Redflow Limited

ABN 49 130 227 271

Appendix 4E and Financial Report

For the year ended 30 June 2021

APPENDIX 4E

ASX Preliminary Financial Report

Name of Entity:	Redflow Limited
ABN:	49 130 227 271
Reporting period:	year ended 30 June 2021
Previous corresponding period:	year ended 30 June 2020

Results for announcement to the market

Results		**%**		**$**
Revenue from ordinary activities	up	**14%**	to	**2,230,106**
Other income	up	**3%**	to	**2,685,709**
Loss from ordinary activities after tax attributable to members	down	**5%**	**to**	**(9,545,162)**
Net loss for the year attributable to members	down	**4%**	**to**	**(9,594,990)**

Dividend Information

The directors do not recommend the payment of a dividend for the reporting year.

Net tangible assets per security	***30 June 2021***	*30 June 2020*
Net tangible asset per security	$0.005	$0.009

Commentary on results for the period

Refer to the consolidated financial statements, and Directors' Report to the market with this Appendix 4E Preliminary Final Report for detailed explanation and commentary on results.

Compliance Statement

Other information requiring disclosure to comply with Listing Rule 4.3A is contained in and should be read in conjunction with the notes to the consolidated financial statements and the Directors' Report for the year ended 30 June 2021.

This report is based on the consolidated financial statements for the year ended 30 June 2021 which have been audited by PricewaterhouseCoopers with the Independent Auditor's Report included in the 2021 Annual Financial Report. The independent audit report for Redflow Limited and its controlled entities (the Group) for the year ended 30 June 2021 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 2021.

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Board of Directors

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

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

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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 12, 225 George Street
Sydney, NSW, 2000

Message from the Chairman and CEO

Dear Shareholders,

We are pleased to present Redflow's full year results for the 2021 financial year (FY2021).

During the year Redflow achieved a number of important milestones that have demonstrated ongoing commercial progress. We experienced a significantly increased level of customer interest in our unique zinc bromine flow battery technology and our ability to support large scale deployments, including MWh projects. At the same time, market recognition of the need for medium to longer storage duration and the role of flow batteries in the energy ecosystem has materially increased.

As we executed on our strategic priorities, key achievements included:

- Delivering FY2021 sales of $2.23 million, up 14%, despite the impact of COVID-19 on sales conversion opportunities and delivery of orders;

- A confirmed order backlog of 176 batteries as at 30 June 2021;

- Signing our largest single global battery sale to Anaergia for 192 batteries to support two megawatt hours (MWh) of energy storage in California. The Project is valued at US$1.2 million (excluding taxes) and includes our new Energy Pod Z – a core multi battery module for large scale systems;

- Identifying a strong market opportunity in the US, with interest levels substantially growing following Redflow's 2 MWh project announcement;

- Partnering with Optus to use Redflow batteries in at least 56 black spot sites as part of the Australian Government's Mobile Network Hardening Program, with an initial 40 batteries delivered to Optus integrator EnerSys at the end of June 2021. Further battery orders to complete the battery systems across the 56 sites are expected in the coming months;

- A steady and growing business in Australia through integration partners, including recent participation in the NSW Government Department of Primary Industry Energy Efficiency Solutions project;

- Announcing a collaboration with TRUMPF, a leading European high-tech company with more than A$5 billion in revenues, to deliver scalable high-voltage grid-level energy storage deployments, including the 2 MWh Anaergia project in California;

- Successfully progressing Gen3 development, with customer trials commencing from December 2020;

- Undertaking significant work on analysing additional cost down and productivity potential with the introduction of Gen3, including planning for automation in target manufacturing processes and establishing volume commercial frameworks for key components and materials;

- Progressing key engineering enhancements, including the development of Industrial Battery Housing units and the ability to work with existing lead acid systems for the Optus roll out; and

- Effectively managing costs throughout the COVID period, including moderation of production and reduced corporate costs.

We are pleased to have generated significant interest from potential customers, following the announcement of the 2 MWh sale with Anaergia in California, and we are now engaged across a number of promising sales opportunities in the US which represents the largest energy storage market in the world.

Further to this, Redflow was named in an RFI issued by a large listed US corporate as an approved supplier of flow batteries on a preliminary basis and if we are ultimately selected, the proposed scope of work has the potential to be material for Redflow. In August 2021, Redflow announced it is partnering with FUND4SE, a Singapore based VC fund focused on disruptive sustainability and energy-efficient technologies, to assist the Company to progress this RFI opportunity to achieve material orders. The partnership includes a first tranche where FUND4SE invests an immediate $500,000 on the same terms set out in Redflow's prospectus dated 24 June 2021, and the ability to invest in two further tranches at an agreed price on the basis of achieving minimum levels of orders over a defined period. All tranches are subject to Redflow shareholder approval which will be sought at the Company's annual general meeting in October 2021.

Importantly, we continued to grow our deployment footprint, which provide reference points which we are leveraging to win further projects. As of July 2021, we now have more than 140 active deployments globally, which we believe is one of the largest total deployments of any flow battery company.

After successfully navigating the COVID situation in 2020 and early 2021, our Thailand manufacturing facility has been impacted in recent months by the deteriorating situation in the Chon Buri region. A small number of our staff have contracted COVID-19 and we have also experienced some delays in local supply of essential materials and required machinery servicing. We are making all suitable precautions to properly ensure the health and safety of our staff and also ensuring the facility can continue to manufacture batteries. When combined with current travel restrictions from Australia, this has had a limited impact on current battery production, and we now expect to introduce Gen3 into the production environment by the end of the Financial Year 2022.

We remain confident that Thailand presents the optimal manufacturing location and platform for our current growth plans. To support this strategy and navigate the uncertain environment due to COVID we plan to develop additional capabilities in Brisbane to ensure key Gen3 processes and selected investments in automation can be validated and easily introduced into the Thailand facility.

The nearly $16 million raised from the placement and Entitlement Offer (with $0.5 million subject to shareholder approval), ensures we are in a very strong position to execute on the significant growth opportunities we see ahead.

We are excited around our current pipeline of opportunities and remain highly optimistic about our potential to grow in key global markets over the long-term our role in the global energy storage eco-system.

We would like to thank our talented team for the effort and commitment they have shown over the past 12 months. In addition, we would like to thank our shareholders for their ongoing support and look forward to keeping investors updated on our achievements during FY2022.

Yours sincerely,

Brett Johnson Chairman	Tim Harris CEO and Managing Director

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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 at the end of, or during, the year ended 30 June 2021.

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

Directors	Position	Date of Appointment
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

Principal activities
The principal activity of the Group consists of the development, manufacture and sale 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 (2020: nil).

Issue of shares
During the year, issued capital increased by $7,102,643 (from $119,670,345 to $126,772,988). A total of 305,047,182 ordinary shares were issued during the year. Details of the changes in issued capital are disclosed in Note 21 of the financial statements.

Review of operations and financial position
The loss of the Group after income tax on a consolidated basis for the financial year ended 30 June 2021 was $9,545,162 (2020: $10,017,689). The FY2021 loss was mainly attributable to the following factors:

- The immediate expensing of a portion of the overheads at the Thailand facility with moderated production levels due to the impact of the COVID-19 pandemic ($980,848);
- Recognition of the total expected loss of $454,647 (including exchange rate impacts) on the reference 2 MWh Anaergia project, which is enabling entry into the Californian and US energy storage market;
- Ongoing product development costs, including Industrial battery Housing Unit, ongoing Gen3 development and the Energy Pod Z which will be the core Redflow building block for large systems;
- Fair value expense of $550,000 in relation to the share placement agreement with New Technology Capital Group LLC (non-cash impacting);
- Increase in payroll costs largely due to share based payment expense as a result of the long-term incentive plans for Executives and selected Senior Management (non-cash impacting); and
- Continued spend on research and development offset by receipt of R&D tax incentive received of $1,649,644.

Despite the challenges and uncertainty of the ongoing COVID-19 pandemic, the Company executed on key elements of its strategy. Milestones achieved include:

- Total Revenue from Contracts with Customers of $2.2 million for FY2021, a 14% increase from FY2020;
- A confirmed order backlog of 176 batteries as at 30 June 2021;
- Signing our largest single global battery sale to Anaergia for 192 batteries to support two megawatt hours (MWh) of energy storage in California. The Project is valued at US$1.2 million (excluding taxes) and includes our new Energy Pod Z – a core multi battery module for large scale systems;
- Identifying a strong market opportunity in the US, with interest levels substantially growing following Redflow's 2 MWh project announcement;
- Partnering with Optus to use Redflow batteries in at least 56 black spot sites as part of the Australian Government's Mobile Network Hardening Program; and
- Ongoing development of the Gen3 battery, including commencement of customer trials in December 2020.

Throughout FY2021, Redflow continued to manage costs prudently and access eligible Australian state and federal government support programs. This included JobKeeper payments and Payroll Tax Relief. Other measures taken included material pay cuts for Redflow Executives, and reduced fees for the Chairman and Non-Executive Directors for a significant portion of FY2021.

In July and August 2021 Redflow raised a total of $15.8 million in capital on the completion of a Placement with an institutional investor and an entitlement offer of 1 for 4 at 5.9 cents with a 1 for 1 attaching option at 10 cents exercisable within 12 months.

This capital injection will allow Redflow to execute further on its growth strategy, including the US energy storage market.

The Group's independent auditor's report for the year ended 30 June 2021 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 2021.

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 Annual Report.

Significant changes in the state of affairs
Significant changes in the state of affairs of the Company during the 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:

- On 23 July 2021, an Entitlement Offer closed with applications totalling $9.7 million raised from shareholders;
- On 25 August 2021, Redflow announced an additional $1.1 million shortfall placement with the total funds now raised $15.8 million (before costs);
- Entered an agreement with Fund4SE, a Singapore based ESG fund for additional investment subject to their support to secure MWh scale orders.

No other matter or circumstance has arisen since 30 June 2021 that has significantly affected the Group's operations, results or state of affairs, or may do so in future years.

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 and convert existing and new sales opportunities:** Deliver order backlog of 176 batteries, deliver on key customer projects including Anaergia and convert existing pipeline into orders and revenue;
- **Expand Sales and Business Development Activity:** Hire new sales and business development resources and market facing activity – focus on Australian and US markets;
- **Launch Gen3 & Energy PodZ for Large Scale Deployments:** Introduce Gen3 into production by end FY2022. Implement Energy Pod Z for large scale system deployments at volume;
- **Grow US Presence:** Expand partner ecosystem and market profile. Commence US Nationally Recognized Testing Laboratory (NRTL) certification, bankability, US based independent testing;
- **Expand Manufacturing Capability and Capacity:** Support Thailand facility, operations and introduction of Gen3 with additional expanded Australia capabilities. Explore opportunities for US localisation (demand dependent);
- **Extend Technology Leadership:** Focus on driving increased operational performance and cost. 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 our battery technology into specific markets; and
- **Ongoing Management of COVID-19:** Continue to focus on effective cost management and ensure all Redflow's employees remain safe and engaged.

Redflow expects to receive a research and development tax cash credit for FY2021 during the course of the next 12 months.

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*.

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 this entire period unless otherwise stated.

Brett Johnson LLB — Independent Non-Executive Chairman

Experience and Expertise
Brett Johnson has more than 15 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 is currently the Chairman of Cashrewards Limited. 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:-	Cashrewards Limited (Chair) Allotrac Limited Advisory Board (Chair)
Special Responsibilities:-	Chair of the Board & Member of the Audit & Risk Committee

Timothy Harris BA, LLB, MBA — 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 to CEO on 27 March 2018 and Managing Director on 2 July 2018.

Special Responsibilities:-	CEO

David Brant BEng, PgDBA, FAICD — 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 Nillumbik Community Health Services Ltd

David Knox BSc, MBA, FIEAust, FTSE, GAICD — Independent Non-Executive Director

Experience and Expertise

David Knox is an experienced executive in the energy sector, most notably as Chair of Snowy Hydro since January 2020 and MD & CEO of Santos Limited from 2008 to 2015. He was previously MD for BP Developments in Australasia from 2003 to 2007 and has held management and engineering positions at BP, ARCO and Shell in the USA, Australia, Netherlands, United Kingdom, Pakistan and Norway. He was previously MD & CEO of Australian Naval Infrastructure stepping down in April 2020 on completion of the construction of the Osborne South Shipyard.

