		
Opening net carrying amount	17,553	21,628
Depreciation charge	<u>(3,256)</u>	<u>(4,075)</u>
Closing net carrying amount	<u>14,297</u>	<u>17,553</u>
<i>Plant and equipment</i>		
Opening net carrying amount	976,863	596,152
Additions	983,061	646,072
Disposals	(15,304)	-
Depreciation charge	(330,306)	(263,434)
Foreign exchange movement	4,704	(1,927)
Closing net carrying amount	<u>1,619,018</u>	<u>976,863</u>
<i>Total property, plant and equipment</i>		
Opening net carrying amount	994,416	617,780
Additions	983,061	646,072
Disposals	(15,304)	-
Depreciation charge	(333,562)	(267,509)
Foreign exchange movement	4,704	(1,927)
Balance at the end of the year	<u>1,633,315</u>	<u>994,416</u>

Note 16. INTANGIBLE ASSETS

	30 June 2023	30 June 2022
	\$	\$
<i>Non-current assets</i>		
Parents, trademarks and designs - at cost	1,047,357	966,863
Less: Accumulated amortisation	<u>(554,212)</u>	<u>(505,239)</u>
Net carrying amount	<u>493,145</u>	<u>461,624</u>
Software - at cost	186,026	186,026
Less: Accumulated amortisation	<u>(177,946)</u>	<u>(169,866)</u>
Net carrying amount	<u>8,080</u>	<u>16,160</u>
Balance at end of the year	<u><u>501,225</u></u>	<u><u>477,784</u></u>

Redflow Limited
Notes to the consolidated financial statements
For the year ended 30 June 2023

Note 16. INTANGIBLE ASSETS (continued)

Reconciliations of carrying amount at the beginning and end of the year

	30 June 2023	30 June 2022
	\$	\$
<i>Patents, trademarks and designs</i>		
Opening net carrying amount	461,624	415,690
Additions	80,493	85,872
Disposals	-	-
Amortisation charge	(48,972)	(39,938)
Closing net carrying amount	<u>493,145</u>	<u>461,624</u>
<i>Software</i>		
Opening net carrying amount	16,160	24,240
Additions	-	-
Amortisation charge	(8,080)	(8,080)
Closing net carrying amount	<u>8,080</u>	<u>16,160</u>
<i>Total intangible assets</i>		
Opening net carrying amount	477,784	415,690
Additions	80,493	110,112
Disposals	-	-
Amortisation charge	(57,052)	(48,018)
Balance at end of the year	<u>501,225</u>	<u>477,784</u>

Note 17. RIGHT-OF-USE ASSETS

	30 June 2023	30 June 2022
	\$	\$
<i>Non-current assets</i>		
Right-of-use assets	934,835	934,835
Less: Accumulated depreciation	(685,314)	(526,024)
	<u>249,521</u>	<u>408,811</u>

Reconciliations of carrying amount at the beginning and end of the year

	30 June 2023	30 June 2022
	\$	\$
<i>Right-of-use asset</i>		
Opening net carrying amount	408,811	75,149
Additions	-	507,496
Depreciation charge	(159,290)	(173,834)
Balance at end of the year	<u>249,521</u>	<u>408,811</u>

Redflow Limited
Notes to the consolidated financial statements
For the year ended 30 June 2023

Note 18. LEASE LIABILITIES

	30 June 2023	30 June 2022
	\$	\$
<i>Current liabilities</i>		
Lease liability	<u>170,149</u>	<u>168,456</u>
<i>Non-current liabilities</i>		
Lease liability	<u>71,399</u>	<u>241,548</u>
	<u>241,548</u>	<u>410,004</u>

Amounts recognised in the statement of profit or loss

The statement of profit or loss shows the following amounts relating to leases:

	30 June 2023	30 June 2022
	\$	\$
Depreciation charge of right of use assets	159,290	173,834
Interest expense (included in finance cost)	3,329	2,905
Expense relating to short-term leases	162,327	156,105
Expense relating to leases of low-value assets	5,686	2,262

Details about the Group's lease policy is provided in Note 2(o).

Note 19. TRADE AND OTHER PAYABLES

	30 June 2023	30 June 2022
	\$	\$
<i>Current liabilities</i>		
Trade payables	751,285	956,775
Customer deposits	141,016	171,523
Accrued expenses	639,077	311,741
Equity issue obligation under share placement agreement	<u>-</u>	<u>2,678,400</u>
	<u>1,531,378</u>	<u>4,118,439</u>

* The equity issue obligation under share placement agreement has been issued to New Technology Capital Group LLC during the year which amounted to \$2,678,400.

(a) Foreign exchange risk

Information about the Group's exposure to foreign exchange risk is provided in Note 3.

