

**Redflow Limited**

ABN 49 130 227 271

**Appendix 4D and Interim Financial Report  
For the half-year ended 31 December 2020**

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## Appendix 4D

Name of Entity : Redflow Limited  
ABN : 49 130 227 271

Reporting Period : Half-year Ended 31 December 2020  
Previous Corresponding Period : Half-year Ended 31 December 2019

### Results for announcement to the market

Results		%		\$
Revenue from ordinary activities	down	70.0%	to	431,228
Loss from ordinary activities after tax attributable to members	down	24.4%	to	(2,949,454)
Net loss for the half-year attributable to members	down	23.4%	to	(2,983,668)
Dividends		-		-

The Directors do not recommend the payment of a dividend for the reporting period.

### Brief explanation of the figures reported above

Please refer to the review of operations on page 4.

### Net tangible assets per security

	31 December 2020	31 December 2019
Net tangible assets per security	\$0.010	\$0.014

### Other information

Additional information supporting the Appendix 4D disclosure requirements can be found in the Directors' Report and the consolidated financial report for the half-year ended 31 December 2020. The information should be read in conjunction with Redflow Limited's 2020 Annual Report and the attached Interim Financial Report. This report is based on the consolidated financial statements for the half-year ended 31 December 2020 which have been reviewed by PricewaterhouseCoopers.

### Audit report or review with modified opinion, emphasis of matter or other matter paragraph.

The Group's independent review report for the half-year ended 31 December 2020 contains an emphasis of matter paragraph 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 review report is included with the accompanying financial statements for the half-year ended 31 December 2020.

# Directors' report

For the half-year ended 31 December 2020

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Your Directors submit their report on the consolidated entity (referred to hereafter as the Group) consisting of Redflow Limited (the Company) and the entities it controlled for the half-year ended 31 December 2020.

## Directors

The following persons were Directors of Redflow Limited during the half-year and up to the date of this report:

Directors	Position	Date of Appointment	Date of Resignation
Brett Johnson	Chairman (Non-Executive)	27 September 2017	
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	

## Principle Activities

The principle activities of the Group consist of the development, manufacture and sale of its zinc-bromine flowing electrolyte battery module (ZBM).

## Review of operations

The first half of FY2021 has seen Redflow continue to make progress with its strategy, even with the ongoing travel restrictions due to the COVID-19 pandemic.

A number of achievements and milestones were achieved over the half-year period. These include:

- Redflow's largest 60 battery energy storage system orders for an off-grid agricultural site in WA;
- Orders on hand of 97 batteries at 31 December 2020 for expected delivery in H2FY21;
- Significantly progressed research and development initiatives:
  - Initial Gen 3 battery customer trial commenced in December 2020
  - Technical developments progressed to optimise pH levels and electrolyte composition;
- New Industrial Battery Housing (IBH) enclosure launched for use in industrial outdoor situations reducing effort of installation and commissioning;
- Development of new capability allowing Redflow batteries to work seamlessly alongside lead acid batteries in a single system;
- Successful capital raise of \$6.9M from an Entitlement Offer and shortfall placements;
- Receipt of \$1.65M R&D rebate; and
- Increasing recognition of the role of flow batteries in the future energy ecosystem.

As we have consistently noted, the relaunch of any major product takes time and there are no shortcuts to being a global technology leader in flow batteries. The COVID-19 pandemic and the inability to travel internationally has delayed some of the progress made prior to the pandemic in our export markets such as South Africa. During this period Redflow has pivoted to concentrate on our Gen 3 product and other potential opportunities as per our recent announcement of Redflow and Optus' resiliency initiative. The first half of the year has been working on the opportunities recently announced and setting up Redflow for the future.

The loss of the Group after income tax on a consolidated basis for the half-year ended 31 December 2020 was \$2,949,454 (2019: \$3,899,156).

The Group's independent auditor's report for the half-year ended 31 December 2020, contains an emphasis of matter paragraph 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 auditor's report is included with the accompanying financial statements for the half-year ended 31 December 2020.

# Directors' report

For the half-year ended 31 December 2020

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## Other developments

As we continue to execute on Redflow's long term growth strategy, we are developing our sales pipeline, maintaining production and executing on our projects to reduce the cost of our batteries. This will see the business continue to be cash-flow negative for some time. While we forecast that with continued prudent cost management and increase in sales, our cash burn will reduce, the business will need additional working capital this year. As noted in the 2020 AGM Chairman's address, Management and the Board continue to evaluate potential sources of working capital to support Redflow's long term growth strategy.