David is originally from Edinburgh, Scotland and has a BSc Hons in Mechanical Engineering and an MBA. He is a fellow of the Australian Academy of Technology and Engineering and the Institution of Engineers Australia and a graduate of the Australian Institute of Company Directors.

David currently serves as a Non-Executive Director on a number of Boards including Snowy Hydro, CSIRO, Micro-X, Migration Council Australia, TACSI and the Adelaide Festival. He is also a member of the Council of RiAus. He was appointed Non-Executive Director of Redflow Limited in March 2017.

Former Directorships (of listed entities) in the last three years:-	I3 Energy (Non-Executive Chair)
Other Current Directorships:-	Snowy Hydro (Chair) Micro-X (Chair) CSIRO TACSI (Chair) Migration Council of Australia Adelaide Festival
Special Responsibilities:-	Chair of the Audit & Risk Committee.

John Lindsay GAICD — Independent Non-Executive Director

Experience and Expertise

John Lindsay has been a Director of Uniti Group Ltd since May 2018 where he serves on the Audit and Risk Committee and is Chair of the Remuneration Committee. John is also a Director of the Telecommunications Industry Ombudsman Ltd, the external dispute resolution body for the telecommunications industry. He serves on the TIO Audit, Finance and Risk Committee.

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 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:-	Uniti Group Ltd TIO Ltd
Special Responsibilities:-	Member of the Audit & Risk Committee.

Trudy Walsh BBus, CPA, MBA, GAICD — Company Secretary

Experience and Expertise

Trudy Walsh is an experienced Finance Executive with over 15 years' experience as Country CFO/Senior Business Unit Executive for global companies Bucyrus, Caterpillar Global Mining, Ansaldo, ABB and several privately held companies. She has worked in high growth businesses in the manufacturing, engineering and mining industries and has been Company Secretary in several of the aforementioned companies. Trudy commenced as CFO on 21 August 2018 and was appointed Company Secretary on 28 August 2018.

Directors' interest in shares and options
As at the date of this report, the interests (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	2,144,822	169,492	-
David Knox	3,111,052	339,000	-
John Lindsay	1,303,301	76,000	-
David Brant	2,027,416	360,000	-
Tim Harris	2,795,650	338,983	19,333,333

Meetings of Directors
The numbers of meetings of the Group's Board of Directors and Audit Committee held during the year ended 30 June 2021, and the numbers of meetings attended by each Director were:

	Full meeting of Directors		Meetings of Audit committee	
	A	**B**	**A**	**B**
Brett Johnson	22	22	5	5
Tim Harris	22	22	*	*
David Knox	21	22	5	5
John Lindsay	22	22	5	5
David Brant	22	22	*	*

A = Number of meetings attended
B = 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.
* = Not a member of the committee

Shares Issued on the exercise of options
There were no ordinary shares of Redflow Limited issued during the year ended 30 June 2021 on the exercise of options granted under the Redflow Limited Employee Option Plan. 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 2021, 7,583,336 ordinary shares of Redflow Limited were issued as a result of the vesting of performance rights (2020: nil).

Shares under option
Unissued ordinary shares of Redflow Limited under option at 30 June 2021 are as follows:

Grant Date	*First Exercise Date*	*Expiry date*	*Exercise price*	*Balance at date of report*	*Vested and exercisable at date of report*
				Number	Number
28/11/2016	14/07/2018	28/11/2022	$0.3400	2,000,000	-
28/11/2016	14/07/2018	28/11/2022	$0.3400	3,000,000	-
1/09/2020	2/09/2020	17/07/2023	$0.0450	4,000,000	4,000,000
				9,000,000	4,000,000

Insurance of Officers
During the financial year, Redflow Limited paid a premium of $69,092 (2020: $79,788) to insure the Directors and Company Secretary of the Group.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be bought 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.

The Board of Directors has considered the position and, in accordance with a resolution of the Directors of the Company, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001.* The Directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the Audit Committee to ensure they do not impact the impartiality or objectivity of the auditor;
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants.*

During the year $30,600 in fees were paid or payable for non-audit services provided by the auditor of the Group, its related practices and non-related audit firms:

Other services	30 June 2021 $	30 June 2020 $
PricewaterhouseCoopers Australian firm:		
R&D claim services	**15,300**	15,300
Non-recurring consulting	**15,300**	41,820
Total remuneration for non audit services	**30,600**	57,120

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 40.

Remuneration Report (Audited)
The Directors of Redflow Limited present the remuneration report for the Company and the Group for the year ended 30 June 2021 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 in FY2021
(f) Non-Executive Directors (Directors) 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

(a) Remuneration overview

The following table details the Group's KMP during the 2021 financial year and up to the date of this report.

Non-Executive and Executive Directors (see pages 8 and 9 for details about each Director)

Brett Johnson	Independent Non-Executive Chairman
Tim Harris	CEO and Managing Director
David Knox	Independent Non-Executive Director
John Lindsay	Independent Non-Executive Director
David Brant	Independent Non-Executive Director

Key management personnel

Richard Aird	Chief Operating Officer
Steven Hickey	Chief Technology Officer (commenced 31 August 2020)
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. No external advisors were used during the current year.

(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 2021 financial year, remuneration of Executives included the issue of performance rights and performance based remuneration incentive schemes consisting of a performance based bonus.

(ii) Structure

In the 2021 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 2021 is disclosed in Table 1.

(2) *Bonus scheme*: Employees are eligible to participate in a short term bonus incentive (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. 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:

	Term	Start of contract	Basic salary including superannuation	Termination benefit
Executive Directors				
Tim Harris	Indefinite, 3 months notice	27/03/2018	$455,000	3 months
Other key management personnel				
Richard Aird	Indefinite, 6 months notice	02/02/2016	$340,000	6 months
Steven Hickey	Indefinite, 3 months notice	31/08/2020	$213,525	3 months
Trudy Walsh	Indefinite, 3 months notice	21/08/2018	$330,000	3 months

(e) Performance and executive remuneration outcomes for the year ended 30 June 2021

The actual remuneration earned by Executives during the year ended 30 June 2021 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 employ-ment***	***Long term [1]***		***Share based Payment [2]***		***Perfor-mance related***
	Salary & fees	*Bonus*	*Super-annuation*	*Annual and Long service leave*	*Term-ination*	*Shares and options*	*Total*	
30 June 2021	*$*	*$*	*$*	*$*	*$*	*$*	*$*	*%*
Executive Directors								
Tim Harris [3,4]	390,308	129,000	25,000	2,958	-	200,009	747,275	44%
Other key management personnel								
Richard Aird [3,4]	285,923	63,000	25,000	(7,322)	-	119,815	486,416	38%
Steven Hickey [5.]	161,250	39,000	17,057	10,870	-	38,617	266,794	29%
Trudy Walsh [3,4]	276,846	61,000	25,000	10,309	-	119,815	492,970	37%
Total executive KMP	1,114,327	292,000	92,057	16,815	-	478,256	1,993,455	

1. Movement in provisions, does not have a cash implication.
2. Movement in reserves, does not have a cash implication.
3. From July to August 2020, these executives took a 25% reduction in salary.
4. From September to November 2020, these executives took a 20% reduction in salary.
5. Contract start date 31 August 2020.

	Short-Term		***Post employ-ment***	***Long term [2]***		***Share based Payment [3]***		***Perfor-mance related***
	Salary & fees	*Bonus*	*Super-annuation*	*Annual and Long service leave*	*Term-ination*	*Shares and options*	*Total*	
30 June 2020	*$*	*$*	*$*	*$*	*$*	*$*	*$*	*%*
Executive Directors								
Tim Harris [4.]	417,596	-	25,000	14,949		187,938	645,483	29%
Other key management personnel								
Richard Aird [4.]	305,914	-	25,000	3,654		114,627	449,195	26%
Dr Michele Giulianini [1,4]	189,375	-	17,991	(8,970)	-	27,417	225,813	12%
Trudy Walsh [4.]	295,048	-	25,000	14,527		104,044	438,619	24%
Total executive KMP	1,207,933	-	92,991	24,160	-	434,026	1,759,110	

1. Resigned 30 June 2020.
2. Movement in provisions, does not have a cash implication.
3. Movement in reserves, does not have a cash implication.
4. From April to June 2020, these executives took a 25% reduction in salary.

The following table shows for each executive KMP how much of their STI bonus 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 2021. The number of options and performance rights vested/forfeited for each grant are disclosed in section (g) of the remuneration report.

	Total STI bonus			LTI Performance Rights		
30 June 2021	**Total opportunity $**	**Awarded %**	**Forfeited %**	**Value granted $**	**Value exercised $**	**Value forfeited $**
Executive Directors						
Tim Harris*	90,000	143	-	235,111	(85,000)	(78,500)
Other key management personnel						
Richard Aird	83,000	76	24	141,066	(172,000)	-
Steven Hickey	39,000	100	-	82,289	-	-
Trudy Walsh	61,000	100	-	141,066	(47,000)	-

*Additional STI awarded at Board discretion

(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 2021 remuneration of Directors was not dependent on sales performance or any other financial measures. There are no short term incentive or bonus scheme in place. At the Annual General Meeting (AGM) held on 21 November 2019 and 26 November 2020, shareholders approved to pay Directors fees in shares in lieu of cash, when the Directors elected this form of payment, for services provided to the Group.

(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 Director 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

		Short-Term		***Post employ-ment***	***Long term [1]***	***Share [2] based Payment***	
		Salary & fees	*Bonus*	*Super-annuation*	*Annual and Long service leave*	*Shares and options*	*Total*
30 June 2021		*$*	*$*	*$*	*$*	*$*	*$*
Non-Executive Directors							
Brett Johnson	[3,4]	77,000	-	7,315	-	-	84,315
David Knox	[3,4]	48,236	-	4,582	-	-	52,818
John Lindsay	[3,4]	48,236	-	4,582	-	-	52,818
David Brant	[3,4]	48,236	-	4,582	-	-	52,818
Total Non-Executive directors		221,708	-	21,061	-	-	242,769

1. Movement in provisions, does not have a cash implication.
2. Movement in reserves, does not have a cash implication.
3. From July to August 2020 all Non-Executive Directors reduced their salaries to the equivalent of the JobKeeper payment.
4. From September to November 2020 all Non-Executive Directors took a 20% reduction in salary.

		Short-Term		***Post employ-ment***	***Long term [2]***		***Share [3] based Payment***	
		Salary & fees	*Bonus*	*Super-annuation*	*Annual and Long service leave*	*Term-ination*	*Shares and options*	*Total*
30 June 2020		*$*	*$*	*$*	*$*	*$*	*$*	*$*
Non-Executive Directors								
Brett Johnson	[1,3,5]	77,250	-	7,339	-		136,365	220,954
David Knox	[1,5]	49,710	-	4,722	-		-	54,432
Jenny Macdonald	[1,4]	15,820	-	1,503	-		-	17,323
John Lindsay	[1,5]	49,710	-	4,722	-		-	54,432
David Brant	[1,5]	49,710	-	4,722	-		-	54,432
Total Non-Executive Directors		242,200		23,008	-		136,365	401,573

1. At their option, these Directors have received approval at the AGM held on 24 November 2017, 26 November 2018 & 21 November 2019 to receive their fees in a combination of cash and shares.
2. Movement in provisions, does not have a cash implication.
3. Movement in reserves, does not have a cash implication. At 1 July 2020, the conditions for these performance rights were not met and therefore lapsed. As a result, the Director will not be issued these shares and receives no financial benefit.
4. Resigned from Non-Executive Director role 30 September 2019.
5. From April to June 2020 all Non-Executive Directors reduced their salaries to the equivalent of the JobKeeper payment.

(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** - 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 is achieved during the Performance Period.