Note 20. OTHER CURRENT LIABILITIES

	30 June 2023	30 June 2022
	\$	\$
<i>Current liabilities</i>		
Other payroll liabilities	<u>572,798</u>	<u>954,778</u>

Redflow Limited
Notes to the consolidated financial statements
For the year ended 30 June 2023

Note 21. PROVISIONS

	30 June 2023 \$	30 June 2022 \$
Current		
Annual leave	468,020	376,713
Long service leave	184,856	186,145
Warranties	<u>1,537,459</u>	<u>1,147,424</u>
	<u>2,190,335</u>	<u>1,710,282</u>
Non-current		
Long service leave	<u>252,847</u>	125,198
	<u><u>2,443,182</u></u>	<u><u>1,835,480</u></u>

(a) Movements in provisions

Movements in each class of provision during the financial year are set out below:

	Warranty claims \$	Annual leave \$	Long service leave \$
Carrying amount at start of year	1,147,424	376,713	311,343
Charged (credited) to profit or loss	-	-	-
- Additional provision recognised	940,899	572,937	169,473
- Amounts used during the year	(160,714)	(481,630)	(40,208)
- Unused amounts reversed	(390,150)	-	(2,905)
	<u>1,537,459</u>	<u>468,020</u>	<u>437,703</u>

(b) Carrying amount at end of year

Warranty claims

Provision is made for the estimated warranty claims in respect of products which are under warranty at the end of the reporting period. Management estimates the provision based on a percentage of sales revenue, in the absence of historical data upon which to base a more reliable estimate. Specific provision for warranty is also made when product defects are identified.

Annual leave and long service leave

Provision is made for benefits accruing to employees in respect of annual leave and long service leave when it is probable that settlement will be required and they are capable of being reliably measured. Provisions made in respect of employee benefits expected to be settled within 12 months are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Note 22. ISSUED CAPITAL

	30 June 2023 Shares	30 June 2022 Shares	30 June 2023 \$	30 June 2022 \$
Ordinary shares - fully paid	<u>179,774,362</u>	<u>1,466,933,907</u>	<u>153,709,050</u>	<u>140,702,054</u>

(a) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Group in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Redflow Limited
Notes to the consolidated financial statements
For the year ended 30 June 2023

Note 22. ISSUED CAPITAL (continued)

(b) Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Opening balance	1 July 2021	1,221,360,476		127,798,672
Issue of ordinary shares	30 July 2021	164,297,527	\$0.059	9,693,554
Issue of ordinary shares	19 August 2021	400,000	\$0.059	23,600
Issue of ordinary shares	19 August 2021	1,000,001	\$0.059	59,000
Issue of ordinary shares	19 August 2021	1,694,915	\$0.059	100,000
Issue of ordinary shares	19 August 2021	1,100,000	\$0.059	64,900
Issue of ordinary shares	20 August 2021	1,694,915	\$0.059	100,000
Issue of ordinary shares	20 August 2021	805,085	\$0.059	47,500
Issue of ordinary shares	21 August 2021	1,694,915	\$0.059	100,000
Issue of ordinary shares	23 August 2021	360,170	\$0.059	21,250
Issue of ordinary shares	23 August 2021	2,542,373	\$0.059	150,000
Issue of ordinary shares	28 October 2021	8,474,576	\$0.059	500,000
Issue of ordinary shares	22 December 2021	7,685,000	\$0.048	368,880
Issue of ordinary shares	12 January 2022	11,363,636	\$0.044	500,000
Issue of ordinary shares	17 March 2022	13,888,889	\$0.036	500,000
Issue of ordinary shares	3 June 2022	28,571,429	\$0.035	1,000,000
Less: transaction costs arising on share issue				(325,302)
		<u>1,466,933,907</u>		<u>140,702,054</u>
Opening balance	1 July 2022	1,466,933,907		140,702,054
Issue of ordinary shares (i)	27 July 2022	41,666,667	\$0.036	1,500,000
Issue of ordinary shares (ii)	1 August 2022	26,315,789	\$0.038	1,000,000
Issue of ordinary shares (iii)	19 August 2022	111,627,907	\$0.043	4,800,000
Issue of ordinary shares (iv)	14 September 2022	20,000,000	\$0.040	800,000
Issue of ordinary shares (v)	14 September 2022	116,279,001	\$0.043	5,000,000
Issue of ordinary shares (vi)	25 November 2022	4,651,162	\$0.043	200,000
Share consolidation (vii)	2 December 2022	(1,608,725,073)		
Issue of ordinary shares (viii)	20 December 2022	970,002	\$0.230	223,101
Issue of ordinary shares (ix)	4 May 2023	55,000	\$0.180	9,900
Less: transaction costs arising on share issue (x)				(526,005)
Closing balance	30 June 2023	<u>179,774,362</u>		<u>153,709,050</u>

Redflow Limited was approved for consolidation of the issued share capital of Redflow Limited on the basis that every 10 fully paid ordinary shares be consolidated into 1 fully paid ordinary share, on 24 November 2022 upon resolution of AGM. Share consolidation is applied retrospectively to prior period shares.