## 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 on page 6.

This report is made in accordance with a resolution of the Directors.



Brett Johnson  
Chairman  
Brisbane  
26 February 2021

# Auditor's independence declaration

For the half-year ended 31 December 2020

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## *Auditor's Independence Declaration*

As lead auditor for the review of Redflow Limited for the half-year ended 31 December 2020, 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 review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

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 'Steven Bosiljevac', with a long horizontal stroke extending to the right.

Steven Bosiljevac  
Partner  
PricewaterhouseCoopers

Brisbane  
26 February 2021

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# Consolidated statement of comprehensive income

For the half-year ended 31 December 2020

		<b>31 December</b>	<b>31 December</b>
	<i>Note</i>	<b>2020</b>	<b>2019</b>
		<b>\$</b>	<b>\$</b>
<b>Revenue from contracts with customers</b>	4	<b>431,228</b>	<b>1,436,544</b>
		<b>431,228</b>	<b>1,436,544</b>
<b>Other income</b>	5	<b>2,445,401</b>	<b>2,104,797</b>
<b>Expenses</b>			
Raw materials and consumables used		<b>(1,641,868)</b>	<b>(2,694,850)</b>
Other expenses from ordinary activities:			
Administrative expenses		<b>(268,854)</b>	<b>(283,407)</b>
Depreciation and amortisation	6	<b>(308,786)</b>	<b>(441,203)</b>
Interest and finance expense		<b>(4,364)</b>	<b>(4,223)</b>
Business development		<b>(39,332)</b>	<b>(177,805)</b>
Travel and accommodation expense		<b>(25,723)</b>	<b>(207,100)</b>
Professional fees		<b>(515,295)</b>	<b>(358,225)</b>
Payroll expenses		<b>(2,949,105)</b>	<b>(2,979,715)</b>
Impairment for credit loss		<b>61,191</b>	<b>(17,250)</b>
Other expenses		<b>(116,638)</b>	<b>(232,434)</b>
<b>Loss before income tax</b>		<b>(2,932,145)</b>	<b>(3,854,871)</b>
Income tax expense		<b>(17,309)</b>	<b>(44,285)</b>
<b>Loss for the half-year</b>		<b>(2,949,454)</b>	<b>(3,899,156)</b>
<b>Other comprehensive income/(loss) for the half-year</b>		<b>(34,214)</b>	<b>3,828</b>
<b>Total comprehensive loss for the half-year</b>		<b>(2,983,668)</b>	<b>(3,895,328)</b>
<b>Earnings per share for loss from continuing operations attributable to the ordinary equity holders of the Group:</b>		<b>Cents</b>	<b>Cents</b>
Basic earnings per share	17	<b>(0.26)</b>	<b>(0.43)</b>
Diluted earnings per share	17	<b>(0.26)</b>	<b>(0.43)</b>

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

# Consolidated balance sheet

As at 31 December 2020

	Note	31 December 2020 \$	30 June 2020 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	8	8,683,596	3,390,203
Trade and other receivables	9	39,600	135,277
Inventories	10	4,787,367	5,603,817
Other current assets		400,652	377,381
<b>Total current assets</b>		<b>13,911,215</b>	<b>9,506,678</b>
<b>Non-current assets</b>			
Property, plant and equipment	11	687,638	766,860
Intangible assets	12	586,607	630,448
Right of use assets		165,329	76,019
<b>Total non-current assets</b>		<b>1,439,574</b>	<b>1,473,327</b>
<b>TOTAL ASSETS</b>		<b>15,350,789</b>	<b>10,980,005</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables		520,073	492,098
Lease liabilities		165,398	76,241
Other current liabilities		573,532	417,664
Provisions	13	1,523,920	1,456,393
<b>Total current liabilities</b>		<b>2,782,923</b>	<b>2,442,396</b>
<b>Non-current liabilities</b>			
Provisions	13	85,787	65,017
<b>Total non-current liabilities</b>		<b>85,787</b>	<b>65,017</b>
<b>TOTAL LIABILITIES</b>		<b>2,868,710</b>	<b>2,507,413</b>
<b>NET ASSETS</b>		<b>12,482,079</b>	<b>8,472,592</b>
<b>EQUITY</b>			
Contributed equity	14	126,533,694	119,670,345
Reserves		4,314,235	4,218,643
Accumulated losses		(118,365,850)	(115,416,396)
<b>TOTAL EQUITY</b>		<b>12,482,079</b>	<b>8,472,592</b>