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

	Terms and conditions for each Grant									
	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*	*Vested at 30 Jun 2021*	
30 June 2021									*Number*	*%*
Executive Directors										
Tim Harris										
Tranche 1*	1,000,000	84,000	26/11/2018	25/11/2024	30/06/2021	30/06/2021	-	-	1,000,000	100%
Tranche 3*	833,333	32,083	26/11/2018	25/11/2024	30/06/2020	30/06/2021	-	(833,333)	-	0%
Tranche 3*	1,666,667	46,417	26/11/2018	25/11/2024	30/06/2021	30/06/2021	-	(1,666,667)	-	0%
Tranche 1	1,666,667	85,000	21/11/2019	21/11/2025	30/06/2020	30/06/2020	(1,666,667)	-	-	0%
Tranche 1	1,000,000	51,000	21/11/2019	21/11/2025	30/06/2021	30/06/2021	-	-	1,000,000	100%
Tranche 1	666,666	34,000	21/11/2019	21/11/2025	30/06/2022	30/06/2022	-	-	-	0%
Tranche 2	833,333	42,500	21/11/2019	21/11/2025	30/06/2020	30/06/2022	-	-	-	0%
Tranche 2	1,166,667	59,500	21/11/2019	21/11/2025	30/06/2021	30/06/2022	-	-	-	0%
Tranche 2	1,333,333	68,000	21/11/2019	21/11/2025	30/06/2022	30/06/2022	-	-	-	0%
Tranche 3	3,333,334	102,600	21/11/2019	21/11/2025	30/06/2022	30/06/2022	-	-	-	0%
Tranche 1	1,100,000	30,800	26/11/2020	26/11/2026	30/06/2021	30/06/2021	-	-	1,100,000	100%
Tranche 1	1,100,000	30,800	26/11/2020	26/11/2026	30/06/2022	30/06/2022	-	-	-	0%
Tranche 1	1,133,334	31,733	26/11/2020	26/11/2026	30/06/2023	30/06/2023	-	-	-	0%
Tranche 2	1,111,111	31,111	26/11/2020	26/11/2026	30/06/2021	30/06/2023	-	-	-	0%
Tranche 2	1,111,111	31,111	26/11/2020	26/11/2026	30/06/2022	30/06/2023	-	-	-	0%
Tranche 2	1,111,111	31,111	26/11/2020	26/11/2026	30/06/2023	30/06/2023	-	-	-	0%
Tranche 3	3,333,333	48,445	26/11/2020	26/11/2026	30/06/2023	30/06/2023	-	-	-	0%
	23,500,000						(1,666,667)	(2,500,000)	3,100,000	

*These Performance Rights approved at the AGM held on 26 November 2018 were not issued as at 30 June 2020.
In FY2021 these rights were cancelled and an equivalent long term incentive re-issued.

Other Key Management Personnel										
Richard Aird										
Tranche 1	1,000,000	125,000	4/12/2017	28/11/2023	30/06/2020	30/06/2020	(1,000,000)	-	-	0%
Tranche 1	1,000,000	47,000	17/12/2019	21/11/2025	30/06/2020	30/06/2020	(1,000,000)	-	-	0%
Tranche 1	600,000	28,200	17/12/2019	21/11/2025	30/06/2021	30/06/2021	-	-	600,000	100%
Tranche 1	400,000	18,800	17/12/2019	21/11/2025	30/06/2022	30/06/2022	-	-	-	0%
Tranche 2	500,000	23,500	17/12/2019	21/11/2025	30/06/2020	30/06/2022	-	-	-	0%
Tranche 2	700,000	32,900	17/12/2019	21/11/2025	30/06/2021	30/06/2022	-	-	-	0%
Tranche 2	800,000	37,600	17/12/2019	21/11/2025	30/06/2022	30/06/2022	-	-	-	0%
Tranche 3	2,000,000	51,960	17/12/2019	21/11/2025	30/06/2022	30/06/2022	-	-	-	0%
Tranche 1	660,000	18,480	21/04/2021	21/04/2027	30/06/2021	30/06/2021	-	-	660,000	100%
Tranche 1	660,000	18,480	21/04/2021	21/04/2027	30/06/2022	30/06/2022	-	-	-	0%
Tranche 1	680,000	19,040	21/04/2021	21/04/2027	30/06/2023	30/06/2023	-	-	-	0%
Tranche 2	666,600	18,665	21/04/2021	21/04/2027	30/06/2021	30/06/2023	-	-	-	0%
Tranche 2	666,600	18,665	21/04/2021	21/04/2027	30/06/2022	30/06/2023	-	-	-	0%
Tranche 2	666,800	18,670	21/04/2021	21/04/2027	30/06/2023	30/06/2023	-	-	-	0%
Tranche 3	2,000,000	29,066	21/04/2021	21/04/2027	30/06/2023	30/06/2023	-	-	-	0%
	13,000,000						(2,000,000)	-	1,260,000	

Table 3 - Details of Performance Rights awarded and/or vested during the year (consolidated) (continued)

	Terms and conditions for each Grant									
	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*	*Vested at 30 Jun 2021*	
30 June 2021									*Number*	*%*
Steven Hickey										
Tranche 1	385,000	10,780	21/04/2021	21/04/2027	30/06/2021	30/06/2021	-	-	385,000	100%
Tranche 1	385,000	10,780	21/04/2021	21/04/2027	30/06/2022	30/06/2022	-	-	-	0%
Tranche 1	396,667	11,107	21/04/2021	21/04/2027	30/06/2023	30/06/2023	-	-	-	0%
Tranche 2	388,850	10,888	21/04/2021	21/04/2027	30/06/2021	30/06/2023	-	-	-	0%
Tranche 2	388,850	10,888	21/04/2021	21/04/2027	30/06/2022	30/06/2023	-	-	-	0%
Tranche 2	388,967	10,891	21/04/2021	21/04/2027	30/06/2023	30/06/2023	-	-	-	0%
Tranche 3	1,166,666	16,955	21/04/2021	21/04/2027	30/06/2023	30/06/2023	-	-	-	0%
	3,500,000						-	-	385,000	
Trudy Walsh										
Tranche 1	1,000,000	47,000	17/12/2019	21/11/2025	30/06/2020	30/06/2020	(1,000,000)	-	-	0%
Tranche 1	600,000	28,200	17/12/2019	21/11/2025	30/06/2021	30/06/2021	-	-	600,000	100%
Tranche 1	400,000	18,800	17/12/2019	21/11/2025	30/06/2022	30/06/2022	-	-	-	0%
Tranche 2	500,000	23,500	17/12/2019	21/11/2025	30/06/2020	30/06/2022	-	-	-	0%
Tranche 2	700,000	32,900	17/12/2019	21/11/2025	30/06/2021	30/06/2022	-	-	-	0%
Tranche 2	800,000	37,600	17/12/2019	21/11/2025	30/06/2022	30/06/2022	-	-	-	0%
Tranche 3	2,000,000	51,960	17/12/2019	21/11/2025	30/06/2022	30/06/2022	-	-	-	0%
Tranche 1	660,000	18,480	21/04/2021	21/04/2027	30/06/2021	30/06/2021	-	-	660,000	100%
Tranche 1	660,000	18,480	21/04/2021	21/04/2027	30/06/2022	30/06/2022	-	-	-	0%
Tranche 1	680,000	19,040	21/04/2021	21/04/2027	30/06/2023	30/06/2023	-	-	-	0%
Tranche 2	666,600	18,665	21/04/2021	21/04/2027	30/06/2021	30/06/2023	-	-	-	0%
Tranche 2	666,600	18,665	21/04/2021	21/04/2027	30/06/2022	30/06/2023	-	-	-	0%
Tranche 2	666,800	18,670	21/04/2021	21/04/2027	30/06/2023	30/06/2023	-	-	-	0%
Tranche 3	2,000,000	29,066	21/04/2021	21/04/2027	30/06/2023	30/06/2023	-	-	-	0%
	12,000,000						(1,000,000)	-	1,260,000	
Total	52,000,000						(4,666,667)	(2,500,000)	6,005,000	

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 33 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 2021	*Balance at start of year*	*Received during the year under Performance Rights Plan*	*Other changes during the year*	*Balance at end of year*
Ordinary shares	*Number*	*Number*	*Number*	*Number*
Non-Executive directors				
Brett Johnson	1,875,330	-	100,000	1,975,330
David Knox	1,972,052	-	800,000	2,772,052
John Lindsay	1,027,301	-	200,000	1,227,301
David Brant	1,267,416	-	400,000	1,667,416
Executive directors				
Tim Harris	750,000	1,666,667	40,000	2,456,667
Other key management personnel				
Richard Aird	1,496,417	2,000,000	(1,000,000)	2,496,417
Steven Hickey	-	-	-	-
Trudy Walsh	271,875	1,000,000	40,000	1,311,875
Total	8,660,391	4,666,667	580,000	13,907,058

1. Directors and KMPs who ceased to be a Director or KMP during the year have been adjusted down to a nil balance.

(i) Other transactions with key management personnel

There were no other transactions with key management personnel of Redflow Ltd during 2021 (2020: nil).

(j) Security Trading Policy

All Directors and employees 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.

This report is made in accordance with a resolution of Directors on 27 August 2021.

Brett Johnson
Chairman

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 believe 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 FY2021 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 27 August 2021.

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/

Recommendations		Compliance with recommendations
Principle 1 – Lay solid foundations for management and oversight		
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 14 of the 2021 Annual Report.
1.4	**Company Secretary**	The Group has a Board-appointed Company Secretary. Biographical details and qualifications can be viewed on page 9 of the 2021 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.

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 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 2021 are outlined in the table below.

Item	Male	Female
Number of permanent employees	68	15
Percentage of permanent employees	82%	18%
Number of employees in senior management positions*	7	1
Percentage of employees in senior executive positions	88%	12%
Number of NED Board members	4	0
Percentage of NED Board members	100%	0%

***** 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.

Recommendations | **Compliance with recommendations**

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

1.5 Diversity and inclusion (continued)

FY2021 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	Ongoing
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	Ongoing

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.

Recommendations	Compliance with recommendations

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

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.

Principle 2 – Structure the Board to 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 does not consider the non-compliance with this recommendation to be materially detrimental to the Company.

2.2 Board skills matrix

Further details regarding the skills and experience of each Director are included in the 2021 Annual Report on page 8 and 9.
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 pages 5, 8 and 9 of the 2021 Annual Report.

Board and Audit & Risk Committee composition

Board	Audit & 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) 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
C – Chairman, M – Member, A – Attendee	

Recommendations	Compliance with recommendations
Principle 2 – Structure the Board to add value (continued)	
2.4 Majority of Directors independent	In accordance with the Board Charter, a Director is considered independent if the Director is independent of management and free of any business or other relationship that could materially interfere, or be perceived as interfering, with the exercise of an unfettered and independent judgment in relation to matters concerning the Group. Four of the five Board members are considered to be independent – Brett Johnson, David Knox, David Brant and John Lindsay. Tim Harris is an Executive Director and therefore not considered independent. The decision as to whether a Director is independent is a decision made by the Board. The Board will continue to assess the needs of the Board and the level of independence across the Board.
2.5 Chair Independent	The Chairman, Brett Johnson, is an Independent Non-Executive Director. Further details regarding the Chairman are set out on page 8 of the 2021 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, fair profits, excellence 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.

Recommendations	Compliance with recommendations

Principle 3 – Act ethically and responsibly (continued)

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 Redflow 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 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.

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, David Knox. 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 Group's Annual Report.

Recommendations	Compliance with recommendations
Principle 4 – Safeguard integrity in corporate reporting (continued)	
4.2 Declarations of CEO and CFO	The Chief Executive Office 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 disclosure	
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 in advance of the presentation.

Recommendations	Compliance with recommendations
Principle 6 – Respect the rights of the security holders	
6.1 Publicly available information accessible on website	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.
6.2 Investor relations programs	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. 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). 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. Contact details are provided on ASX releases allowing investors to contact the company representative with any queries they have related to the releases. 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.
6.3 Facilitate participation at meetings of security holders	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.
6.4 Substantive resolutions	All substantive resolutions at the Group's AGM and at shareholder meetings are decided by a poll (rather than by a show of hands).
6.5 Facilitate electronic commun-ication	The Group provides its investors the option to receive communications from, and send communications to, the Group and the share registry electronically.

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 David Knox 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 8 and 9 of the 2021 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.

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.

Recommendations		Compliance with recommendations

Principle 8 – Remunerate fairly and responsibly (continued)

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 12 to 21 of the 2021 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 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.

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

Impact of COVID-19

The ongoing COVID-19 pandemic has had a significant impact on the global and Australian economy and the ability of businesses, individuals and governments to operate. Emergency powers and restrictions have been enacted on an international, Federal and State level in Australia which, amongst other things, has restricted travel and the ability of individuals to leave Australia and travel to places of work.

The Group's Thailand based manufacturing facility has already experienced a material adverse impact due to COVID-19. There has also been a material adverse impact on the Company's sales opportunities and its ability to progress various customer engagements over FY2021. Ongoing international and domestic travel restrictions affecting key markets such as the United States and South Africa and broader global uncertainty around a recovery of business activity has led to delays in progressing key sales opportunities and orders that were expected.