- (i) On 27 July 2022, Redflow Limited issued 41,666,667 ordinary shares at \$0.036 per share in accordance with the terms of its Share Placement Agreement with New Technology Capital Group LLC.
- (ii) On 1 August 2022, Redflow Limited issued 26,315,789 ordinary shares at \$0.038 per share in accordance with the terms of its Share Placement Agreement with New Technology Capital Group LLC.
- (iii) On 19 August 2022, Redflow Limited issued 111,627,907 ordinary shares at \$0.043 to existing and new sophisticated investors via entitlement offer (placement).
- (iv) On 14 September 2022, Redflow Limited issued 20,000,000 ordinary shares at \$0.040 per share in accordance with the terms of its Share Placement Agreement with New Technology Capital Group LLC.
- (v) On 14 September 2022, Redflow Limited issued 116,279,001 ordinary shares at \$0.043 to eligible shareholders via share purchase plan.
- (vi) On 25 November 2022, Redflow Limited issued 4,651,162 ordinary shares at \$0.043 to existing board member via placement share.
- (vii) On 2 December 2022, Redflow Limited consolidated all the existing shares upon approval from the AGM on 24 November 2022. 1,917 of shares resulted from the rounding up of share consolidation.
- (viii) On 20 December 2022, Redflow Limited issued 970,002 ordinary shares at \$0.230 upon vesting of performance rights issued to employees as a long term incentive.
- (ix) On 4 May 2023, Redflow Limited issued 55,000 ordinary shares at \$0.180 upon vesting of performance rights issued to employees as a long term incentive.
- (x) Transaction costs were associated with the capital raising in July 2022, August 2022 and September 2022, and share consolidation in December 2022.

Redflow Limited
Notes to the consolidated financial statements
For the year ended 30 June 2023

Note 22. ISSUED CAPITAL (continued)

(c) Options and performance rights

Information relating to the Redflow Share and Option Plan and Performance Rights Plan, including details of options and performance rights issued, exercised and lapsed during the financial year and outstanding at the end of the reporting period, is set out in Note 35. Further details are also set out in the remuneration report.

(d) Capital risk management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The gearing ratios at 30 June 2023 and 30 June 2022 were as follows:

	30 June 2023	30 June 2022
	\$	\$
Total borrowings	-	-
Less cash and cash equivalents	<u>(5,512,856)</u>	<u>(9,049,762)</u>
Net debt/(cash)	<u>(5,512,856)</u>	<u>(9,049,762)</u>
Total equity	<u>9,115,415</u>	9,780,060
Gearing ratio	N/A	N/A

Note 23. RESERVES

(a) Reserves

	30 June 2023	30 June 2022
	\$	\$
Foreign currency translation reserve	<u>(24,879)</u>	(72,751)
Share-based payments reserve	<u>5,876,129</u>	<u>5,931,593</u>
	<u>5,851,250</u>	<u>5,858,842</u>
	30 June 2023	30 June 2022
	\$	\$

Movements:

Share based payments reserve

Opening balance	5,931,593	4,729,302
Share based payments expense for employees	644,424	989,084
Shares issued to employees	(233,000)	(368,880)
Share based payment expense for external parties	<u>(466,888)</u>	582,087
Closing balance	<u>5,876,129</u>	<u>5,931,593</u>

Translation reserve

Opening balance	(72,751)	(64,918)
Unrealised gain/(loss) on translation of foreign subsidiary	<u>47,872</u>	<u>(7,833)</u>
Closing balance	<u>(24,879)</u>	<u>(72,751)</u>

Redflow Limited
Notes to the consolidated financial statements
For the year ended 30 June 2023

Note 23. RESERVES (continued)

(b) Nature and purpose of reserves

Share-based payments reserve

The share-based payments reserve is used to recognise the grant date fair value of options issued to employees and external parties over the vesting period.

Translation reserve

The translation reserve is used to show gains and losses on translation of foreign subsidiaries.

Note 24. ACCUMULATED LOSSES

	30 June 2023	30 June 2022
	\$	\$
Accumulated losses at the beginning of the financial year	(136,780,836)	(123,533,901)
Loss after income tax expense for the year	(13,664,049)	(13,246,935)
Accumulated losses at the end of the financial year	<u>(150,444,885)</u>	<u>(136,780,836)</u>

Note 25. DIVIDENDS

There were no dividends paid, recommended or declared to members during financial year ended 30 June 2023 (2022: nil).

Note 26. KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Directors

The Directors of Redflow Limited during or at the end of the financial year are disclosed in the Directors' Report on Page 8.

Compensation

The aggregate compensation made to Directors and other members of key management personnel of the Group is set out below:

(b) Key management personnel compensation	30 June 2023	30 June 2022
	\$	\$
Short-term employee benefits	1,641,144	1,548,173
Post-employment employee benefits	143,900	124,031
Long-term employee benefits	48,869	28,647
Share-based payments	475,255	484,120
	<u>2,309,168</u>	<u>2,184,971</u>

(c) Transactions with key management personnel

	30 June 2023	30 June 2022
	\$	\$
Subscription of new shares by key management personnel as a result of: Shares issued under Performance Rights Plan	<u>193,430</u>	<u>288,240</u>

(d) Share holding disclosures relating to key management personnel

The numbers of shares in the Company held during the financial year by each Director of Redflow Limited and other key management personnel of the Company, including their personally related parties, are set out in the remuneration report.

