

Q3 Report - Redflow makes significant progress across multiple elements of growth strategy

30 April 2024

Redflow Limited (ASX: RFX) (the ‘**Company**’ or ‘**Redflow**’) is pleased to provide its quarterly activities and cashflow reports for the three months ended 31 March 2024 (**Q3 FY24**).

Key highlights for the quarter and subsequent events:

- **Second contract with US Department of Defense (DoD)**
Post quarter-end secured second contract in 12 months for a US DoD site in Italy reflecting the strength of Redflow’s solution and the growing need for non-lithium LDES batteries.
- **Awarded remote grid project by Horizon Power in West Australia**
Redflow to supply energy storage to support Horizon Power’s remote microgrid decarbonisation efforts in regional Western Australia.
- **Allocated \$1.12m in Queensland Government grant funding**
Grant to reimburse part of the costs of a feasibility study for a battery manufacturing facility in Queensland and the development and prototype construction of a large-scale zinc-bromine flow battery.
- **Paskenta Microgrid project - Notice to proceed for 15 MWh microgrid project in US**
Faraday Microgrids provided Redflow with approval to begin manufacturing 15 MWh of long-duration energy storage solution, with the AUD\$6.42m deposit expected imminently.
- **Barona LDES project - Identified as preferred battery technology for a 6.6 MWh project recommended for US grant funding**
Grant terms are currently being negotiated and finalised, with the aim of beginning development activities for the deployment of Barona Community LDES project in 2025.
- **Pipeline of around 62 MWh announced projects continue to progress**
Including delivery of Acciona system in Spain.

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- **Progress in Thailand manufacturing**

Production scaling up with introduction of new high quality injection moulded parts to meet customer delivery timetable.

- **Highly experienced executives join Redflow during quarter**

Michael Hipwood joins as Chief Financial Officer and Juergen Reitz as Chief Engineer.

- **Capital raising to fund project delivery and engineering developments**

A 1 for 2 pro rata non-renounceable Entitlement Offer of new fully paid ordinary shares (New Shares) to raise up to \$13.6 million (before costs).

Commenting on the progress made YTD in FY24 Redflow CEO and Managing Director Tim Harris said:

“We have continued to significantly advance our strategy and commercial traction over the quarter. Notable commercial highlights include new projects in California, our second Australian utility project (Horizon Power) and our second project with the US Department of Defense. Our strong customer engagement continues to endorse the benefits of our technology and validate our strategic focus of scaling our solutions to larger MWh systems for commercial and industrial and utility customers. Our Thailand production plans are aligned to our customer delivery needs and is scaling accordingly.”

“The growing demand for larger battery storage deployments and ongoing customer engagements has underpinned the evolution of our current systems and the development of our new X10 design. We are continuing to fast track the development of the X10, which represents an evolution from our existing ZBM3 battery, and the grant funds secured from the Queensland Government will allow us to develop and construct a prototype in 2024, as well as pursue a feasibility study to investigate the establishment of a manufacturing facility in Queensland. Redflow is also well positioned to benefit from the Australian Federal Government focus on the energy transition and stimulating Australian manufacturing and our discussions with various state and federal agencies is progressing well.”

“The Entitlement Offer we launched this month will raise funding for the delivery of announced projects and support continuing discussions with the Queensland Government under its Battery Industry Strategy and with other government agencies for financial and other commercial support.”

“With a proven technology, quality customers and a growing demand for larger non-lithium storage solutions, Redflow is on a pathway to major scale up and delivering shareholder returns.”

“I am also delighted to welcome Michael Hipwood and Juergen Reitz to our executive team during the quarter. Both bring decades of relevant experience to Redflow and they will play important roles as we enter into our next phase of growth and delivery.”

Redflow allocated Queensland Government grant funding for battery prototype and manufacturing feasibility study

The energy transition in Queensland is a powerful example of Redflow’s growing strategic opportunity. Queensland’s energy transition and battery industry growth is expected to be accelerated by Queensland Government’s \$62bn Energy and Jobs Plan and a \$570m Battery Industry Strategy, which was launched in March 2024. Flow batteries are a key focus of the plan with Queensland Premier Steven Miles noting, “The Queensland Battery Industry Strategy establishes Queensland as a global leader in the flow batteries needed to store renewable energy and advanced battery technologies”.