Given the high degree of uncertainty surrounding the extent and duration of COVID-19, it is not currently possible to assess the full impact of COVID-19 on the Group's business.

However, a number of aspects of the Group's business may be directly or indirectly affected by government, regulatory or health authority actions, work stoppages, lockdowns, quarantines and travel restrictions associated with COVID-19, including disruption to the Group's supply chain and workforce (particularly in Thailand), the availability of products and logistics (including shipping of materials and finished goods) and government imposed shut downs of manufacturing and distribution centres affecting the supply of products to customers.

There is a risk that if the duration of events surrounding COVID-19 are prolonged, the Group may need to take additional measures in order to respond appropriately (eg restructuring to reduce further costs from its business and raising additional funding).

There are also other changes in the domestic and global macroeconomic environment associated with the events relating to COVID-19 that are beyond the control of the Group and may be exacerbated in an economic recession or downturn. These include but are not limited to (i) changes in inflation, interest rates and foreign currency exchange rates; (ii) changes in employment levels and labour costs; (iii) changes in aggregate investment and economic output; and (iv) other changes in economic condition which may affect the revenue or costs of the Group.

Sales revenue risk

The Group currently operates on a negative cash operating basis in that its operating expenses exceed its revenue. The Group's revenue depends on the extent and timing of future product sales. There is a risk that sales may take longer than expected to materialise or not be realised at all, including as a result of COVID-19. For example, there are no guarantees that battery trials, system demonstrations or initial deployments will be successful or, even if successful, will convert into firm orders on a timely basis.

Funding risk

There is no guarantee the funds raised will be adequate or sufficient to meet the ongoing funding requirements of the Group under its current business plan or to achieve a breakeven point.

If the Group requires access to further funding at any stage in the future, there can be no assurance that additional funds will be available either at all or on terms and conditions which are commercially acceptable to the Group. If the Group 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, financial condition and operating results.

Reliance on system integrators as strategic partner's risk

The Group 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 Group if one or more of these strategic system integrator relationships is lost and not replaced or if a dispute arises between the Group and a systems integrator. There is also a risk associated with being one step removed from the ultimate customer and end user.

The Group'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 Group to obligations, claims and additional compliance costs in relation to its products, including storage, handling and disposal of chemicals.

Product risk

The Group'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 Group is planning to introduce its new Gen3 product around the end of 2021, with customer trials started in December 2020.

There is an inherent risk that the products and enhancements (including the new Gen3 product) will contain defects or otherwise do not perform as expected (for example in terms of battery life and reliability). The Group 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 Group provides a product warranty which is subject to a range of technical and operating conditions. However, the Group has not tested its battery over its operating life either in the field or in simulated conditions.

If the Group's products fail to perform as expected or if production of the Group's products is subject to delays (including delays in the rollout of the Gen3 product), the Group 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 Group, diminish the brand or divert resources from other purposes, all of which could have a materially adverse impact on the Group financially and reputationally.

The Group’s products will frequently be deployed in remote locations where reliability is important, and these 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 Gen3 product), significant increases in service and maintenance costs, exposure to liability for damages, damaged customer relationships and harm to the Group's reputation, any of which may adversely affect its business and the Group's operating results.

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

Customer and commercialisation risk in target sectors

Rapid and ongoing changes in technology and product standards could quickly render the Group'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 Group 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 Group'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 Group's technology. Competing technologies that outperform the Group's batteries could be developed and successfully introduced, and as a result, there is a risk that the Group's products may not be able to compete effectively in its target markets.

If the Group'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 Group's batteries will not gain market acceptance.

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

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

Manufacturing risks - 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 Group's ability to meet customer needs and the risk of customer claims and the Group's ability to achieve its expansion plans or its financial performance.

Manufacturing capacity risk

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

Alternatively, if the Group 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 Group'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 Group 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 Group 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 Group's manufacturing strategy has associated risks. It means the Group 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 (including as a result of COVID-19) could cause batteries to be rejected or to fail in the field, thereby reducing yields and affecting the Group's ability to meet customer expectations.

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

Regulatory and compliance risk
The Group uses hazardous substances including zinc bromine, zinc chloride and hydrochloric acid in the manufacture of its ZBMs. Various regulatory requirements apply to the storage, handling and disposal of such chemicals. The Group 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.

There is a risk that the Group 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 Group. This may prevent the Group from accessing markets in certain jurisdictions.

Manufacturing supply risk
The Group's manufacturing operations depend on obtaining raw materials, parts and components, manufacturing equipment and other supplies including services from reliable suppliers in adequate quality and quantity in a timely manner.

It may be difficult for the Group 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 (including as a result of COVID-19). This may adversely affect the Group's operations.

The prices of raw materials, parts and components and manufacturing equipment may increase due to changes in supply and demand. In addition, currency fluctuations and the weakening of the Australian dollar against foreign currencies may adversely affect the Group's purchasing power for raw materials, parts and components and manufacturing equipment from foreign suppliers.

If the Group 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.

Additionally, there is currently a world shortage of containers which may delay delivery of components or finished goods.

Manufacturing cost reductions
The Group's business prospects are dependent on its ability to ramp up manufacturing capability and reduce the production costs of its batteries. The Group is targeting the introduction of its new Gen3 product around the end of 2021, which has an objective to reduce manufacturing unit costs by 30% compared to the current Gen2.5 battery costs at 150 batteries per month production levels. The Group believes this can be achieved via key engineering projects, supplier cost reductions and manufacturing, plus productivity and process improvements. There is no guarantee that this program will be successfully implemented or that the necessary cost reductions will be achieved. If the Group is unable to reduce its cost of production sufficiently, the Group may not achieve profitability.

Sovereign risk
The Group's manufacturing operations in Thailand and a number of overseas battery deployment projects (including in South Africa) 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, 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 Group, will be obtained, and if obtained, maintained.

It cannot be ruled out that the government of Thailand (or any foreign jurisdiction in which the Group operates) may adopt substantially different laws, policies or conditions relating to foreign investment and taxation. The Group 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 material adverse changes in government policies or legislation in Thailand (or any other foreign jurisdiction in which the Group operates) in relation to foreign investment and ownership may affect the viability and profitability of the Group.

Thailand manufacturing personnel
The Group's manufacturing facility depends on the recruitment and retention of skilled employees to produce quality batteries and meet customer demand. As at 30 June 2021, the facility is staffed to produce up to 80 Gen2.5 batteries per month to reflect the recent increases in customer demand. If the Group receives commercial scale orders, it will need to re-engage a number of personnel. There can be no assurance that the Group will be successful in attracting and retaining the skilled personnel necessary to meet any future demand in the product. The inability to attract and retain qualified personnel could have a materially adverse impact on the Group.

Contract delivery risk
The Group has been contracted to supply 192 zinc-bromine batteries to global waste recovery leader Anaergia Inc for use at its Rialto Bioenergy Facility in California, east of Los Angeles. The supply contract imposes various contractual obligations on the Group. If it does not meet those obligations, the Group may be exposed to claims for damages for breach of contract or other remedial action and incur remedial costs.

Residential product risk
The Group has developed a residential product. This is a maturing and price sensitive market, and the ongoing uptake in this market will depend upon the residential demand for green low carbon electricity generation and storage. Uptake may be affected by the future ability of the Group to meaningfully participate in various Australian state and federal battery schemes.

There is a commercial risk that the residential demand will not be as strong as expected and that changes in government policy will have an adverse impact on that demand.

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 Group'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 Group'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 Group 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 Group against reputational loss.

The Group provides a product warranty that 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.

Reverse engineering risk and trade secret risk
There is a risk of the Group's products and battery management system being reverse engineered or copied. Redflow 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 Group 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 Group's competitive business position.

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

Technology obsolescence risk
New competing technology may enter the market affecting the cost viability and operating performance of zinc-bromine flow batteries within the battery storage market.

Intellectual property and patent risk
The ability of the Group 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 Group's business.

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

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 Group may own or control will afford the Group 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 Group has, and may in the future, enter into commercial agreements under which intellectual property relevant to the Group and its ZBM batteries, and which is created by the counterparty or jointly created by the Group and the counterparty, will not be owned exclusively by the Group. In these circumstances the Group 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 Group, will be material to the Group and there is no guarantee that the Group 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 Group's ability to sell or otherwise commercialise its products, and its financial performance.

Personnel Risk
Redflow may not be able to successfully recruit and retain skilled employees, particularly scientific, technical and management professionals.

The Group 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 Group 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 Group's existing engineering and project management personnel could have a materially adverse effect on its business and operating results.

The Group relies heavily on its senior executives and engineering team. There can be no assurance that the Group 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 Group.

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

Exchange rates
The Group is potentially exposed to movements in exchange rates. The Group's financial statements are expressed and maintained in Australian dollars. However, a portion of the Group's income and costs are earned in foreign currencies and this proportion may increase materially. Exchange rate movements affecting these currencies (including as a result of the circumstances surrounding COVID-19) may impact the profit and loss account or assets and liabilities of the Group (to the extent the foreign exchange rate risk is not hedged or not appropriately hedged) and the general competitiveness of the Group's products in the market.

Share market
The Group is exposed to share market fluctuations and the price at which shares trade on the ASX may be affected by the financial performance of the Group and by external factors over which the Directors and the Group have no control.

Dependence on general economic conditions
The operating and financial performance of the Group 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 (whether or not due to COVID-19), 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 Group's business or financial condition. Changes to laws and regulations or accounting standards which apply to the Group from time to time could adversely impact the Group's earnings and financial performance.

Tax risk
Any change to the rate of company income tax in jurisdictions in which the Group operates will impact on shareholder returns, as will any change to the rates of income tax 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 Group operates, including property or environmental regulations or regulatory changes in relation to products sold by the Group, could have an adverse impact on the Group.

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Auditor's Independence Declaration

As lead auditor for the audit of Redflow Limited for the year ended 30 June 2021, 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.

Steven Bosiljevac
Partner
PricewaterhouseCoopers

Brisbane
27 August 2021

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	Note	***30 June 2021***	*30 June 2020*
		$	*$*
Revenue from contracts with customers	6	**2,230,106**	1,948,432
		2,230,106	1,948,432
Other Income	7	**2,685,709**	2,595,099
Expenses			
Raw materials and consumables used		**(5,128,338)**	(5,534,822)
Other expenses from ordinary activities			
Administrative expenses		**(517,979)**	(523,197)
Depreciation and amortisation	8	**(565,169)**	(886,808)
Interest and finance expense	8	**(8,890)**	(10,010)
Business development		**(74,801)**	(357,616)
Travel and accommodation		**(65,216)**	(237,107)
Professional fees		**(835,781)**	(790,247)
Payroll expenses	8	**(6,304,755)**	(5,768,157)
Impairment for credit loss	8	**61,191**	(55,743)
Other expenses	8	**(994,770)**	(346,628)
Loss before income tax		**(9,518,693)**	(9,966,804)
Income tax expense	9(a)	**(26,469)**	(50,885)
Loss for the year		**(9,545,162)**	(10,017,689)
Other comprehensive income for the year	22	**(49,828)**	(4,521)
Total comprehensive loss for the year		**(9,594,990)**	(10,022,210)
Earnings per share for loss from continuing operations attributable to the ordinary equity holders of the Group:		***$***	*$*
Basic earnings per share	32	**(0.01)**	(0.01)
Diluted earnings per share	32	**(0.01)**	(0.01)

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

	Note	30 June 2021 $	30 June 2020 $
ASSETS			
Current assets			
Cash and cash equivalents	11	**9,808,283**	3,390,203
Trade and other receivables	12	**944,789**	135,277
Inventories	13	**3,346,532**	5,603,817
Other current assets	14	**236,929**	377,381
Total current assets		**14,336,533**	9,506,678
Non-current assets			
Property, plant and equipment	15	**617,780**	766,860
Intangible assets	16	**415,690**	630,448
Right of use assets	17	**75,149**	76,019
Total non-current assets		**1,108,619**	1,473,327
TOTAL ASSETS		**15,445,152**	10,980,005
LIABILITIES			
Current liabilities			
Trade and other payables	18	**6,178,876**	492,098
Lease liabilities	17	**75,369**	76,241
Other current liabilities	19	**878,092**	417,664
Provisions	20	**1,724,759**	1,456,393
Total current liabilities		**8,857,096**	2,442,396
Non-current liabilities			
Provisions	20	**112,243**	65,017
Total non-current liabilities		**112,243**	65,017
TOTAL LIABILITIES		**8,969,339**	2,507,413
NET ASSETS		**6,475,813**	8,472,592
EQUITY			
Issued capital	21	**126,772,988**	119,670,345
Reserves	22	**4,664,383**	4,218,643
Accumulated losses	22	**(124,961,558)**	(115,416,396)
TOTAL EQUITY		**6,475,813**	8,472,592