Redflow Limited
Notes to the consolidated financial statements
For the year ended 30 June 2023

Note 26. KEY MANAGEMENT PERSONNEL DISCLOSURES (continued)

(e) Option holding disclosures relating to key management personnel

The numbers of options in the Company held during the financial year by each Director of Redflow Limited and other key management personnel of the Company, including their personally related parties, are set out in the remuneration report.

Note 27. AUDITOR'S REMUNERATION

During the financial year the following fees were paid or payable for services provided by PricewaterhouseCoopers, the auditor of the Company and its related practices and non-related audit firms.

	30 June 2023	30 June 2022
	\$	\$
<i>Audit services - PricewaterhouseCoopers</i>		
Audit or review of the financial statements	251,545	156,881

Note 28. CONTINGENCIES

Issues relating to common law claims, product warranties and regulatory breaches are dealt with as they arise. There were no material contingent liabilities requiring disclosure in the financial statements at 30 June 2023 (2022: nil).

Note 29. COMMITMENTS

(a) Capital commitments

The Group has \$313,301 additional commitments at 30 June 2023 (2022: \$338,307) in committed capital for Plant and Equipment purchases.

(b) Leasing commitments: Group as lessee

Non cancellable operating leases

The Group leases various offices, warehouses and other equipment under non-cancellable operating leases. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.

From 1 July 2019, the Group has recognised right of use assets for these leases, except for short-term and low-value leases, see Note 2(o) and Note 18 for further information.

Note 30. RELATED PARTY TRANSACTIONS

(a) Ultimate parent

Redflow Limited is the parent entity within the Group.

(b) Subsidiaries

Interests in subsidiaries are set out in Note 31.

(c) Key management personnel

Disclosures relating to key management personnel are set out in Note 26 and the remuneration report included in the Directors' report.

(d) Transactions with related parties

The following transactions occurred with related parties:

	30 June 2023	30 June 2022
	\$	\$
Payroll expenses paid to related party employees	77,032	39,337

Redflow Limited
Notes to the consolidated financial statements
For the year ended 30 June 2023

Note 30. RELATED PARTY TRANSACTIONS (continued)

Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates.

Note 31. INTERESTS IN SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiary in accordance with the accounting policy described in Note 2(b):

<i>Name of entity</i>	<i>Country of incorporation</i>	<i>Class of shares</i>	<i>% Equity holding *</i>		<i>Principal activity</i>
			2023	2022	
Redflow R&D Pty Ltd	Australia	Ordinary	100%	100%	Technology assets
Redflow International Pty Ltd	Australia	Ordinary	100%	100%	Operating entity
Redflow LLC	USA	Ordinary	100%	100%	Marketing and sales
Redflow Europe GmbH	Germany	Ordinary	100%	100%	Marketing and sales
Redflow (Thailand) Ltd	Thailand	Ordinary	100%	100%	Manufacturing service

* The proportion of ownership interest is equal to the proportion of voting power held.

Note 32. EVENTS AFTER THE BALANCE DATE

Subsequent to the end of the financial year, the following events have occurred:

- An Entitlement Offer opened on 14 June 2023 and closed on 11 August 2023 for all current Redflow shareholders with applications received totalling \$4.9 million raised from shareholders and one institutional investor;
- On 1 August 2023 Redflow was selected to supply 4MWh, \$3.5 million energy storage project to Energy Queensland;
- Redflow received an order and deposit to deploy for a 200 kWh energy pod by early 2024 as the first phase of a potential 100 MWh energy storage and solar project for a water utility in Israel.

No other matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Redflow Limited
Notes to the consolidated financial statements
For the year ended 30 June 2023

Note 33. RECONCILIATION OF LOSS AFTER INCOME TAX TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	30 June 2023	30 June 2022
	\$	\$
Loss after income tax expense for the year	(13,664,049)	(13,246,935)
Adjustments for:		
Depreciation and amortisation	550,009	489,361
Net loss on disposal of non-current assets	112,678	-
Share-based payments expense	(55,464)	1,571,172
Foreign exchange differences	(37,568)	4,685
Fair value movement on share placement	-	404,084
R&D tax accruals	(1,077,917)	671,237
Change in operating assets and liabilities:		
(Increase)/decrease in trade and other receivables	(223)	215,484
Decrease/(increase) in inventories	887,174	(278,130)
(Increase) in other operating assets	(72,714)	(396,408)
Increase in trade and other payables	431,059	593,693
Increase/(decrease) in other provisions	607,702	(1,522)
(Decrease)/Increase in other current liabilities	(381,980)	76,686
	<u>(12,701,293)</u>	<u>(9,896,593)</u>

Note 34. EARNINGS PER SHARE

(a) Basic and dilutive loss per share

Total basic and dilutive earnings per share attributable to the ordinary equity holders of the Group	30 June 2023	30 June 2022
	\$	\$
	Cents	Cents
Basic loss per share	(7.85)	(9.44)
Diluted loss per share	(7.85)	(9.44)

(b) Diluted earnings per share

Options granted to employees and external parties during the year are not considered to be potential ordinary shares as including such securities in the calculation would result in a decreased loss per share therefore being anti-dilutive. Therefore the diluted earnings per share is equal to the basic earnings per share, per AASB 133. Options and Convertible notes issued have not been included in the determination of basic earnings per share.