The Queensland Critical Minerals and Battery Technology Fund (QCMBTF) has agreed to reimburse up to \$1.12 million of the \$3.2 million of eligible expenditure to be incurred to construct a battery prototype and undertake a feasibility study which will determine the business case for a highly automated factory in Queensland that will be essential to manufacture cost competitive batteries in the future.

The \$100m QCMBTF was created by the Queensland Government to support businesses to assist in economic growth in Queensland, create Queensland based jobs, support private sector investment, and manufacture advanced battery technologies in the state.

At a Federal level, the Australian Government recently announced its Future Made in Australia policy proposing incentives to advance renewable energy industries, manufacturing and infrastructure with a goal to establish advanced manufacturing of renewables in Australia. This is aligned to Redflow's ambition to establish its own advanced-scale manufacturing capability in Australia to complement its existing Thailand facility.

As noted in Redflow's recent strategy update, government support for the energy transition and incentive initiatives provide Redflow with multiple potential funding options. Redflow is currently pursuing a number of those options at the Federal and State level in Australia and in the United States. Based on a number of engagements currently underway, we expect these discussions to have advanced materially to a decision point within the next six months. Redflow will provide the market with further updates as these discussions progress.

Redflow secures new projects driven by the growing demand for non-lithium LDES technology

Redflow continues to expand its profile in the global long-duration energy storage (LDES) industry having announced around 62 MWh in new projects over the past 12 months. Counterparties and project funders include the US California Energy Commission, the US Department of Defense, Energy Queensland, Acciona, Horizon Power and the US Department of Energy. Key new developments and announcement during the quarter and subsequently include:

Second contract with US Department of Defense

Post quarter-end Redflow was awarded a second contract to supply non-lithium LDES to the US Department of Defense (DoD) to deploy 400 kWh Redflow energy storage solution at the Sigonella Naval Air Station in Italy. This is the second contract Redflow has been awarded by the DoD and has occurred within 12 months of our first project win. Redflow continues to work with the DoD around further opportunities to deploy its solution to achieve their decarbonisation and energy resiliency goals. Redflow expects to deliver these systems in Q2 FY25.

Awarded first remote grid project by Horizon Power

Redflow was selected by Horizon Power to supply and install an initial 400 kWh Battery Energy Storage System (BESS) to support their remote community grid network. The initial deployment will review how Redflow's zinc-bromine flow battery operates on Horizon Power's network with a distinct focus on the temperature resilience of the technology. Funding for the project has been awarded to Horizon Power by ARENA, under the Regional Australia Microgrids Pilot Program, and the Western Australian State Government. Redflow expects to deliver these systems in Q2 FY25.

Barona LDES project - Preferred battery technology for a 6.6 MWh project recommended for grant funding in the US

Redflow's zinc-bromine battery technology was identified as the preferred energy storage

technology for the AUD\$20.1m Barona Community LDES Project by the California Energy Commission (CEC) for grant negotiation. Redflow expects its revenue on this project on to be approximately *\$5 million in FY26*.

Commercial update on previously announced projects

Redflow continues to progress previously announced projects towards final contracting, delivery and installation. Key development during the quarter include:

- Acciona – Redflow’s Energy Pod and batteries was installed over the quarter by Redflow’s deployment team at the Acciona Innovation Centre in Spain.
- US DoD microgrid at Stewart Air Force Base – Engineering and design of this USD\$1.7m project is on track to meet the US DoD milestones, with system delivery expected in Q2 FY25.
- Energy Queensland – Contract negotiation for this 4 MWh project is in its final stages with final signed contracts expected shortly with delivery expected across Q4 FY2024 and Q1 FY2025.
- Paskenta microgrid project – Formal notice to proceed has been provided to Faraday Microgrids from the CEC and passed onto Redflow. Redflow expects to receive the initial deposit of AUD\$6.42m imminently. An adjusted delivery timetable based on latest EPC and customer discussions indicates battery production and delivery is expected to commence in Q2 FY25.
- US Department of Energy, Valley Children's Hospital – Negotiations between the US DOE, CEC, Faraday and the end customer for this 34 MWh LDES project are continuing and Redflow expects final contracting to be completed in H1 FY25.