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

	Note	*Contributed equity* $	*Reserves* $	*Accumulated losses* $	*Total* $
		Attributable to owners of Redflow Limited			
Balance at 1 July 2019		119,586,245	3,410,002	(105,398,707)	17,597,540
Loss for the year		-	-	(10,017,689)	(10,017,689)
Other comprehensive income	22(a)	-	(4,521)	-	(4,521)
Total comprehensive income for the year			(4,521)	(10,017,689)	(10,022,210)
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs	21	84,100	-	-	84,100
Employee share options - value of employee services	22(a)	-	813,162	-	813,162
		84,100	813,162	-	897,262
Balance at 30 June 2020		119,670,345	4,218,643	(115,416,396)	8,472,592
Balance at 1 July 2020		**119,670,345**	**4,218,643**	**(115,416,396)**	**8,472,592**
Loss for the year		**-**	**-**	**(9,545,162)**	**(9,545,162)**
Other comprehensive income	22(a)	**-**	**(49,828)**	**-**	**(49,828)**
Total comprehensive income for the year		**-**	**(49,828)**	**(9,545,162)**	**(9,594,990)**
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs	21	**7,102,643**	**-**	**-**	**7,102,643**
Employee share options - value of employee services	22(a)	**-**	**580,966**	**-**	**580,966**
Shares issued to employees	22(a)	**-**	**(189,183)**	**-**	**(189,183)**
Share options issued to external parties	22(a)	**-**	**103,785**	**-**	**103,785**
		7,102,643	**495,568**	**-**	**7,598,211**
Balance at 30 June 2021		**126,772,988**	**4,664,383**	**(124,961,558)**	**6,475,813**

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

	Note	***30 June 2021*** **$**	*30 June 2020* $
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		**1,556,200**	1,881,038
Payments to suppliers and employees (inclusive of goods and services tax)		**(9,222,435)**	(11,128,493)
Grants/R&D Tax Incentive received		**2,858,619**	2,313,841
Interest received		**8,925**	67,258
Interest & bank charges paid		**(8,890)**	(10,009)
Income tax paid		**(32,256)**	(60,539)
Net cash (outflow) from operating activities	31	**(4,839,837)**	(6,936,904)
Cash flows from investing activities			
Payment for property, plant and equipment (inclusive of goods and services tax)		**(120,617)**	(146,642)
Purchase of intangible assets (inclusive of goods and services tax)		**(105,368)**	(198,556)
Proceeds from sale of property, plant and equipment (inclusive of goods and services tax)		**29,248**	-
Net cash (outflow) from investing activities		**(196,737)**	**(345,198)**
Cash flows from financing activities			
Proceeds from capital raising		**6,919,001**	-
Transaction costs from capital raising (inclusive of goods and services tax)		**(280,025)**	(66,154)
Principal elements of lease payments		**(177,374)**	(186,374)
Share placement proceeds in advance of issue		**5,000,000**	-
Net cash inflow/(outflow) from financing activities		**11,461,602**	(252,528)
Net increase/(decrease) in cash and cash equivalents		**6,425,028**	(7,534,630)
Cash and cash equivalents at beginning of year		**3,390,203**	10,902,466
Effects of exchange rate changes on cash and cash equivalents		**(6,948)**	22,367
Cash and cash equivalents at end of year	11	**9,808,283**	3,390,203

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

1. CORPORATE INFORMATION

The financial report of Redflow Limited (the "Company" or "Parent") and its controlled entities (the "Group") for the year ended 30 June 2021 was authorised for issue in accordance with a resolution of the Directors on 27 August 2021. The Directors have the power to amend and reissue the financial statements.

The Company is a 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 5 which is not a part of this financial report.

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, interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001.*

The impact of COVID-19 on world economies has been significant and there is much uncertainty with how quickly economies will recover in both the short and medium term. As such these financial statements have been prepared with all known COVID-19 financial impacts to assets and liabilities. Any further COVID-19 impacts including eligibility for any further government support that arise after the reporting period will be accounted for in future reporting periods.

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

New and amended accounting standards adopted by the Group
The accounting policies adopted are consistent with those of the previous financial year ended 30 June 2020, with no new accounting standards applied for the reporting period commencing 1 July 2020.

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

Critical accounting estimates
The preparation of 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 area 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Going concern status
The Group incurred an operating loss after income tax of $9,545,162 (2020: $10,017,689) and an operating cash outflow of $4,839,837 (2020: $6,936,904) for the year ended 30 June 2021. Cash held at bank as at 30 June 2021 was $9,808,283 (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 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 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:

- Raised $5 million via a share placement agreement with New Technology Capital Group LLC finalised in June 2021, with a potential further investment of $5 million within 18 months;
- Subsequent to 30 June 2021 raised $9.693 million (gross funds) through a non-renounceable entitlement offer with 1 for 1 attaching options, expiring on 23 July 2022;
- Subsequent to 30 June 2021 raised $1.1 million (gross funds) through an additional shortfall placement;
- Anticipated funds from the order backlog of 176 batteries to be delivered during FY2022;
- In support of Redflow's ongoing cost down project, continuing the development of the Gen 3 Battery with production anticipated to commence in FY2022;
- Entered an agreement with a Singapore based ESG fund for additional investment subject to their support to secure MWh scale orders;
- Following on from the Anaergia contract, pursuing new large scale opportunities in the USA including ongoing discussions with a major US listed corporate whom named Redflow batteries in a recent RFI; and
- Continued engagement with individuals, suppliers, collaboration partners, investors and other sources of potential investment.

However taking into account the above matters, there remains a material uncertainty with regard to the Group raising the necessary funding to continue its manufacturing investment and scale up program over the next 18 to 24 month period. Accordingly, this material uncertainty may cast doubt over whether the Group can continue as a going concern, and therefore, may be unable to realise its assets and discharge it liabilities in the normal course of business at the amount 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 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 2021.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Principles of consolidation

Subsidiaries
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the Company as at 30 June 2021 and the results of all subsidiaries for the year then ended. Redflow Limited and its subsidiaries together are referred to in this financial report as the Group.

Subsidiaries are all 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 deconsolidated 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.

(c) Segment reporting
Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors.

(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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Revenue recognition

(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.

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 are made with credit terms of 30 days, which is consistent with market practice. The Group's obligation to repair or replace faulty products under the standard warranty terms is recognised as a provision, refer to note 2(o).

(ii) Interest income
Interest income is recognised using the effective interest method.

(iii) 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.

Government COVID-19 support grants such as JobKeeper are treated as Other Income in the profit and loss and recognised in the period in which they relate. Other Government COVID-19 support such as refunds or deferrals for company related taxes are treated as an offset against that tax in the profit and loss during FY2021.

(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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 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) 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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, which generally have 30 day terms, 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.

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.

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. With the planned manufacture of the Gen3 product, consideration has to be given to the net realisable value of the current finished goods inventory of ZBM2s in stock, particularly with the uncertainty of COVID-19 impacts to future customer orders and the re-focus to prioritise the development and release of the Gen3 product.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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(t)).

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

(l) 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.

(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.

(m) 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 18.

(n) Employee Benefits
(i) Short term obligations
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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(ii) Other long-term employee benefit obligations
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.

The fair value of shares issued under the performance rights plan are recognised as an expense in the same manner as if they were issued as an option with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the share granted, which includes any market performance conditions but excludes the impact of any service and non-market performance conditions and the impact of any non-vesting conditions. Non-market vesting conditions are included in assumptions about the number of shares 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 shares 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.

(o) 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

(p) 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.

(q) Goods and Service Tax (GST)

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.

(r) Earnings per share

Basic earnings per share
This is calculated as net profit attributable to members of the parent, 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 parent, 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.

(s) Parent entity financial information

The financial information for the parent entity, Redflow Limited, disclosed in Note 34 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

(t) 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.

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.

(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.

3. FINANCIAL RISK MANAGEMENT (continued)

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

	30 June 2021			*30 June 2020*		
Denominated in:	***USD***	***EUR***	***THB***	*USD*	*EUR*	*THB*
Presented in AUD:	**$**	**$**	**$**	$	$	$
Trade Payables	**(155,065)**	**(97,615)**	**(9,646)**	(50,176)	-	(11,343)
Trade Receivables & Prepaid Expenses	**82,167**	**-**	**2,453**	86,168	-	45,048
Cash on Deposit	**390,749**	**-**	**-**	160,039	-	-

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 2021, 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 $23,671 higher / $19,368 lower (2020: $25,526 higher / $20,885 lower), as a result of foreign exchange gains / losses 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; 50% due on order and 50% due on delivery of product.

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 2021		*30 June 2020*	
Trade receivables	***Gross carrying value***	***Expected credit loss***	*Gross carrying value*	*Expected credit loss*
	$	***$***	$	*$*
Grade 1 (Low Risk)	**273,552**	**-**	107,882	-
Grade 2 (Substandard)	**-**	**-**	54,790	27,395
Grade 3 (Doubtful)	**-**	**-**	59,605	59,605
Grade 4 (Loss)	**-**	**-**	-	-
	273,552	**-**	222,277	87,000

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 2021	*30 June 2020*
	$	*$*
Cash at bank and short-term bank deposits		
AA	**9,808,283**	3,390,203

3. FINANCIAL RISK MANAGEMENT (continued)

(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 $9,808,283 (2020: $3,390,203) that are expected to readily generate cash inflows for managing liquidity risk.

The Group does not have any undrawn facilities as at 30 June 2021 (2020 :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 2021							
Non-derivatives							
Trade and other payables	**6,178,876**	**-**	**-**	**-**	**-**	**6,178,876**	**6,178,876**
Lease liabilities	**75,369**	**-**	**-**	**-**	**-**	**75,369**	**75,369**
	6,254,245	**-**	**-**	**-**	**-**	**6,254,245**	**6,254,245**
At 30 June 2020							
Non-derivatives							
Trade and other payables	492,098	-	-	-	-	492,098	492,098
Lease liabilities	76,241	-	-	-	-	76,241	76,241
	568,339	-	-	-	-	568,339	568,339

(d) 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.

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 note appropriately. The impact of the new accounting standards not yet adopted will require management to exercise judgement in the application of these policies.

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. Due to the moderation of the production at the facility a portion of 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

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

proportion of the value of damaged stock, slow moving stock and 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(t). 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 placement agreement
The Group entered into a share placement agreement with a new investor, New Technology Capital Group LLC. Under the agreement, share subscriptions are subject to fair value movements in the price of the Group's shares. The Group in conjunction with its independent expert valuer have made estimates about the fair value of the share placement agreement.

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 product, number of customers who may be entitled to claim warranty, how often, and the costs of fulfilling the performance 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. 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.

5. SEGMENT INFORMATION

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 installation preferences and continues to forge ahead with committed sales orders received from all over 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 year ended 30 June 2021 amounted to just over 51% of the total sales revenue with the balance split amongst four main customers.

6. REVENUE FROM CONTRACTS WITH CUSTOMERS

	30 June 2021	*30 June 2020*
	$	$
From continuing operations		
Revenue from contracts with customers*	**2,230,106**	1,948,432
	2,230,106	1,948,432

*Includes sale of goods at a point in time $1,085,775 (2020: $1,948,432) and sale of goods over time $1,144,331 (2020: nil).

7. OTHER INCOME

	30 June 2021	*30 June 2020*
	$	$
Interest	**8,925**	67,258
Gain on disposal of property, plant & equipment	**22,662**	-
R&D tax incentive	**1,649,644**	2,014,854
EMDG grant	**100,000**	70,987
JobKeeper payment	**868,150**	342,000
Cash flow boost	**-**	100,000
Other grants	**35,750**	-
Net gain on foreign exchange	**578**	-
Total Other income	**2,685,709**	2,595,099

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. No accrual has been made for the year ended 30 June 2021 as the amount cannot be estimated accurately.