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

# Consolidated statement of changes in equity

For the half-year ended 31 December 2020

Note	Attributable to owners of Redflow Limited			
	Contributed equity	Reserves	Accumulated losses	Total
	\$	\$	\$	\$
<b>Balance at 1 July 2020</b>	<b>119,670,345</b>	<b>4,218,643</b>	<b>(115,416,396)</b>	<b>8,472,592</b>
Loss for the half-year	-	-	(2,949,454)	(2,949,454)
Other comprehensive loss	-	(34,214)	-	(34,214)
<b>Total comprehensive loss for the half-year</b>	<b>-</b>	<b>(34,214)</b>	<b>(2,949,454)</b>	<b>(2,983,668)</b>
<b>Transactions with owners in their capacity as owners:</b>				
Contributions of equity, net of transaction costs	6,674,166	-	-	6,674,166
Employee share options - value of employee services	-	215,204	-	215,204
Shares issued to employees	189,183	(189,183)	-	-
Share options issued to external parties	-	103,785	-	103,785
	<b>6,863,349</b>	<b>129,806</b>	<b>-</b>	<b>6,993,155</b>
<b>Balance at 31 December 2020</b>	<b>126,533,694</b>	<b>4,314,235</b>	<b>(118,365,850)</b>	<b>12,482,079</b>
Balance at 1 July 2019	119,586,245	3,410,002	(105,398,707)	17,597,540
Loss for the half-year	-	-	(3,899,156)	(3,899,156)
Other comprehensive income	-	3,828	-	3,828
Total comprehensive loss for the half-year	-	3,828	(3,899,156)	(3,895,328)
<b>Transactions with owners in their capacity as owners:</b>				
Contributions of equity, net of transaction costs	37,892	-	-	37,892
Employee share options - value of employee services	-	61,044	-	61,044
	<b>37,892</b>	<b>61,044</b>	<b>-</b>	<b>98,936</b>
Balance at 31 December 2019	<b>119,624,137</b>	<b>3,474,874</b>	<b>(109,297,863)</b>	<b>13,801,148</b>

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

# Consolidated statement of cash flows

For the half-year ended 31 December 2020

	31 December 2020	31 December 2019
	\$	\$
<b>Cash flows from operating activities</b>		
Receipts from customers (inclusive of goods and services tax)	615,459	1,390,390
Payments to suppliers and employees (inclusive of goods and services tax)	(4,210,149)	(6,898,404)
Grants/R&D tax incentive received	2,498,644	40,000
Interest received	3,644	48,951
Interest and bank charges paid	(4,364)	(4,223)
Income tax paid	(20,391)	(36,370)
<b>Net cash (outflow) from operating activities</b>	<b>(1,117,157)</b>	<b>(5,459,656)</b>
<b>Cash flows from investing activities</b>		
Payment for property, plant and equipment (inclusive of goods and services tax)	(69,754)	(111,023)
Purchase of intangible assets (inclusive of goods and services tax)	(98,564)	(123,867)
Proceeds from sale of property, plant and equipment (inclusive of goods and services tax)	29,248	-
<b>Net cash (outflow) from investing activities</b>	<b>(139,070)</b>	<b>(234,890)</b>
<b>Cash flows from financing activities</b>		
Proceeds from capital raising	6,919,001	-
Transaction costs from capital raising (inclusive of goods and services tax)	(269,319)	(66,154)
Principal elements of lease payments	(87,344)	(93,414)
<b>Net cash inflow / (outflow) from financing activities</b>	<b>6,562,338</b>	<b>(159,568)</b>
Net increase / (decrease) in cash and cash equivalents	5,306,111	(5,854,114)
Effects of currency translation on cash and cash equivalents	(12,718)	(25,281)
Cash and cash equivalents at beginning of half-year	3,390,203	10,902,466
<b>Cash and cash equivalents at end of half-year</b>	<b>8,683,596</b>	<b>5,023,071</b>

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

# Notes to the consolidated financial statements

For the half-year ended 31 December 2020

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## 1 CORPORATE INFORMATION

The financial report of Redflow Limited (the "Company") and its controlled entities (the "Group") for the half-year ended 31 December 2020 was authorised for issue in accordance with a resolution of the Directors on 26 February 2021.

