



ASX Announcement

26 February 2019

Redflow on growth trajectory after emerging from a two-year turnaround

Redflow Limited (ASX: RFX) today announces its results for the six months ending 31 December 2018 (1H19), during which the Company increased its manufacturing capacity, received initial orders of zinc-bromine batteries from new customers in target markets, and built up its sales pipeline to drive long-term commercial success.

The 1H19 results reflect Redflow's re-engagement with the market and re-emerging customer demand as it ramped up production from the Company-owned manufacturing facility in Thailand. Revenue was down 58% to \$0.5 million and the Company posted a loss after income tax of \$4.9 million (loss of \$3.9m in pcp).

Redflow CEO and Managing Director Tim Harris said: "The past six months were significant for Redflow as we re-engaged with the market after establishing our new in-house manufacturing capabilities in Thailand," he said. "As we ramped up production from our Thai factory, we've re-established relationships with our partners and end customers which have resulted in some exciting initial orders in target markets along with a number of other promising opportunities."

Redflow has established its Thai factory as a core capability during the past six months. Within 12 months of successfully making its first battery stack in Thailand, Redflow successfully produced 150 batteries during December 2018. As demand increases, the facility can rapidly expand to 250 batteries per month – which equates to production capacity of 30 MWh per annum. This stable production facility equips Redflow to confidently execute on a number of key engineering projects and incremental productivity improvements that will add yield and reduce the cost of manufacturing its zinc-bromine flow batteries by 30% by the end of 2019.

Sales momentum gained during 1H19

During the period Redflow increased orders across its key Telco, Commercial and Industrial and Residential verticals. In Telco, Optus selected Redflow's ZBM2 batteries for deployment at their Cape Tribulation site in the Daintree rainforest, ordering six batteries for a mobile phone tower at this environmentally sensitive location. In South Africa, an initial order for five batteries for remote mobile phone towers used by a leading South African telco was followed by a second order for 32 batteries.

In the Commercial & Industrial (C&I) sector in Australia, Redflow has seen demand driven by increasing adoption of solar and storage by organisations seeking to mitigate rising and volatile energy prices and support corporate carbon-pollution reduction programs. Redflow announced an order in November 2018 from Knox City Council in Melbourne for two childcare centres. The initial sale of 32 ZBM2 batteries, capable of storing 320 kilowatt-hours (kWh) of energy, has since grown to 360 kWh. This deployment showcases the ability of its batteries to meet energy storage needs and deliver clear sustainability benefits.

In Thailand, Redflow and its local partner TSUS have successfully deployed a 10-battery, 100kWh ZBM2 energy storage system that is providing power for an isolated village, showcasing the inherent advantages of flow batteries over traditional battery solutions in the global mini-grid market.



Mr Harris said Redflow's sales pipeline had grown considerably during 2018 from a low base. "We are very pleased with an important set of initial orders and our growing list of opportunities," he said. "We have established momentum which continues to build. A number of the orders received in 1H19 will be delivered and payments received in coming months, positioning us for a strong second half of the year."

Enhanced Board and management team to drive commercialisation

During the half, Redflow made several key Board and management appointments, in line with the Company's focus on manufacturing optimisation and commercialisation. After becoming CEO in March 2018, Tim Harris joined the Board as Managing Director in July 2018. Other senior appointments include Trudy Walsh as Chief Financial Officer. Ben Shepherd as Chief Commercial Officer and Tim MacTaggart in early 2019, as Chief Deployment Officer.

Technology expert and businessman John Lindsay joined the Board in September 2018 as Non-Executive Director, allowing Simon Hackett to transition from the Board to a newly create role as System Integration Architect. David Brant joined the Board in October 2018, bringing substantial strategic manufacturing expertise to the Board.

A Positive Outlook

Mr Harris said Redflow was optimistic about its prospects for this year. "Having invested in building up our in-house manufacturing capabilities, we have reached a point where we can confidently scale up capacity to meet demand from our customers," he said.

"We see opportunities to translate our initial orders in volume orders and deploy our solutions at scale across our target markets and end customers. Having made a number of important hires, we have an excellent management team in place to drive growth during the remainder of FY19 and beyond."

Redflow will hold a group investor conference call at 2:00pm AEDT today.

To pre-register for this conference and avoid a queue when calling, please follow the link below. You will be given a unique pin number to enter when you call which will bypass the operator and give you immediate access to the event.

<https://services.choruscall.com.au/diamondpass/RedFlow-877569-invite.html>.

If you are unable to register, then at the time of the conference you can call one of the numbers below and provide the conference ID 877569 to an operator:

- +61 2 9007 3187
- 1800 558 698

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About Redflow

Redflow Limited, a publicly-listed Australian company (ASX: RFX), produces small 10kWh zinc-bromine flow batteries that tolerate daily hard work in harsh conditions. Marketed as [ZCell](#) and [ZBM2](#), Redflow batteries are designed for high cycle-rate, long time-base stationary energy storage applications in the residential, commercial & industrial and telecommunications sectors, and are scalable from a single battery installation through to grid-scale deployments. Redflow batteries are sold, installed and maintained by an international network of energy system integrators. Redflow's smart, self-protecting batteries offer unique advantages including secure remote management, 100 per cent daily depth of discharge, tolerance of high ambient temperatures, a simple recycling path, no propensity for thermal runaway and sustained energy delivery throughout their operating life.