Thailand facility production and operations update

Redflow’s Thailand manufacturing facility performance has continued to improve and is aligned to latest customer delivery targets. At the end of March 2024, Redflow produced annualised volume of around 3.5 MWh, reflecting the recommencement of volume production following the introduction of new injection moulded collector parts.

The Redflow engineering team, led by new Chief Engineer Juergen Reitz, has continued to execute against the injection moulded collector project and other key initiatives to increase production, productivity and reduce cost. These have included new CNC machining approach, a new spray line and introduction of a new tank to improve field serviceability.

The facility remains on track to hit an annualised total production of approximately 20 MWh p.a. in around June/July 2024 and then 40 MWh p.a. in around September 2024. Further growth beyond that will be dependent on the size and shape of further customer demand.

Redflow's focus on ensuring battery quality and incremental approach to ramping up is key to its future success.

Growing market recognition outlook

The growing awareness of, and demand for, non-lithium LDES battery technologies is driving an accelerated market growth and recognition of Redflow’s position as a global leader in LDES solutions.

Redflow's market opportunity is extensive with over 85 TWh of LDES demand required by 2040¹. Queensland alone is estimated to require over 48 GWh of LDES capacity by 2035².

Other markets also hold significant promise for Redflow. This includes increasing LDES demand in the UK and Europe where the UK's House of Lords Science and Technology Committee released a report in March 2024 titled "*Long-duration energy storage: get on with it*"³ which called on the government to "act fast" to ensure LDES technologies can scale up and contribute to the decarbonisation of the electricity system.

Redflow's pipeline continues to grow with a qualified pipeline of approximately 1.6 GWh, excluding initial prospects. Several projects in Australia and the US have progressed significantly over the quarter. Selected highlights of key deals that Redflow is focused on include:

- Redflow has been selected as the preferred technology for an initial ~8 MWh project for a large US company at one of their campuses, approval of the detailed design has now been received. Final investment decision is expected in Q3 2024.
- A long-duration storage project of up to circa 55 MWh for a large Australian utility where Redflow has been shortlisted. Lithium-based systems have been specifically excluded from the tender process. A formal RFP process is expected to commence in the next 6-8 weeks, with a final decision expected in Q2 FY25. If successful and selected for the maximum size and scope, Redflow is targeting potential project revenue in the order of up to \$50 million.
- Redflow is in discussions with a large Australian utility on a collaboration agreement to deliver up to 500 MWh LDES storage capability using Redflow's X10 product from 2027 onwards with an initial 5 MWh project targeted for 2025.
- Redflow is continuing to work closely across a number of other Australian and global utilities and developers around their energy storage needs and programs. If successful, some of these the projects are expected to be announced in the coming months, with delivery commencing in 2025.

Industry events

Redflow also attended a number of significant industry and market engagements in Q3 FY24, further reinforcing the Company's growing position in the energy storage market:

- Redflow was invited to present at Australia's leading renewable investor companies at the Climate Zeitgeist Climate Investor Forum in April.
- CEO Tim Harris attended a Renewables and Critical Minerals Roundtable with the Treasurer Hon Jim Chalmers MP which focused on potential Australia measures to respond to the US Inflation Reduction Act.
- The Company also attended the ASEAN conference in Melbourne in March which included a private meeting with the Prime Minister of Thailand, H.E. Mr. Srettha Thavisin where they discussed scale up plans of our current facility, export of batteries under Thailand's free trade agreement and further collaboration opportunities.