Redflow Limited is a company limited by shares incorporated and domiciled in Australia.

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

## 2 BASIS OF PREPARATION

This general purpose condensed consolidated financial report for the half-year ended 31 December 2020 has been prepared in accordance with AASB 134 Interim Financial Reporting and the *Corporations Act 2001*.

The half-year financial report does not include all notes of the type normally included within the annual financial report.

Accordingly, this financial report is to be read in conjunction with the annual report for the year ended 30 June 2020 and any public announcements made by Redflow Limited during the interim reporting period in accordance with the continuous disclosure obligations of the ASX listing rules.

The accounting policies adopted are consistent with those of the previous financial year ended 30 June 2020 and corresponding interim financial reporting period. Comparative information has been reclassified only where it will enhance comparability. For example, on the Consolidated statement of comprehensive income the Group has decided to change the classification of its expenses and other comprehensive income to a classification by nature. Directors believe that this will provide more relevant information to our stakeholders as it is more in line with common practice in the industries the Group is operating in. The comparative information has been reclassified accordingly.

### (a) Going concern

The Group made an operating loss after income tax of \$2,949,454 (2019: \$3,899,156) and an operating cash outflow of \$1,117,157 (2019: \$5,459,656) for the half-year ended 31 December 2020. Cash held at bank as at 31 December 2020 was \$8,683,596 (30 June 2020: \$3,390,203).

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 sales and interest. Nevertheless, the ability to fund development, production and marketing of the Group's products is dependent upon its ability to transition to a positive cash flow from operations and raising further funding from existing and new investors as well as other governmental incentive and grant programs where available and applicable.

The following events and strategies have occurred or have been initiated by the Directors to secure the Group's going concern status during the 2021 financial year and for at least the 12 months after the date of the Directors' declaration:

- The recent announcement of Redflow's partnership with Optus to supply batteries for the Federal Government's Mobile Network Hardening Program;
- In support of Redflow's ongoing cost down project, continuing the development of the Gen 3 Battery with production anticipated to commence in the first half of FY22;
- Undertake activities to source additional funding, including:
  - Ongoing discussions with EFIC to obtain working capital funding for export orders;
  - Engagement with individuals, suppliers, collaboration partners, investors and other sources of potential investment; and
- Continuing cost saving activities including management of discretionary spend, headcount management, where prudent optimisation of capital spend.

# Notes to the consolidated financial statements

For the half-year ended 31 December 2020

## 2 BASIS OF PREPARATION (continued)

The Group has a track record over the last decade of successfully raising equity and grant funding to finance product development and operations. However, due to the funding sources referred to above being uncommitted at the date of this report, there remains a material uncertainty which may cast significant doubt over whether the Group can continue as a going concern and, therefore, may be unable to realise its assets and discharge its liabilities in the normal course of business at the amounts stated in the financial report.

The Directors believe that the Group will be successful in the above matters. In addition, the Directors believe Redflow will be able to raise additional equity or export finance and, accordingly, have prepared this interim 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 interim financial report as at 31 December 2020.

Accordingly, no adjustments have been made to the interim 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.

## 3 SEGMENT REPORTING

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. 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 one customer for the half-year period amounted to just over 45% of the total sales revenue with the balance split amongst six main customers.

## 4 REVENUE FROM CONTRACTS WITH CUSTOMERS

	<b>31 December 2020</b>	<b>31 December 2019</b>
	<b>\$</b>	<b>\$</b>
<b>From continuing operations</b>		
<i>Revenue from contracts with customers</i>		
Sale of goods - at a point in time	<b>431,228</b>	1,436,544
	<b>431,228</b>	1,436,544

## 5 OTHER INCOME

	<b>31 December 2020</b>	<b>31 December 2019</b>
	<b>\$</b>	<b>\$</b>
Interest	<b>3,644</b>	49,943
R&D tax incentive	<b>1,649,644</b>	2,014,854
EMDG grant	<b>100,000</b>	40,000
JobKeeper wage subsidy	<b>669,450</b>	-
Net gain on disposal of property, plant and equipment	<b>22,663</b>	-
Total other income	<b>2,445,401</b>	2,104,797