Reconciliation of earnings used in calculating earnings per share	30 June 2023	30 June 2022
	\$	\$
Loss after income tax	<u>(13,664,049)</u>	<u>(13,246,935)</u>
Reconciliation of earning used in calculating earnings per share	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>174,173,121</u>	<u>140,277,322</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>174,173,121</u>	<u>140,277,322</u>

Redflow Limited
Notes to the consolidated financial statements
For the year ended 30 June 2023

Note 35. SHARE-BASED PAYMENTS

(a) Share options on issue to third parties

Grant date	First exercise date	Expiry date	Exercise price ¹	Balance at start of the year	Granted during the year	Forfeited during the year	Balance at end of the year	Vested and exercisable at end of the year
Consolidated 2023				Number	Number	Number	Number	Number
01/09/2020	02/09/2020	17/07/2023	\$0.450	400,000	-	-	400,000	400,000
25/08/2021	26/08/2021	25/08/2024	\$1.000	425,000	-	-	425,000	-
14/10/2021	30/06/2022	25/03/2023	\$0.800	10,000,000	-	(10,000,000)	-	-
14/10/2021	30/06/2022	25/03/2024	\$1.000	5,500,000	-	-	5,500,000	-
				<u>16,325,000</u>	<u>-</u>	<u>(10,000,000)</u>	<u>6,325,000</u>	<u>400,000</u>
Weighted average exercise price				\$0.864		\$0.800	\$0.965	\$0.450

1. Share price is applied retrospectively upon share consolidation on 2 December 2022.

The options awarded in the year

(b) Share options issued to employees under the Redflow Limited Share Option Plan

There were no share options issued to employees during FY2023.

(c) Performance rights issued to employees under the Redflow Limited Performance Rights Plan

Under the Groups long term incentive plan, share rights are issued to executives' with performance based measures such as achievement of key performance indicators specific to the executives roles which include both market and non market conditions. Refer to Page 20 of the remuneration report for more detail. If conditions are met the share rights automatically convert into one ordinary share each on vesting at an exercise price of nil.

The fair value of the performance rights with non market conditions at grant date is estimated using the market price of the company's shares on that date. The fair value of the performance rights at grant date for tranche 3 which has market conditions being a target share price/market capitalisation is independently determined using an adjusted form of the Monte Carlo pricing model which takes into account the time to maturity, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option. Refer table below for grants issued in the year.

Fair value of performance rights granted

Date of new grants	25/11/2022	15/12/2022	16/05/2023
Tranche 1 & 2			
Exercise price	\$0.000	\$0.000	\$0.000
Fair value	\$0.300	\$0.245	\$0.180
Tranche 3			
Exercise	\$0.000	\$0.000	\$0.000
Market condition test date 30 June 2023	\$0.278	\$0.278	\$0.061
Market condition test date 30 June 2024	\$0.228	\$0.228	\$0.031
Market condition test date 30 June 2025	\$0.165	\$0.165	\$0.017
Risk free rate	3.34%	3.34%	3.47%
Expected dividend yield	0%	0%	0%

Redflow Limited
Notes to the consolidated financial statements
For the year ended 30 June 2023

Note 35. SHARE-BASED PAYMENTS (continued)

Grant date	First exercise date	Expiry date	Balance at start of the year ¹	Granted during the year	Exercised during the year	Forfeited during the year	Balance at end of the year	Vested and exercisable at end of the year
			Number	Number	Number	Number	Number	Number
Consolidated 2023								
21/11/2019	30/06/2022	21/11/2025	66,667	-	(66,667)	-	-	-
17/12/2019	30/06/2022	21/11/2025	133,335	-	(133,335)	-	-	-
26/11/2020	30/06/2021	26/11/2026	111,111	-	-	(111,111)	-	-
26/11/2020	30/06/2022	26/11/2026	221,111	-	(110,000)	(111,111)	-	-
26/11/2020	30/06/2023	26/11/2026	557,778	-	-	(333,333)	224,445	224,445
21/04/2021	30/06/2021	21/04/2027	166,650	-	-	(166,650)	-	-
21/04/2021	30/06/2022	21/04/2027	425,150	-	(258,500)	(166,650)	-	-
21/04/2021	30/06/2023	21/04/2027	836,700	-	-	(500,049)	336,651	336,651
14/10/2021	30/06/2022	14/10/2027	221,111	-	(110,000)	-	111,111	-
14/10/2021	30/06/2023	14/10/2027	221,111	-	-	-	221,111	110,000
14/10/2021	30/06/2024	14/10/2027	557,778	-	-	-	557,778	-
14/10/2021	30/06/2022	14/10/2027	492,140	-	(291,500)	-	200,640	-
14/10/2021	30/06/2023	14/10/2027	398,640	-	-	-	398,640	198,000
14/10/2021	30/06/2024	14/10/2027	1,002,720	-	-	-	1,002,720	-
25/11/2022	30/06/2023	25/11/2027	-	200,000	-	-	200,000	200,000
25/11/2022	30/06/2024	25/11/2027	-	150,000	-	-	150,000	-
25/11/2022	30/06/2025	25/11/2027	-	650,000	-	-	650,000	-
15/12/2022	31/12/2022	15/12/2027	-	55,000	(55,000)	-	-	-
15/12/2022	30/06/2023	15/12/2027	-	55,000	-	-	55,000	55,000
15/12/2022	30/06/2024	15/12/2027	-	56,667	-	-	56,667	-
15/12/2022	01/07/2024	15/12/2027	-	333,333	-	-	333,333	-
16/05/2023	01/07/2023	16/05/2028	-	827,000	-	-	827,000	827,000
16/05/2023	01/07/2024	16/05/2028	-	620,250	-	-	620,250	-
16/05/2023	01/07/2025	16/05/2028	-	2,687,750	-	-	2,687,750	-
			<u>5,412,002</u>	<u>5,635,000</u>	<u>(1,025,002)</u>	<u>(1,388,904)</u>	<u>8,633,096</u>	<u>1,951,096</u>