8. EXPENSES

	30 June 2021	*30 June 2020*
	$	$
Loss before income tax includes the following specific expenses:		
Employee benefits expense		
Defined contribution superannuation expense	**387,653**	417,432
Other employee benefit expense	**5,917,102**	5,350,725
Total employee benefits expense	**6,304,755**	5,768,157
Depreciation and amortisation		
Depreciation	**460,979**	698,146
Amortisation	**104,190**	188,662
Total depreciation and amortisation	**565,169**	886,808
Finance costs		
Interest expense on lease liabilities	**1,518**	2,644
Other Interest and finance charges paid/payable	**7,372**	7,366
Total finance costs	**8,890**	10,010
Other expenses		
Share placement fair value expense	**550,000**	-
Intangible assets written off	**187,946**	-
Other costs	**256,824**	346,628
Total other expenses	**994,770**	346,628
Impairment for credit loss/(reversal)	**(61,191)**	55,743
Net foreign exchange loss	**-**	59,895

9. INCOME TAX EXPENSE

	30 June 2021	30 June 2020
	$	$
(a) Income tax expense		
Current tax benefit	**(2,591,873)**	(3,158,534)
Deferred tax	**(151,613)**	42,251
Foreign tax paid	**26,469**	50,885
Temporary differences and tax losses not brought to account	**2,743,486**	3,116,283
	26,469	50,885

	30 June 2021	30 June 2020
	$	$
(b) Numerical reconciliation of income tax expense to prima facie tax expense		
Loss from continuing operations before income tax expense	**(9,518,693)**	(9,966,804)
Tax benefit at Australian tax rate of 26% (2020: 27.5%)	**(2,474,860)**	(2,740,871)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Entertainment expense	**2,511**	5,830
Share-based payment	**179,127**	254,280
Foreign tax paid	**-**	-
Foreign tax rate and exchange rate differences	**(5,392)**	(15,278)
Other non-temporary differences in foreign jurisdiction	**5,849**	2,083
Government COVID-19 cashflow boost non-assessable non-exempt	**-**	(27,500)
R&D tax incentive received	**(428,907)**	(554,085)
Prior year under/over	**4,655**	10,143
	(2,717,017)	(3,065,398)
Temporary differences and tax losses not brought to account	**2,743,486**	3,116,283
Income tax expense	**26,469**	50,885
(c) Unused tax losses for which no deferred tax asset has been recognised [1]	**98,374,054**	92,943,214
Potential tax benefit at 26% (2020: 27.5%)	**25,577,254**	25,559,384

1. This includes a true-up of the R&D claim following lodgement 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.

9. INCOME TAX EXPENSE (continued)

(d) Deferred tax liabilities

	30 June 2021	*30 June 2020*
	$	*$*
The balance comprises temporary differences attributable to:		
PPE and leased assets	**9,537**	-
Other receivables	**-**	31,350
Foreign exchange	**56,612**	51,161
Total deferred tax liabilities at 26% (2020: 27.5%)	**66,149**	82,511
Set off against deferred tax assets (relating to employee provisions)	**(66,149)**	(82,511)
Net deferred tax liabilities at 26% (2020: 27.5%)	**-**	-

	30 June 2021	*30 June 2020*
	$	*$*
(e) Unrecognised temporary differences		
The balance comprises temporary differences attributable to:		
Payable and accruals	**317,918**	314,226
Employee benefits	**102,823**	63,080
Black hole expenses (P&L)	**126,696**	25,020
Black hole expenses (Equity)	**75,636**	40,116
Expected credit loss	**-**	23,925
PPE and leased assets	**-**	4,460
Provisions	**200,707**	-
Tax losses	**25,577,254**	25,559,384
Total unrecognised deferred tax assets at 26% (2020: 27.5%)	**26,401,034**	26,030,211

(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(s).

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.

10. FINANCIAL ASSETS AND LIABILITIES

The Group holds the following financial instruments:

	Notes	***30 June 2021***	*30 June 2020*
		$	*$*
Financial assets at amortised cost			
Trade receivables	12	**944,789**	135,277
Other current assets	14	**236,929**	377,381
Cash and cash equivalents	11	**9,808,283**	3,390,203
		10,990,001	3,902,861
Financial liabilities at amortised cost - trade and other payables	18	**878,876**	492,098
Financial liabilites at fair value - equity issue obligation	18	**5,300,000**	-
Lease liabilities	17	**75,369**	76,241
		6,254,245	568,339

11. CASH AND CASH EQUIVALENTS

	30 June 2021	*30 June 2020*
	$	*$*
Cash and cash equivalents	**9,808,283**	3,390,203
	9,808,283	3,390,203

12. CURRENT TRADE AND OTHER RECEIVABLES

	30 June 2021	*30 June 2020*
	$	*$*
Outstanding invoices*	**273,552**	222,277
Revenue not yet invoiced	**671,237**	
Expected credit losses	**-**	(87,000)
	944,789	135,277

*Other than the amounts disclosed above, the Company has also issued advance invoices amounting to $635,179 in line with the terms of the purchase agreements which are expected to be collected in the next 12 months.

(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).

(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.

13. INVENTORIES

	30 June 2021	*30 June 2020*
	$	*$*
At cost		
Raw Materials	**3,650,747**	4,395,839
Provision for diminution in value	**(985,643)**	(919,879)
Finished goods	**681,428**	2,767,021
Impairment	**-**	(639,164)
	3,346,532	**5,603,817**

Inventories recognised as an expense for the year ended 30 June 2021 totalled $5,128,338 (2020: $5,534,822). This expense has been included in the raw materials and consumables used in the statement of comprehensive income.

14. OTHER CURRENT ASSETS

	30 June 2021	*30 June 2020*
	$	*$*
Security & Rental bond deposits	**83,553**	91,977
Prepayments	**153,376**	285,404
	236,929	377,381

15. PROPERTY PLANT AND EQUIPMENT

	30 June 2021	*30 June 2020*
	$	$
Plant and equipment		
At cost	**4,828,100**	4,783,020
Accumulated depreciation	**(4,231,948)**	(4,043,245)
Net carrying amount	**596,152**	739,775
Leasehold improvements		
At cost	**611,685**	611,685
Accumulated depreciation	**(590,057)**	(584,600)
Net carrying amount	**21,628**	27,085
Total property, plant and equipment		
At cost	**5,439,785**	5,394,705
Accumulated depreciation	**(4,822,005)**	(4,627,845)
Net carrying amount	**617,780**	766,860

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

Plant and equipment		
Opening net carrying amount	**739,775**	1,056,025
Additions	**163,778**	179,554
Disposals	**(3,948)**	-
Depreciation charge	**(277,671)**	(504,974)
Foreign exchange movement	**(25,782)**	9,170
Balance at the end of the year	**596,152**	739,775
Leasehold improvements		
Opening net carrying amount	**27,085**	33,656
Depreciation charge	**(5,457)**	(6,571)
Balance at the end of the year	**21,628**	27,085
Total Property, plant and equipment		
Opening net carrying amount	**766,860**	1,089,681
Additions	**163,778**	179,554
Disposals	**(3,948)**	-
Depreciation charge	**(283,128)**	(511,545)
Foreign exchange movement	**(25,782)**	9,170
Balance at the end of the year	**617,780**	766,860

16. INTANGIBLE ASSETS

	30 June 2021	30 June 2020
	$	$
Patents, trademarks and designs		
Cost	**880,992**	1,608,225
Accumulated amortisation	**(465,302)**	(977,777)
Net carrying amount	**415,690**	630,448
Capitalised lease surrender		
Cost	**163,350**	163,350
Accumulated amortisation	**(163,350)**	(163,350)
Net carrying amount	**-**	-
Software		
Cost	**161,786**	161,786
Accumulated amortisation	**(161,786)**	(161,786)
Net carrying amount	**-**	-
Total intangible assets		
Cost	**1,206,128**	1,933,361
Accumulated amortisation and impairment	**(790,438)**	(1,302,913)
Net carrying amount	**415,690**	630,448

Reconciliation of carrying amount at beginning and end of the year

Patents, trademarks and designs		
Opening net carrying amount	**630,448**	593,943
Additions	**77,378**	212,501
Disposals	**(187,946)**	-
Amortisation charge	**(104,190)**	(175,996)
Balance at the end of the year	**415,690**	630,448
Software		
Opening net carrying amount	**-**	12,666
Amortisation charge	**-**	(12,666)
Balance at the end of the year	**-**	-
Total intangible assets		
Opening net carrying amount	**630,448**	606,609
Additions	**77,378**	212,501
Disposals	**(187,946)**	-
Amortisation charge	**(104,190)**	(188,662)
Balance at the end of the year	**415,690**	630,448

17. LEASES

Information for leases where the Group is a lessee is set out below.

(a) Amounts recognised in the balance sheet

The balance sheet shows the following amounts relating to leases:

	30 June 2021	*30 June 2020*
	$	*$*
Right of use assets		
Opening net carrying amount	**76,019**	258,463
Additions	**180,359**	-
Depreciation charge	**(177,851)**	(186,601)
Foreign exchange movement	**(3,378)**	4,157
Balance at the end of the year	**75,149**	76,019

	30 June 2021	*30 June 2020*
	$	*$*
Lease liabilitites		
Current	**75,369**	76,241
Non Current	**-**	-
	75,369	76,241

(b) Amounts recognised in the statement of profit or loss

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

	30 June 2021	*30 June 2020*
	$	*$*
Depreciation charge of right of use assets	**177,851**	186,601
Interest expense (included in finance cost)	**1,518**	2,644
Expense relating to short-term leases	**149,260**	163,941
Expense relating to leases of low-value assets	**3,257**	4,486

Details about the Group’s lease policy is provided in Note 2(g)

18. CURRENT TRADE AND OTHER PAYABLES

	30 June 2021	*30 June 2020*
	$	*$*
Trade payables	**670,769**	336,161
Customer deposits	**41,726**	44,746
Accrued expenses	**166,381**	111,191
Equity issue obligation under Share placement agreement	**5,300,000**	-
	6,178,876	492,098

(a) Foreign exchange risk

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

18. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Share placement agreement

During the year, the Company entered into a Share Placement Agreement with US based New Technology Capital Group, LLC (the Investor), an institutional specialist technology investor, raising $5 million (with the opportunity for an additional $5 million by mutual consent of Redflow and the Investor).

The agreement provides for an initial investment of $5 million for $5.3 million worth of ordinary shares (Subscription Shares), by way of the Investor making a prepayment for Subscription Shares. Redflow received the $5 million prepayment on 30 June 2021 and will issue the Subscription Shares, at the Investor’s request, within 18 months of the date of the funding. The number of shares to be issued will be determined by applying the Purchase Price (as detailed further below) to the subscription amount, but subject to a Floor Price.

An additional investment of up to $5 million for Subscription Shares worth $5 million may be undertaken by mutual consent of the Investor and Redflow within three years of the agreement. Redflow is under no obligation to draw down on this investment and the Investor is under no obligation to provide it.

The Purchase Price of the Subscription Shares will be equal to $0.12 initially, representing a premium of approximately 87.5% to the closing price of Redflow's shares on 21 June 2021. Subject to the Floor Price described below, following 24 July 2021, the Purchase Price will reset to the average of the five daily volume weighted average prices selected by the Investor during the 20 consecutive trading days immediately prior to the date of the Investor’s notice to issue shares, less a 2.5% discount (or a 5% discount if the Subscription Shares are issued after the first anniversary of the initial placement) (rounded down to the nearest one tenth of a cent if the share price is at $0.10 or below, half a cent if the share price is at above $0.10 and at $0.20 or below, or a whole cent if the share price is above $0.20). The Purchase Price will, nevertheless, be the subject of the Floor Price of $0.04. If the Purchase Price formula results in a price that is less than the Floor Price, Redflow may forego issuing shares and instead opt to repay the applicable subscription amount in cash (with a 5% premium), subject to the Investor’s right to receive Subscription Shares at the Floor Price in lieu of such cash repayment. The Purchase Price will not be the subject of a cap.

Redflow will also have the right (but no obligation) to forego issuing shares in relation to the Investor’s request for issuance and instead opt to repay the subscription amount by making a payment to the Investor equal to the market value of the shares that would have otherwise been issued. The Company made an initial issuance of 16.8 million Subscription Shares to the Investor on 25 June 2021, towards the ultimate number of Subscription Shares to be issued. Alternatively, in lieu of applying these shares towards the aggregate number of the Subscription Shares to be issued by Redflow, the Investor may make a further payment to the Company equal to the value of these shares determined using the Subscription Price at the time of the payment.