# Notes to the consolidated financial statements

For the half-year ended 31 December 2020

## 6 DEPRECIATION AND AMORTISATION

	31 December 2020 \$	31 December 2019 \$
<b>Loss before income tax includes the following specific expenses:</b>		
<i>Depreciation and amortisation</i>		
Depreciation	218,237	351,409
Amortisation	90,549	89,794
Total depreciation and amortisation	<b>308,786</b>	441,203

## 7 FINANCIAL ASSETS AND LIABILITIES

	31 December 2020 \$	30 June 2020 \$
<b>Financial assets at amortised cost</b>		
Trade receivables	39,600	135,277
Other receivables	400,652	377,381
Cash and cash equivalents	8,683,596	3,390,203
	<b>9,123,848</b>	3,902,861
<b>Financial liabilities at amortised cost</b>		
Trade and other payables	520,073	492,098
<b>Lease liabilities</b>	165,398	76,241
	<b>685,471</b>	568,339

## 8 CASH AND CASH EQUIVALENTS

	31 December 2020 \$	30 June 2020 \$
Cash and cash equivalents	8,683,596	3,390,203
	<b>8,683,596</b>	3,390,203

## 9 CURRENT TRADE AND OTHER RECEIVABLES

	31 December 2020 \$	30 June 2020 \$
Outstanding invoices	723,017	300,651
Less invoicing in advance of revenue	(683,417)	(78,374)
Expected credit loss	-	(87,000)
Trade receivables	<b>39,600</b>	135,277

# Notes to the consolidated financial statements

For the half-year ended 31 December 2020

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## 10 INVENTORIES

	<b>31 December 2020</b>	<b>30 June 2020</b>
	<b>\$</b>	<b>\$</b>
<i>At cost</i>		
Raw Materials	<b>4,288,679</b>	4,395,839
Provision for impairment	<b>(947,740)</b>	(919,879)
<i>At realisable value</i>		
Finished goods	<b>1,446,428</b>	2,767,021
Impairment	<b>-</b>	(639,164)
	<b>4,787,367</b>	5,603,817

The increase in the provision for impairment for raw materials amounted to \$27,861. This was recognised as an expense during the half-year ended 31 December 2020 and included in 'raw materials and consumables used'.

# Notes to the consolidated financial statements

For the half-year ended 31 December 2020

## 11 PROPERTY, PLANT AND EQUIPMENT

	<b>31 December 2020</b>	<b>30 June 2020</b>
	<b>\$</b>	<b>\$</b>
<i>Plant and equipment</i>		
At cost	<b>4,765,834</b>	4,783,020
Accumulated depreciation	<b>(4,102,553)</b>	(4,043,245)
Net carrying amount	<b>663,281</b>	739,775
<i>Leasehold improvements</i>		
At cost	<b>611,685</b>	611,685
Accumulated depreciation	<b>(587,328)</b>	(584,600)
Net carrying amount	<b>24,357</b>	27,085
<i>Total property, plant and equipment</i>		
At cost	<b>5,377,519</b>	5,394,705
Accumulated depreciation	<b>(4,689,881)</b>	(4,627,845)
Net carrying amount	<b>687,638</b>	766,860

### Reconciliation of carrying amount at beginning and end of the period

<i>Plant and equipment</i>		
Carrying amount - opening	<b>739,775</b>	1,056,025
Additions	<b>74,562</b>	179,554
Disposal	<b>(3,949)</b>	-
Depreciation charge	<b>(127,838)</b>	(504,974)
Foreign exchange movement	<b>(19,269)</b>	9,170
Carrying amount - closing	<b>663,281</b>	739,775
<i>Leasehold improvements</i>		
Carrying amount - opening	<b>27,085</b>	33,656
Depreciation charge	<b>(2,728)</b>	(6,571)
Carrying amount - closing	<b>24,357</b>	27,085
<i>Total Property, plant and equipment</i>		
Carrying amount - opening	<b>766,860</b>	1,089,681
Additions	<b>74,562</b>	179,554
Disposal	<b>(3,949)</b>	-
Depreciation charge	<b>(130,566)</b>	(511,545)
Foreign exchange movement	<b>(19,269)</b>	9,170
Carrying amount - closing	<b>687,638</b>	766,860