1. The number of performance rights is applied retrospectively upon share consolidation on 2 December 2022.

Redflow Limited
Notes to the consolidated financial statements
For the year ended 30 June 2023

Note 35. SHARE-BASED PAYMENTS (continued)

Grant date	First exercise date	Expiry date	Balance at start of the year ¹	Granted during the year	Exercised during the year	Forfeited during the year	Balance at end of the year	Vested and exercisable at end of the year
			Number	Number	Number	Number	Number	Number
Consolidated 2022								
26/11/2018	30/06/2021	25/11/2024	100,000	-	(100,000)	-	-	-
21/11/2019	30/06/2020	21/11/2025	83,333	-	-	(83,333)	-	-
21/11/2019	30/06/2021	21/11/2025	216,667	-	(100,000)	(116,667)	-	-
21/11/2019	30/06/2022	21/11/2025	533,333	-	-	(466,666)	66,667	66,667
17/12/2019	30/06/2020	21/11/2025	166,667	-	-	(166,667)	-	-
17/12/2019	30/06/2021	21/11/2025	433,333	-	(200,000)	(233,333)	-	-
17/12/2019	30/06/2022	21/11/2025	1,066,666	-	-	(933,331)	133,335	133,335
26/11/2020	30/06/2021	26/11/2026	221,111	-	(110,000)	-	111,111	-
26/11/2020	30/06/2022	26/11/2026	221,111	-	-	-	221,111	110,000
26/11/2020	30/06/2023	26/11/2026	557,778	-	-	-	557,778	-
21/04/2021	30/06/2021	21/04/2027	519,585	-	(258,500)	(94,435)	166,650	-
21/04/2021	30/06/2022	21/04/2027	519,585	-	-	(94,435)	425,150	258,500
21/04/2021	30/06/2023	21/04/2027	1,310,830	-	-	(474,130)	836,700	-
14/10/2021	30/06/2022	14/10/2027	-	221,111	-	-	221,111	110,000
14/10/2021	30/06/2023	14/10/2027	-	221,111	-	-	221,111	-
14/10/2021	30/06/2024	14/10/2027	-	557,778	-	-	557,778	-
14/10/2021	30/06/2022	14/10/2027	-	618,420	-	(126,940)	491,480	291,500
14/10/2021	30/06/2023	14/10/2027	-	618,420	-	(220,440)	397,980	-
14/10/2021	30/06/2024	14/10/2027	-	1,563,160	-	(559,120)	1,004,040	-
			<u>5,949,999</u>	<u>3,800,000</u>	<u>(768,500)</u>	<u>(3,569,497)</u>	<u>5,412,002</u>	<u>970,002</u>

1. The number of performance rights is applied retrospectively upon share consolidation on 2 December 2022.

(d) Expenses arising from share based payment transactions

Total expenses arising from share based payment transactions during the period were as follows:

	30 June 2023	30 June 2022
	\$	\$
Options issued to external parties	(466,888)	582,087
Share rights issued under performance rights plan	644,424	989,084
	<u>177,536</u>	<u>1,571,171</u>

Redflow Limited
Notes to the consolidated financial statements
For the year ended 30 June 2023

Note 36. PARENT ENTITY FINANCIAL INFORMATION

(a) Summary of financial information

The individual financial statements for the parent entity Redflow Limited, show the following aggregate amounts:

	30 June 2023	30 June 2022
	\$	\$
Balance sheet		
Current asset	5,413,539	8,833,704
Non-current assets	159,113	159,113
	<u>5,572,652</u>	<u>8,992,817</u>
Current liabilities	-	-
Non current liabilities	-	-
Total liabilities	<u>-</u>	<u>-</u>
Net assets	<u>5,572,652</u>	<u>8,992,817</u>
Shareholders' equity		
Contributed equity	153,709,050	140,702,054
Reserves	5,876,129	5,931,593
Accumulated losses	<u>(154,012,527)</u>	<u>(137,640,830)</u>
	<u>5,572,652</u>	<u>8,992,817</u>
(Loss) for the year	<u>(16,371,697)</u>	<u>(14,654,066)</u>
Total comprehensive (loss)	<u>(16,371,697)</u>	<u>(14,654,066)</u>

Included in the loss for the period is an impairment charge of \$nil (2022: \$nil) against intercompany receivables.