Under the agreement, Redflow issued 3,903,810 fully paid ordinary shares on 25 June 2021, in satisfaction of a fee payable to the Investor.

19. OTHER CURRENT LIABILITIES

	30 June 2021	*30 June 2020*
	$	*$*
Other payroll liabilities	**878,092**	417,664
	878,092	417,664

20. PROVISIONS

	30 June 2021 $	30 June 2020 $
Current		
Annual leave	**319,959**	269,959
Warranty claims	**1,082,902**	1,031,770
Long service leave	**189,111**	154,664
Onerous contracts	**132,787**	-
	1,724,759	1,456,393
Non-current		
Long service leave	**112,243**	65,017
	112,243	65,017

(a) Movements in provisions

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

	30 June 2021			
	$	$	$	$
	Warranty claims	*Annual leave*	*Long service leave*	*Onerous contracts*
Carrying amount at start of year	1,031,770	269,959	219,681	-
Charged (credited) to profit or loss				
- Additional provision recognised	160,679	354,326	83,114	132,787
- Amounts used during the year	(109,547)	(304,326)	-	-
- Unused amounts reversed			(1,441)	-
	1,082,902	**319,959**	**301,354**	**132,787**

(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.

21. ISSUED CAPITAL

	30 June 2021	*30 June 2020*
	$	*$*
Ordinary shares		
Fully paid	**126,772,988**	119,670,345
	126,772,988	119,670,345
Ordinary shares	***shares***	*shares*
Issued and fully paid	**1,221,360,476**	916,313,294

(a) 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.

(b) Movements in ordinary share capital

Date	Details	No. of shares	Issue price	$
1-Jul-19	Opening balance	913,772,004		119,586,245
1-Oct-19	Issue of ordinary shares (i)	757,481	$0.0377	28,557
1-Oct-19	Issue of ordinary shares (ii)	685,807	$0.0424	29,078
21-Jan-20	Issue of ordinary shares (iii)	466,759	$0.0495	23,105
16-Jun-20	Issue of ordinary shares (iv)	631,243	$0.0366	23,103
	Less: transactions cost on share issue			(19,743)
		916,313,294		119,670,345
1-Jul-20	Opening balance	916,313,294		119,670,345
31-Jul-20	Issue of ordinary shares (i)	195,960,036	$0.0250	4,899,001
11-Aug-20	Issue of ordinary shares (ii)	16,600,000	$0.0250	415,000
12-Aug-20	Issue of ordinary shares (iii)	6,583,336	$0.0250	164,583
31-Aug-20	Issue of ordinary shares (iv)	1,000,000	$0.0246	24,600
23-Oct-20	Issue of ordinary shares (v)	64,200,000	$0.0250	1,605,000
25-Jun-21	Issue of ordinary shares (vi)	3,903,810	$0.0640	250,000
25-Jun-21	Issue of ordinary shares (vii)	16,800,000	$0.0000	-
	Less: transactions cost on share issue (viii)			(255,541)
		1,221,360,476		126,772,988

i. On 31 July 2020, Redflow Limited issued 195,960,036 shares by way of a 1 for 1 entitlement offer 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. On 25 June 2021, Redflow Limited issued 3,903,810 ordinary shares in accordance with the terms of its Share Placement Agreement with New Technology Capital Group LLC.
vii. On 25 June 2021, Redflow Limited issued 16,800,000 ordinary shares at nil value in accordance with the terms of its Share Placement Agreement with New Technology Capital Group LLC.
viii. Transaction costs were associated with the capital raising in July 2020 and June 2021.

21. 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 33. Further details are also set out in the remuneration report.

(d) Capital risk 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.

The gearing ratios at 30 June 2021 and 30 June 2020 were as follows:

	30 June 2021	*30 June 2020*
	$	*$*
Total borrowings	**-**	-
Less cash and cash equivalents	**(9,808,283)**	(3,390,203)
Net debt/(cash)	**(9,808,283)**	(3,390,203)
Total equity	**6,475,813**	8,472,592
Gearing ratio	**N/A**	N/A

22. RESERVES AND ACCUMULATED LOSSES

	30 June 2021	*30 June 2020*
	$	*$*
(a) Reserves		
Share-based payments reserve	**4,729,302**	4,233,734
Translation reserve	**(64,919)**	(15,091)
	4,664,383	4,218,643
Movements:		
Share based payments reserve		
Opening balance	**4,233,734**	3,420,572
Share options/rights issued to employees	**580,966**	813,162
Shares issued to employees	**(189,183)**	-
Share options issued to external parties	**103,785**	-
Closing balance	**4,729,302**	4,233,734
Translation reserve		
Opening balance	**(15,091)**	(10,570)
Unrealised gain/(loss) on translation of foreign subsidiary	**(49,828)**	(4,521)
Closing balance	**(64,919)**	(15,091)

22. RESERVES AND ACCUMULATED LOSSES (continued)

	30 June 2021 $	30 June 2020 $
(b) Accumulated losses		
Movements in accumulated losses were as follows:		
Opening balance	**(115,416,396)**	(105,398,707)
Net loss for the year	**(9,545,162)**	(10,017,689)
Closing balance	**(124,961,558)**	(115,416,396)

(c) 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.

23. DIVIDENDS

No dividends were paid or declared to members during the financial year ended 30 June 2021 (2020: nil).

24. KEY MANAGEMENT PERSONNEL

(a) Directors

The Directors of Redflow Limited during or at the end of the financial year are disclosed in the Directors' Report on page 5:

(b) Key management personnel compensation

	30 June 2021 $	30 June 2020 $
Short term employee benefits	**1,336,035**	1,450,133
Post-employment employee benefits	**113,118**	115,999
Other long-term employee benefits	**16,815**	24,160
Share-based payment	**478,256**	570,391
	1,944,224	2,160,683

24. KEY MANAGEMENT PERSONNEL (continued)

(c) Transactions with key management personnel

	30 June 2021	*30 June 2020*
	$	*$*
Subscription of new shares by key management personnel as a result of:		
Shares issued in lieu of directors fees	**-**	74,765
Shares issued in lieu of employee STI	**-**	29,078
Shares issued under Performance Rights Plan	**116,267**	-
	116,267	103,843

(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.

(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.

25. AUDITOR'S REMUNERATION

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

	30 June 2021	*30 June 2020*
	$	*$*
PricewaterhouseCoopers Australia		
Audit and other assurance services		
Audit and review of financial statements	**139,994**	120,880
Total remuneration for audit and other assurance services	**139,994**	120,880
Other services		
R&D claim services	**15,300**	15,300
Non-recurring consulting	**15,300**	41,820
Total remuneration for other services	**30,600**	57,120
Total auditor's remuneration	**170,594**	178,000

26. CONTINGENCIES

The Group has no contingent liabilities at 30 June 2021 (2020: nil).

27. COMMITMENTS

(a) Capital commitments
The Group has $6,810 additional commitments at 30 June 2021 (2020: $1,229) 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(g) and Note 17 for further information.

28. RELATED PARTY DISCLOSURES

(a) Ultimate parent
The Parent entity within the Group is Redflow Limited.

(b) Subsidiaries
Interests in subsidiaries are set out in Note 29.

(c) Key management personnel
Disclosure relating to key management personnel is set out in Note 24.

(d) Transactions with related parties
The following transactions occurred with related parties.

	30 June 2021 ***$***	*30 June 2020* *$*
Purchases of goods and services:		
Payroll expenses paid to related party employees	**-**	28,000

29. SUBSIDIARIES

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

Name of entity	*Country of Incorporation*	*Class of shares*	*% Equity holding** **2021**	2020	Principal activity
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.

30. EVENTS AFTER BALANCE DATE

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

- On 23 July 2021 an Entitlement Offer closed with applications totalling $9.7 million raised from shareholders;
- On 25 August 2021, Redflow announced an additional $1.1 million shortfall placement with the total funds now raised $15.8 million (before costs);
- Entered an agreement with Fund4SE, a Singapore based ESG fund for additional investment subject to their support to secure MWh scale orders.

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

	30 June 2021	*30 June 2020*
	$	*$*
Total loss for the year	**(9,545,162)**	(10,017,689)
Adjustments for:		
Depreciation and amortisation	**565,169**	886,808
(Impairment reversal)/Impairment of receivables	**-**	55,743
Impairment of inventory	**-**	639,164
Net (profit)/loss on disposal/write off of assets	**187,946**	-
Net (gain)/loss on foreign exchange	**(32,692)**	39,394
Share-based payment expense	**684,751**	917,006
Fair value movement on share placement	**550,000**	-
Share placement advance	**(5,300,000)**	-
Changes in operating assets and liabilities		
(Increase)/Decrease in trade and other receivables	**(809,512)**	(96,594)
(Increase)/Decrease in inventories	**2,257,285**	1,623,951
(Increase)/Decrease in other operating assets	**140,452**	(61,352)
(Decrease)/Increase in trade and other payables	**5,686,778**	(824,046)
(Decrease)/Increase in lease liabilities	**(872)**	76,241
(Decrease)/Increase in other current liabilities	**460,428**	(265,498)
(Decrease)/Increase in provisions	**315,592**	89,968
Net cash (outflow) from operating activities	**(4,839,837)**	(6,936,904)

32. EARNINGS PER SHARE

	30 June 2021	*30 June 2020*
	$	*$*
(a) Basic and dilutive loss per share		
From continuing operations attributable to the ordinary equity of the Group	**(0.01)**	(0.01)
Total basic and dilutive earnings per share attributable to the ordinary equity holders of the Group	**(0.01)**	(0.01)

(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.

32. EARNING PER SHARE (continued)

Reconciliation of earning used in calculating earnings per share

	30 June 2021 $	*30 June 2020 $*
Basic earnings per share		
Loss attributable to the ordinary equity holders of the Group used in calculating basic earnings per share	**(9,594,990)**	(10,022,210)
From continuing operations	**(9,594,990)**	(10,022,210)

Reconciliation of earning used in calculating earnings per share

	30 June 2021 $	*30 June 2020 $*
Weighted average number of shares used as the denominator in calculating basic and dilutive earnings per share	**1,161,214,130**	915,078,024

33. SHARE BASED PAYMENTS

(a) Shares issued to third parties

On 25 June 2021, Redflow issued 3,903,810 ordinary shares at $0.0640 per share (total value $250,000), in satisfaction of a fee payable to New Technology Capital Group LLC under a Share Place Placement detailed in Note 18. This amount was recorded in the P&L as a cost relating to fair value of share placement expense.

(b) Share options on issue to third parties

Grant Date	*First Exercise Date*	*Expiry date*	*Exer-cise price*	*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 2021				Number	Number	Number	Number	Number
1/09/2020	2/09/2020	17/07/2023	$0.045	-	4,000,000	-	4,000,000	4,000,000
				-	4,000,000	-	4,000,000	4,000,000
Weighted average exercise price					$0.045		$0.045	$0.045

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

There were no options granted during FY2021.