# Notes to the consolidated financial statements

For the half-year ended 31 December 2020

## 12 INTANGIBLE ASSETS

	<i>31 December</i> <i>2020</i> \$	<i>30 June</i> <i>2020</i> \$
<i>Patents, trademarks and designs</i>		
Cost (gross carrying amount)	<b>1,654,933</b>	1,608,225
Accumulated amortisation	<b>(1,068,326)</b>	(977,777)
Net carrying amount	<b>586,607</b>	630,448
<i>Capitalised lease surrender</i>		
Cost (gross carrying amount)	<b>163,350</b>	163,350
Accumulated amortisation and impairment	<b>(163,350)</b>	(163,350)
Net carrying amount	-	-
<i>Software</i>		
Cost (gross carrying amount)	<b>161,786</b>	161,786
Accumulated amortisation	<b>(161,786)</b>	(161,786)
Net carrying amount	-	-
<i>Total intangible assets</i>		
Cost (gross carrying amount)	<b>1,980,069</b>	1,933,361
Accumulated amortisation and impairment	<b>(1,393,462)</b>	(1,302,913)
Net carrying amount	<b>586,607</b>	630,448

### Reconciliation of carrying amount at beginning and end of the period

<i>Patents, trademarks and designs</i>		
Carrying amount - opening	<b>630,448</b>	593,943
Additions	<b>46,708</b>	212,501
Amortisation charge	<b>(90,549)</b>	(175,996)
Carrying amount - closing	<b>586,607</b>	630,448
<i>Software</i>		
Carrying amount - opening	-	12,666
Amortisation charge	-	(12,666)
Carrying amount - closing	-	-
<i>Total intangible assets</i>		
Carrying amount - opening	<b>630,448</b>	606,609
Additions	<b>46,708</b>	212,501
Amortisation charge	<b>(90,549)</b>	(188,662)
Carrying amount - closing	<b>586,607</b>	630,448

# Notes to the consolidated financial statements

For the half-year ended 31 December 2020

## 13 PROVISIONS

	31 December 2020	30 June 2020
	\$	\$
<b>Current</b>		
Annual leave	295,179	269,959
Warranty claims	1,055,054	1,031,770
Long service leave	173,687	154,664
	<b>1,523,920</b>	<b>1,456,393</b>
<b>Non-current</b>		
Long service leave	85,787	65,017
	<b>85,787</b>	<b>65,017</b>

## 14 CONTRIBUTED EQUITY

	31 December 2020	30 June 2020	31 December 2020	30 June 2020
	Shares	Shares	\$	\$
<b>(a) Share capital</b>				
Ordinary shares				
Fully paid	1,200,656,666	916,313,294	126,533,694	119,670,345
	<b>1,200,656,666</b>	<b>916,313,294</b>	<b>126,533,694</b>	<b>119,670,345</b>

### (b) Movements in ordinary share capital:

Date	Details	No. of shares	Issue price	\$
1-Jul-20	Opening balance	916,313,294		119,670,345
31-Jul-20	Issue of ordinary shares (i)	195,960,036	\$0.025	4,899,001
11-Aug-20	Issue of ordinary shares (ii)	16,600,000	\$0.025	415,000
12-Aug-20	Issue of ordinary shares (iii)	6,583,336	\$0.025	164,583
31-Aug-20	Issue of ordinary shares (iv)	1,000,000	\$0.025	24,600
23-Oct-20	Issue of ordinary shares (v)	64,200,000	\$0.025	1,605,000
	Less: transaction costs arising on share issue (vi)			(244,835)
31-Dec-20	Balance	1,200,656,666		126,533,694

- (i) On 31 July 2020, Redflow Limited issued 195,960,036 shares by way of a 1 for 1 rights issue to eligible shareholders.
- (ii) On 11 August 2020, Redflow Limited issued 16,600,000 ordinary shares to existing and new sophisticated investors via entitlement offer (shortfall placement).
- (iii) On 12 August 2020, Redflow Limited issued 6,583,336 shares upon vesting of performance rights issued to employees as a long term incentive.
- (iv) On 31 August 2020, Redflow Limited issued 1,000,000 shares upon vesting of performance rights issued to employees as a long term incentive.
- (v) On 23 October 2020, Redflow Limited issued 64,200,000 ordinary shares to existing and new sophisticated investors via entitlement offer (shortfall placement).
- (vi) Transaction costs were associated with the capital raising in July 2020.