(b) Details of any guarantees entered into by the parent entity

The parent entity had not entered into any guarantees as at 30 June 2023 (2022: \$nil).

(c) Contingent liabilities of the parent entity

The parent entity had no contingent liabilities as at 30 June 2023 (2022: \$nil).

(d) Contractual commitments for the acquisition of property, plant or equipment

The parent entity had not entered into any contractual commitments for acquisition of property, plant and equipment as at 30 June 2023 (2022: \$nil).

Redflow Limited
Directors' declaration
For the year ended 30 June 2023

In the Directors' opinion:

- (a) the financial statements and notes set out on pages 44 to 79 are in accordance with the *Corporations Act 2001*, including
 - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
 - (ii) giving a true and fair view of the Group's financial position as at 30 June 2023 and of its performance for the financial year ended on that date; and
- (b) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable, and

Note 2(a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by Section 295A of the *Corporations Act 2001*.

Signed in accordance with a resolution of Directors made pursuant to Section 295(5)(a) of the *Corporations Act 2001*.

On behalf of the Directors



Brett Johnson
Chairman

31 August 2023
Brisbane



Independent auditor's report

To the members of Redflow Limited

Report on the audit of the financial report

Our opinion

In our opinion:

The accompanying financial report of Redflow Limited (the Company) and its controlled entities (together the Group) is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Group's financial position as at 30 June 2023 and of its financial performance for the year then ended
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The Group financial report comprises:

- the consolidated balance sheet as at 30 June 2023
- the consolidated statement of comprehensive income for the year then ended
- the consolidated statement of changes in equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information
- the directors' declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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 & 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 financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Material uncertainty related to going concern

We draw attention to Note 2a in the financial report, which indicates that the Group incurred a net loss after tax of \$13,664,049 and a net cash outflow from operating activities of \$12,701,293 for the year ended 30 June 2023.

PricewaterhouseCoopers, ABN 52 780 433 757
480 Queen Street, BRISBANE QLD 4000, GPO Box 150, BRISBANE QLD 4001
T: +61 7 3257 5000, F: +61 7 3257 5999

Liability limited by a scheme approved under Professional Standards Legislation.



The note highlights that the ability to fund development, production and marketing of the Group's products is dependent upon raising further funding from existing and new investors as well as other government incentive and grant programs.

These conditions, along with other matters set forth in Note 2a, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Our audit approach

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Group, its accounting processes and controls and the industry in which it operates.



Materiality	Audit scope	Key audit matters
<ul style="list-style-type: none"> For the purpose of our audit we used overall Group materiality of \$680,000, which represents approximately 5% of the Group's loss before income tax expense. We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial report as a whole. We chose Group loss before income tax expense because, in our view, it is the benchmark against which the performance of the Group is most appropriately measured. 	<ul style="list-style-type: none"> Our audit focused on where the Group made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events. 	<ul style="list-style-type: none"> Amongst other relevant topics, we communicated the following key audit matters to the Audit and Risk Committee: <ul style="list-style-type: none"> - Completeness of the warranty provision - Valuation of inventory These are further described in the <i>Key audit matters</i> section of our report, except for the matter which is described in the <i>material uncertainty related to going concern</i> section.



- We utilised a 5% threshold based on our professional judgement, noting it is within the range of commonly acceptable thresholds.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. The key audit matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context. We communicated the key audit matters to the Audit and Risk Committee.

In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
<p>Completeness of warranty provision (refer to note 4 and 21)</p> <p>The Group has recognised a warranty provision of \$1.5m at 30 June 2023.</p> <p>The warranty provision is recognised for known product defects and potential warranty claims. The provision is estimated based on the Group's best estimate of the expected performance of the product, number of customers who may be entitled to claim the warranty, and the costs of fulfilling the conditions of the warranty.</p> <p>We consider the completeness of the warranty provision to be a key audit matter due to:</p> <ul style="list-style-type: none">• The significance of the warranty provision in relation to the Group's consolidated balance sheet.• The judgement involved in estimating the warranty provision.	<p>The following procedures, amongst others, were performed in relation to assessing the completeness of the warranty provision:</p> <ul style="list-style-type: none">• Obtained an understanding of the Group's assessment and determination of the warranty provision• Assessed the reliability and relevance of underlying data used to calculate the warranty provision• Considered the extent of historical warranty replacements and known product defects in assessing the completeness of the warranty provision.• Evaluated the cost of undertaking warranty activities by agreeing on a sample basis the costs incurred to supporting documentation.• Tested the mathematical accuracy of the warranty provision calculation.• Evaluated the reasonableness of disclosures included in the financial report against the requirements of Australian Accounting Standards.
<p>Valuation of inventory (refer to note 4 and 13)</p> <p>The Group had inventory of \$2.7m (net of a provision for impairment of \$1.4m) as at 30 June 2023.</p> <p>Inventories are measured at lower of cost or net realisable value.</p>	<p>The following procedures, amongst others, were performed in relation to assessing the valuation of inventory :</p> <ul style="list-style-type: none">• Obtained an understanding of the Group's inventory provisioning policy and provision calculation.