1 Cumulative energy installed capacity from LDES Council: *Net Zero Power*, 2021

2 *Queensland SuperGrid Infrastructure Blueprint*, September 2022 using 8-hour duration for GWh

3 See House of Lords, Science and technology Committee, *Long-duration energy storage: get on with it*, March 2024. See <https://publications.parliament.uk/pa/ld5804/ldselect/ldstech/68/68.pdf>

Capital raise via Entitlement Offer

On the 15 April 2024, Redflow announced an Entitlement Offer to enable the Company to continue to execute on its growth strategy. Key highlights include:

- A 1 for 2 pro rata non-renounceable Entitlement Offer of new fully paid ordinary shares (New Shares) to raise up to \$13.6 million (before costs) if fully subscribed, prioritising existing shareholders (Entitlement Offer).
- The Entitlement Offer includes 1 free attaching unlisted option (exercisable at \$0.20 and expiring on 15 April 2026) for every 2 New Shares subscribed.
- The capital raising structure gives priority to existing shareholders and if shareholders participate for their full entitlement, they will not be diluted.
- The purpose of the Entitlement Offer is to raise funding for the delivery of announced projects, key engineering developments, scale up of the Thailand manufacturing facility and conversion of pipeline opportunities.
- The raising will also support continuing discussions with the Queensland Government under its Battery Industry Strategy and with other government agencies for financial and other commercial support.
- Entitlement Offer closes Tuesday 21 May 2025.

For further information please refer to the Entitlement Offer Prospectus released to the ASX on 15 April 2024 or click on the link here:
<https://wcsecure.weblink.com.au/pdf/RFX/02795358.pdf>.

Financial update

In Q3 FY24, net cash used in Operating, Investing and Financing Activities was \$4.760 million, an increase of \$1,751 million compared with Q2 FY24 as follows.

Redflow Cash Movement	AUD\$ 000
FY24 Q2 Cash Movement	-3,009
FY24 Q3 Cash Movement	-4,760
Difference of	-1,751
Due to	
Decreased in R&D Tax Credit Receipt	-2,457
Increased Advertising & Marketing	-115
Decreased Interest Received	-10
Increased product manufacturing and operating costs	-123
Decreased Staff Costs	149
Decreased Research and Development	273
Decreased Administration and Corporate costs	104
Increased Receipts from Customers	350
Increased Income Tax Paid	-28
Decreased Intellectual Property costs	14
Increased Plant & Equipment	-115

Decreased equity securities transaction costs	208
Other Costs	-1
Total	-1,751

Investor webinar Wednesday 1 May 2024

Tim Harris (CEO & Managing Director) and Michael Hipwood (CFO) will be holding a briefing via webinar for investors and analysts. Following their presentation on the Company's Q3 FY24 operational progress and growth opportunities, there will be an opportunity for Q&A.

Participants can register for the webinar via:

https://us02web.zoom.us/webinar/register/WN_uk1fa4WxSQeb9YHlbf9Vw

This announcement was authorised for release by the Chairman of the Board of Redflow Limited.

-- ENDS --

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About Redflow

Redflow, a publicly listed Australian company (ASX: RFX) with offices in Australia and the US, 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. The company's 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's energy storage solutions have been in use for more than a decade at more than 250 sites in over 9 countries.

For further information, please visit: www.redflow.com

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

Redflow Limited

ABN

49 130 227 271

Quarter ended ("current quarter")

31-March-2024

Consolidated statement of cash flows		Current quarter	Year to date (10 months)
		\$A'000	\$A'000
1	Cash flows from operating activities		
1.1	Receipts from customers	446	690
1.2	Payments for		
	(a) research and development	-1,014	-3,478
	(b) product manufacturing and operating costs	-2,338	-5,810
	(c) advertising and marketing	-91	-336
	(d) leased assets	-42	-127
	(e) staff costs	-1,039	-2,978
	(f) administration and corporate costs	-452	-1,464
1.3	Dividends received (see note 3)		
1.4	Interest received	84	234
1.5	Interest and other costs of finance paid	-3	-5
1.6	Income taxes paid	-28	-28
1.7	Government grants and tax incentives	0	2,457
1.8	Other (provide details if material)	0	0
1.9	Net cash from/(used in) operating activities	-4,477	-10,845