Grant Date	*First Exercise Date*	*Expiry date*	*Exer-cise price*	*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 2020				Number	Number	Number	Number	Number
18/05/2015	31/12/2016	31/12/2019	$0.19	300,000	-	(300,000)	-	-
18/05/2015	30/06/2017	30/06/2020	$0.19	100,000	-	(100,000)	-	-
				400,000	-	(400,000)	-	-
Weighted average exercise price				$0.19		$0.19		

33. SHARE BASED PAYMENTS (continued)

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

Grant Date	*First Exercise Date*	*Expiry date*	*Exer-cise price*	*Balance at start of the year*	*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*
Consolidated 2021				Number	Number	Number	Number	Number	Number
4/12/2017	30/06/2020	28/11/2023	-	1,000,000	-	(1,000,000)	-	-	-
26/11/2018	30/06/2021	25/11/2024	-	2,666,667	-	-	(1,666,667)	1,000,000	1,000,000
26/11/2018	30/06/2019	25/11/2024	-	-	-	-	-	-	-
26/11/2018	30/06/2020	25/11/2024	-	833,333	-	-	(833,333)	-	-
21/11/2019	30/06/2020	21/11/2025	-	2,500,000	-	(1,666,667)	-	833,333	-
21/11/2019	30/06/2021	21/11/2025	-	2,166,667	-	-	-	2,166,667	1,000,000
21/11/2019	30/06/2022	21/11/2025	-	5,333,333	-	-	-	5,333,333	-
17/12/2019	30/06/2020	21/11/2025	-	7,083,336	-	(4,916,669)	(500,000)	1,666,667	-
17/12/2019	30/06/2021	21/11/2025	-	5,633,333	-	-	(1,300,000)	4,333,333	2,000,000
17/12/2019	30/06/2022	21/11/2025	-	13,866,665	-	-	(3,200,000)	10,666,665	-
26/11/2020	30/06/2021	26/11/2026	-	-	2,211,111	-	-	2,211,111	1,100,000
26/11/2020	30/06/2022	26/11/2026	-	-	2,211,111	-	-	2,211,111	-
26/11/2020	30/06/2023	26/11/2026	-	-	5,577,778	-	-	5,577,778	-
21/04/2021	30/06/2021	21/04/2027	-	-	5,195,850	-	-	5,195,850	2,585,000
21/04/2021	30/06/2022	21/04/2027	-	-	5,195,850	-	-	5,195,850	-
21/04/2021	30/06/2023	21/04/2027	-	-	13,108,300	-	-	13,108,300	-
				41,083,334	33,500,000	(7,583,336)	(7,500,000)	59,499,998	7,685,000

Grant Date	*First Exercise Date*	*Expiry date*	*Exer-cise price*	*Balance at start of the year*	*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*
Consolidated 2020				Number	Number	Number	Number	Number	Number
4/12/2017	30/06/2020	28/11/2023	-	1,666,667	-	-	(666,667)	1,000,000	1,000,000
26/11/2018	30/06/2021	25/11/2024	-	2,666,667	-	-	-	2,666,667	-
26/11/2018	30/06/2019	25/11/2024	-	1,500,000	-	-	(1,500,000)	-	-
26/11/2018	30/06/2020	25/11/2024	-	833,333	-	-	-	833,333	-
21/11/2019	30/06/2020	21/11/2025	-	-	2,500,000	-	-	2,500,000	1,666,667
21/11/2019	30/06/2021	21/11/2025	-	-	2,166,667	-	-	2,166,667	-
21/11/2019	30/06/2022	21/11/2025	-	-	5,333,333	-	-	5,333,333	-
17/12/2019	30/06/2020	21/11/2025	-	-	7,375,003	-	(291,667)	7,083,336	4,916,669
17/12/2019	30/06/2021	21/11/2025	-	-	6,391,666	-	(758,333)	5,633,333	-
17/12/2019	30/06/2022	21/11/2025	-	-	15,733,331	-	(1,866,666)	13,866,665	-
				6,666,667	39,500,000	-	(5,083,333)	41,083,334	7,583,336

(e) Expenses arising from share based payment transactions

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

	30 June 2021	*30 June 2020*
	$	*$*
Options issued to external parties	**103,785**	-
Share rights granted under performance rights plan	**580,966**	813,162
	684,751	813,162

34. PARENT ENTITY FINANCIAL INFORMATION

(a) Summary of financial information

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

	PARENT	
	30 June 2021	*30 June 2020*
	$	*$*
Balance sheet		
Current assets	**9,382,097**	3,177,761
Non current assets	**159,113**	159,113
Total assets	**9,541,210**	3,336,874
Current liabilities	**-**	-
Non current liabilities	**-**	-
Total liabilities	**-**	-
Net assets	**9,541,210**	3,336,874
Shareholders' equity		
Contributed equity	**126,772,988**	119,670,345
Reserves	**4,729,302**	4,233,734
Accumulated losses	**(121,961,080)**	(120,567,205)
	9,541,210	3,336,874
(Loss) for the year	**(1,393,875)**	(8,530,619)
Total comprehensive (loss)	**(1,393,875)**	(8,530,619)

Included in the loss for the period is an impairment charge of $1,402,717 (2020: $8,596,196) against intercompany receivables.

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

The parent entity has not entered into any guarantees as at 30 June 2021 (2020: nil).

(c) Contingent liabilities of the parent entity

The parent entity does not have any contingent liabilities as at 30 June 2021 (2020: nil).

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

The parent entity is not entered into any contractual commitments for acquisition of property, plant and equipment as at 30 June 2021 (2020: nil).

In the Directors' opinion:

(a) the financial statements and notes set out on pages 41 to 77 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 2021 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 Financial Controller required by section 295A of the Corporations Act 2001.

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

Brett Johnson
Chairman

Brisbane
Date: 27 August 2021

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 2021 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 2021
- 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.

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Material uncertainty related to going concern

We draw attention to Note 2(a) in the financial report, which indicates that the Group incurred an operating loss after income tax of $9,545,162 and an operating cash outflow of $4,839,837 during the year ended 30 June 2021. This highlights that the ability to further develop, produce and market the Group's products is dependent on its ability to continue to raise funding from existing or new investors for the foreseeable future. This condition, along with other matters set forth in Note 2(a), 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*
• For the purpose of our audit we used overall Group materiality of $516,000 which represents approximately 5% of the Group's loss before tax, averaged for the current and two previous years. • 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 the Group's loss before tax because, in our view, it is the benchmark against which the performance of the Group is most appropriately measured. Due to fluctuations in profit and loss from year to year, we chose a three year average. • We utilised a 5% threshold based on our professional judgement, noting it is within the range of commonly acceptable thresholds.	• Our audit focused on where the Group made subjective judgements; such as the revenue recognition of contracts with customers, the share placement arrangement, and the going concern basis of preparation adopted for the financial report.	• Amongst other relevant topics, we communicated the following key audit matters to the Audit and Risk Committee: - Revenue recognition for contracts with customers - Share placement arrangement - Going concern • These are further described in the *Key audit matters* section of our report, except for the matter which is described in the *material uncertainty related to going concern* section.

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.

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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*
Revenue recognition for contracts with customers (Refer to note 6) [$2.2 million] The revenue was composed of revenue recognised at a point in time of $1.1 million and revenue recognised over time of $1.1 million. The revenue recognised over time was from a contract the Group entered into with a customer, Anaergia, for the manufacture and delivery of a number of bespoke megawatt energy storage modules with defined performance specifications. Revenue recognition for the contract was determined using a percentage of completion basis under the cost inputs method. The recognition of revenue was a key audit matter due to the significance of the revenue recorded for the Anaergia contract as well as the judgements and calculations involved in the determination of the percentage of completion at balance date. In addition, as the Group is transitioning into the manufacturing and distribution phase of operations, the assessment that revenue recognised at a point in time was appropriately recorded was considered a key area of focus.	Our procedures in relation to assessing the appropriateness of revenue recognised by the Group included, amongst others: • Assessing the Group's accounting policies and methodology and its compliance with Australian Accounting Standards, • For a sample of transactions, obtaining the relevant contracts, orders, delivery dockets and other documentation to support the manufacture, supply and sales of standalone ZBM units to customers that were recognised as revenue at a point in time during the year, • Obtain an understanding of the terms, conditions and performance obligations of the Group in the delivery of the Anaergia contract, • Assessing the specific elements of the Anaergia contract to agree that the conditions for revenue recognition over time were in accordance with Australian Accounting Standards and Group accounting policy, • Assessing the supporting documentation, budgets, project reports and BOM costings to support the calculation of the percentage of completion as at balance date, • For a sample of costs incurred in the project, obtained the supporting documentation; and • Evaluating the adequacy of the disclosures in the financial statements in light of the requirements of the Australian Accounting Standards.
Share Placement Agreement with New Technology Capital Group, LLC (Refer to note 18) [$5.3 million] Immediately prior to the balance date, the Group entered into a share placement agreement with a US based venture capital investor, New Technology Capital Group, LLC. Under the agreement, the Group	Our procedures in relation to assessing the appropriateness of the accounting and disclosures of the share placement agreement included, amongst others: • Assessing the share placement agreement to obtain an understanding of the financial and

Key audit matters	How our audit addressed the key audit matters
may receive up to $10 million in proceeds from share subscriptions by the investor. At balance date the Group had received $5 million as a prepayment for $5.3 million worth of shares in the Group to be issued to the investor at its call within the next 18 months. The agreement includes a number of conditions and options for the determination of the prices upon which shares will be issued and the valued, as well as cash redemption alternatives on amounts advanced by the investor which are subject to fair value adjustments to the redemption amounts. The share placement agreement was considered a key audit matter due to the significance of the amount received as a prepayment at balance date, the complexity of the terms and conditions of the agreement and the fair value implications in the subscription and redemption clauses within the agreement.	legal obligations of the parties under the agreement, • Agreeing the share placement prepayment, the initial placement shares, and initial commencement fee shares back to supporting documentation and the share placement agreement, • Obtaining, management's valuation expert's report on the fair value of the share placement agreement including the key assumptions that underpin the valuation, • assessing the competency of management's valuation expert, • In conjunction with our internal valuation experts, assessing the methodologies and key assumptions in management's valuation model are appropriate, • Agreeing that the fair value movements from the date of the agreement to balance date were correctly accounted for in accordance with Australian Accounting Standards; and • Assessing the completeness and accuracy of the related disclosures in the financial statements in light of 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 2021, 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.

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.

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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 12 to 21 of the directors' report for the year ended 30 June 2021.

In our opinion, the remuneration report of Redflow Limited for the year ended 30 June 2021 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.

PricewaterhouseCoopers

PricewaterhouseCoopers

Steven Bosiljevac

Steven Bosiljevac
Partner

Brisbane
27 August 2021

Additional information required by the Australian Stock Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 23 August 2021.

(a) **Distribution of equity securities**

(i) Ordinary share capital

1,385,658,003 fully paid ordinary shares are held by 8,522 individual shareholders.
All issued ordinary shares carry one vote per share and carry the rights to dividends.

(ii) Options

173,297,527 options are held by 2,097 individual option holders

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

	Fully paid ordinary shares	Options
1 - 1,000	229	40
1,001 - 5,000	922	403
5,001 - 10,000	1,137	331
10,001 – 100,000	4,287	1,018
100,001 and over	1,947	305

	Parcel size	Shareholders
Holding less than a marketable parcel of shares at $0.056 per share	8,929	1,891

(b) **Substantial shareholders**

The names of the Company's substantial shareholders and the number of ordinary shares in which each has a relevant interest as disclosed in substantial shareholder notices given to the Company are as follows:

Ordinary shareholders	***Full Paid Number***	***Percentage***
HACKETT CP NOMINEES PTY LTD	107,865,494	7.78%

(c) **Twenty largest holders of quoted equity securities**

	Ordinary shareholders	***Full Paid*** ***Number***	***Percentage***
1	HACKETT CP NOMINEES PTY LTD <THE HACKETT FAMILY A/C>	107,865,494	7.78%
2	CITICORP NOMINEES PTY LIMITED	35,298,815	2.55%
3	MFS FUND PTY LTD <MACKEY SUPER FUND A/C>	25,200,000	1.82%
4	MR JOHN RICHARD SERISIER & MRS SHELLEY ANN SERISIER <THE DE BOUILLON FAMILY A/C>	19,125,000	1.38%
5	BNP PARIBAS NOMS PTY LTD <DRP>	17,780,908	1.28%
6	PLATE IMPRESSIONS PTY LTD	14,028,530	1.01%
7	DOWLING PROPERTIES PTY LTD	12,780,000	0.92%
8	BNP PARIBAS NOMINEES PTY LTD ACF CLEARSTREAM	12,480,244	0.90%
9	MR CHRISTOPHER LISTER LAWRANCE & MRS COLLEEN ALLISON LAWRANCE	12,461,618	0.90%
10	MR WERNER JOSEF GALLAUTZ	12,000,000	0.87%
11	KIDSKLUBS KARIONG PTY LTD <GUIDING LIGHT SUPERFUND A/C>	12,000,000	0.87%
12	MR JUSTIN ERIC SCHAFFER	11,000,000	0.79%
13	666 PTY LTD <THE 666 INVESTMENT A/C>	10,666,665	0.77%
14	MR SIMON MARK FAGG	9,999,999	0.72%
15	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	9,375,755	0.68%
16	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	8,669,366	0.63%
17	LHO LA PTY LTD <ACME FOUNDATION A/C>	8,375,000	0.60%
18	MR JOHN RICHARD HOLDEN & MRS CHRISTINE ANN HOLDEN <HOLDEN & ASS S/F A/C>	7,500,000	0.54%
19	MR DAVID FREDERICK OAKLEY	6,700,000	0.48%
20	MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	6,428,152	0.46%
		359,735,546	25.96%

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