Key audit matter	How our audit addressed the key audit matter
<p>We consider the valuation of inventory to be a key audit matter due to:</p> <ul style="list-style-type: none">• The significance of the inventory balance in relation to the Group's consolidated balance sheet.• The judgement required in estimating the net realisable value.	<ul style="list-style-type: none">• Assessed the reliability and relevance of underlying data used to calculate the inventory provision.• Agreed the cost of a sample of raw material inventories to recent invoices.• Evaluated the assessment of obsolete and damaged stock with reference to raw materials required for production per the product bill of material listings.• Assessed the valuation of finished goods by comparing the carrying value of finished goods to recent and future order sales prices.• Tested the mathematical accuracy of the calculation of the provision for impairment.• Evaluated the reasonableness of disclosures included in the financial report against the requirements of Australian Accounting Standards.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2023, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon through our opinion on the financial report. We have issued a separate opinion on the remuneration report.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the



going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Our opinion on the remuneration report

We have audited the remuneration report included in pages 15 to 24 of the directors' report for the year ended 30 June 2023.

In our opinion, the remuneration report of Redflow Limited for the year ended 30 June 2023 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

A handwritten signature in black ink that reads 'PricewaterhouseCoopers'.

PricewaterhouseCoopers

A handwritten signature in black ink that reads 'Tim Allman'.

Tim Allman
Partner

Brisbane
31 August 2023

Redflow Limited
ASX additional information
For the year ended 30 June 2023

Additional information required by the Australian Stock Exchange Ltd and not shown elsewhere in this report is as follows. The shareholder information set out below was applicable as at 28 August 2023.

(a) Distribution of equity securities

(i) Ordinary share capital

203,039,024 fully paid ordinary shares are held by 8,548 individual shareholders.
All issued ordinary shares carry one vote per share and carry the rights to dividends.

(ii) Options

6,785,667 options are held by 5 individual option holders.

The number of shareholders, by size of holding, in each class are:

	Fully paid ordinary shares	Options
1-1,000	1,949	-
1,001-5,000	3,119	-
5,001-10,000	1,114	-
10,001-100,000	2,040	-
100,001 and over	326	5
	Parcel size	Shareholders
Holdings less than a marketable parcel of shares at \$0.19 per shares	<u>2,632</u>	<u>3,770</u>

(b) Substantial holders

There is no substantial shareholders as at date of this information.

Redflow Limited
ASX additional information
For the year ended 30 June 2023

(c) Twenty largest quoted equity security holders

Ordinary shareholders	Full Paid Number	%
1 HACKETT CP NOMINEES PTY LTD <THE HACKETT FAMILY A/C>	8,294,893	4.09%
2 CITICORP NOMINEES PTY LIMITED	4,926,692	2.43%
3 MFS FUND PTY LTD <MACKEY SUPER FUND A/C>	3,875,000	1.91%
4 MR SIMON MARK FAGG	3,200,000	1.58%
5 HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	3,020,466	1.49%
6 DOWLING PROPERTIES PTY LTD	2,779,500	1.37%
7 MR JOHN RICHARD SERISIER & MRS SHELLEY ANN SERISIER <THE DE BOUILLON FAMILY A/C>	2,200,000	1.08%
8 666 PTY LTD <THE 666 INVESTMENT A/C>	2,076,666	1.02%
9 BNP PARIBAS NOMINEES PTY LTD ACF CLEARSTREAM	2,012,889	0.99%
10 KIDSKLUBS KARIONG PTY LTD <GUIDING LIGHT SUPERFUND A/C>	2,000,000	0.99%
11 MR WERNER JOSEF GALLAUTZ	1,807,097	0.89%
12 BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	1,767,213	0.87%
13 MR ANTHONY BOYD MILIC	1,700,000	0.84%
14 QANA INVESTMENTS PTY LTD	1,466,743	0.72%
15 MR CHRISTOPHER LISTER LAWRANCE & MRS COLLEEN ALLISON LAWRANCE	1,392,000	0.69%
16 CURRAN & CO <NOMINEE A/C>	1,157,678	0.57%
17 MR DAVID FREDERICK OAKLEY	1,120,000	0.55%
18 MR JUSTIN ERIC SCHAFFER	1,100,000	0.54%
19 MR JOHN RICHARD HOLDEN & MRS CHRISTINE ANN <HOLDEN HOLDEN HOLDEN & ASS S/F A/C>	1,013,890	0.50%
20 HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	904,972	0.45%
	47,815,699	



redflow

27 Counihan Road
Seventeen Mile Rocks
Brisbane QLD 4073 Australia

Phone: + 61 7 3376 0008

Fax: + 61 7 3376 3751

Sales: sales@redflow.com

General: info@redflow.com