		Current quarter	Year to date (10 months)
		\$A'000	\$A'000
2	Cash flows related to investing activities or for:		
2.1	Payment to acquire		
	(a) entities		
	(b) businesses		
	(c) property plant and equipment	-251	-525
	(d) investments		
	(e) intellectual property	-29	-86
	(f) other non-current assets		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (10 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities		
	(b) businesses		
	(c) property plant and equipment	0	0
	(d) investments		
	(e) intellectual property		
	(f) other non-current assets		
2.3	Cashflows from loans to other entities		
2.4	Dividends received (see Note 3)		
2.5	Other (provide details if material)		
2.6	Net cash from/(used in) investing activities	-280	-611
3	Cash flows related to financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	0	11,643
3.2	Proceeds from issues of convertible debt securities		
3.3	Proceeds from exercise of options		
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-3	-756
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings		
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)	0	0
3.10	Net cash from/(used in) financing activities	-3	10,887
4	Net increase (decrease) in cash and cash equivalents for the period	-4,760	-569
4.1	Cash and cash equivalents at beginning of period	9,698	5,513
4.2	Net cash from/(used in) operating activities (Item 1.9 above)	-4,477	-10,845
4.3	Net cash from/(used in) investing activities (Item 2.6 above)	-280	-611
Consolidated statement of cash flows		Current quarter \$A'000	Year to date (10 months) \$A'000
4.4	Net cash from/(used in) financing activities (Item 3.10 above)	-3	10,887
4.5	Effect of movement in exchange rate on cash held	1	-5
4.6	Cash and cash equivalents at end of the quarter	4,939	4,939

5	Reconciliation of cash and cash equivalents	Current quarter	Previous quarter
	at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	\$A'000	\$A'000
5.1	Bank balances	4,939	9,698
5.2	Call deposits	0	0
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	4,939	9,698

6	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	250
6.2	Aggregate amount of payments to related parties and their associates included in item 2	
<i>Note: if any amounts are shown in 6.1 or 6.2 your quarterly report must a description and an explanation for, such payments</i>		
Payments of salary and fees to Executive and Non-executive Directors including the Managing Directors salary.		

7	Financing facilities	Total facility amount at quarter end	Amount drawn at quarter end
	<i>NOTE: The term "facility" included all forms of financing arrangements available to the entity</i>		
	<i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	\$A'000	\$A'000
7.1	Loan facilities		
7.2	Credit standby arrangements		
7.3	Other (please specify)		
7.4	Total financing facilities		
7.5	Unused financing facilities available at the quarter end		
7.6	Include below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

8	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (Item 1.9)	-4,477
8.2	Cash and cash equivalents at quarter end (Item 4.6)	4,939
8.3	Unused finance facilities available at quarter end (Item 7.5)	0
8.4	Total available funds (Item 8.2 + Item 8.3)	4,939
8.5	Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	1.1
	<i>Note: if the entity has reported positive net operating cashflows in item 1.9 answer item 8.5 as "N/A. Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5</i>	
8.6	If Item 8.5 is less than 2 quarters, please provide answers to the following questions:	
	8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flow for the time being and if not why not ?	
	<p><i>Answer:</i> No, the Company's cash reserves will increase with the expected customer mobilisation receipt of \$6.42M in May and the Company is also undertaking a capital raise of up to \$13.6M before fees.</p>	
	8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operation and , if so, what are those steps and how likely does it believe that they will be successful?	
	<p><i>Answer:</i> Yes, the Company is undertaking a capital raise of up to \$13.6M before fees to fund existing operations. The Board believes the raise is likely to be successful.</p>	
	8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and , if so , on what basis?	
	<p><i>Answer:</i> The Company believes that the large customer mobilisation receipt as well as the current capital raise and advanced discussions with various government bodies to support a manufacturing presence in Australia will enable the business to meet its current business objectives.</p>	
	<i>Note: where item 8.5 is less than 2 quarters, all questions 8.6.1, 8.6.2 and 8.6.3 above must be answered</i>	

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement does give a true and fair view of the matters disclosed.

Date: 30-Apr-24

Authorised by: The Audit and Risk Committee

Notes

- 1 This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
- 2 If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report
- 3 Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
- 4 If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [*name of board committee – eg Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
- 5 If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.