# Notes to the consolidated financial statements

For the half-year ended 31 December 2020

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## 14 CONTRIBUTED EQUITY (continued)

### (c) Ordinary Shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on 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.

### (d) Capital Management

The Group's objectives when managing capital are to safeguard their 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.

## 15 CONTINGENCIES

The Group had no contingent liabilities at 31 December 2020 (30 June 2020: \$nil).

## 16 COMMITMENTS

The Group had \$54,797 additional commitments at 31 December 2020 (30 June 2020: \$1,229) in committed capital for Plant & Equipment purchases.

# Notes to the consolidated financial statements

For the half-year ended 31 December 2020

## 17 EARNINGS PER SHARE

	<b>31 December 2020 Cents</b>	<b>31 December 2019 Cents</b>
<b>(a) Basic and dilutive earnings per share</b>		
Total basic and dilutive earnings per share attributable to the ordinary equity holders of the Group		
From continuing operations	<b>(0.26)</b>	<b>(0.43)</b>
<b>(b) Reconciliation of earnings used in calculating earnings per share</b>		
	<b>31 December 2020 \$</b>	<b>31 December 2019 \$</b>
<i>Basic and dilutive earnings per share</i>		
Loss attributable to the ordinary equity holders of the Group used in calculating earnings per share:-		
From continuing operations	<b>(2,949,454)</b>	<b>(3,899,156)</b>
<b>(c) Weighted average number of shares used as the denominator</b>		
	<b>31 December 2020 Number</b>	<b>31 December 2019 Number</b>
<i>Basic and dilutive earnings per share</i>		
Weighted average number of ordinary shares used as the denominator in calculating earnings per share	<b>1,122,975,239</b>	<b>914,489,705</b>

For half-year ended 31 December 2020, options granted to employees and external parties 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. Options issued have not been included in the determination of basic earnings per share.

## 18 EVENTS AFTER BALANCE DATE

Subsequent to the balance date, the following event has occurred:

- Announcement of Redflow and Optus' Resiliency Initiative, a part of the Australian Federal Government Mobile Network Hardening Program.

Except for the event listed above, there has been no other matter or circumstance after balance date not otherwise dealt with in the interim financial report that has significantly affected the Group.

## 19 RELATED PARTY TRANSACTIONS

The following transactions occurred with related parties.

	<b>31 December 2020 \$</b>	<b>31 December 2019 \$</b>
Payroll expenses paid to related party employees	-	28,000

# Directors' declaration

For the half-year ended 31 December 2020

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In the Directors' opinion:

- (a) the financial statements and notes set out on pages 7 to 19 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 consolidated entity's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
- (b) there are reasonable grounds to believe that Redflow Limited will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.

Brett Johnson  
Chairman



Brisbane  
Date 26 February 2021

# Independent auditor's review report to the members

For the half-year ended 31 December 2020

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## Independent auditor's review report to the members of Redflow Limited

### *Report on the half-year financial report*

#### *Conclusion*

We have reviewed the half-year financial report of Redflow Limited (the Company) and the entities it controlled during the half-year (together the Group), which comprises the consolidated balance sheet as at 31 December 2020, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, significant accounting policies and explanatory notes and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Redflow Limited does not comply with the *Corporations Act 2001* including:

1. giving a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the half-year ended on that date;
2. complying with Accounting Standard AASB 134 Interim Financial Reporting and the *Corporations Regulations 2001*.

#### *Basis for conclusion*

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report.

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

#### *Material uncertainty related to going concern*

We draw attention to Note 2(a) in the half-year financial report, which indicates that the Group incurred an operating loss after income tax of \$2,983,668 during the half-year ended 31 December 2020 and an operating cash outflow from operating activities of \$1,117,157 and highlights that the ability to fund development, production and marketing of the Group's products is dependent on its ability to generate positive cash flow from operations and raise funding from investors and government incentive programs. These conditions, along with other matters set forth in Note 2(a), indicate that a material uncertainty exists that may cast significant doubt about the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

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# Independent auditor's review report to the members

For the half-year ended 31 December 2020

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## *Directors' responsibility for the half-year financial report*

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

## *Auditor's responsibility for the review of the half-year financial report*

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

*PricewaterhouseCoopers*

PricewaterhouseCoopers

A handwritten signature in black ink, appearing to read 'Steven Bosiljevac', with a long horizontal stroke extending to the right.

Steven Bosiljevac  
Partner

Brisbane  
26 February 2021