Redflow Limited

ABN 49 130 227 271

Appendix 4E and Financial Report

For the year ended 30 June 2022

APPENDIX 4E

ASX Preliminary Financial Report

Name of Entity:	Redflow Limited
ABN:	49 130 227 271
Reporting period:	year ended 30 June 2022
Previous corresponding period:	year ended 30 June 2021

Results for announcement to the market

Results		**%**		**$**
Revenue from ordinary activities	down	**27%**	to	**1,626,773**
Other income	down	**45%**	to	**1,488,285**
Loss from ordinary activities after tax attributable to members	up	**39%**	to	**(13,246,935)**
Net loss for the year attributable to members	up	**38%**	to	**(13,254,768)**

Dividend Information

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

Net tangible assets per security	***30 June 2022***	*30 June 2021*
Net tangible asset per security	$0.006	$0.007

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 2022.

This report is based on the consolidated financial statements for the year ended 30 June 2022 which have been audited by PricewaterhouseCoopers with the Independent Auditor's Report included in the 2022 Annual Financial Report. The independent audit report for Redflow Limited and its controlled entities (the Group) for the year ended 30 June 2022 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 2022.

THIS PAGE IS LEFT INTENTIONALLY BLANK

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

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

Solicitors

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

Principal registered office in Australia

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

Share Registry

Boardroom Pty Limited
Level 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 2022 financial year (FY2022).

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:

- Delivered customer sales of $1.6 million FY2021, a 27% decrease as the business focused on commissioning of our flagship 2 MWh project in California, Gen3 launch and strategic opportunities;
- Cash receipts from customers of $2.6m, representing a 67% increase on FY21;.
- A confirmed order backlog of 173 batteries as of 28 August 2022. This includes recently announced orders with the Australian Bureau of Meteorology and the iconic Southern Ocean Lodge in South Australia;
- Following on from the successful installation and commissioning of our largest single global deployment to Anaergia in California, we signed a non-binding Letter of Intent with Anaergia for a second 5.5–6 MWh battery project with target completion in 2023;
- Successful installation and commissioning of Redflow batteries on 56 Optus black spot sites as backup power generation as part of the Australian Government's Mobile Network Hardening Program, using our unique hibernation mode feature;
- Launch of our Gen3 battery into production as announced in early July 2022. This has been a multi-year project for Redflow and is a cornerstone of our growth strategy. Gen3 will deliver a significant reduction in production costs enabled through a 50% reduction in part count and 40% reduction in production time;
- Achieved a milestone of 250 active deployments globally. Over 2 GWh of energy has now been delivered through Redflow systems with 10 million hours of field operations since 2018;
- Successful testing of Redflow's safety profile for the global standard 9540A by Intertek as well as DNV GL, a leading global engineering firm. This is an important value proposition of the Redflow system as concerns around safety risk of Lithium based systems continues to rise;
- Announcement of a Master Services Agreement with global engineering company Black and Veatch (B&V) in August. The landmark agreement opens the door for B&V deployment of Redflow batteries in the US and other global markets; and
- Ongoing efforts to progress key elements of industry acceptance, notably UL certification for the Gen3 battery in the US and ongoing negotiations with a global reinsurance company.

More broadly, our target market continues to expand with an estimated 2.5 TWh Battery Energy Storage systems required by 2030 to meet net zero energy targets by 2050, which is 176 times present day installed capacity. The energy industry is increasingly pursuing alternative energy storage solutions, influenced by the ongoing demand and supply imbalances with Lithium, rising Lithium battery costs and availability challenges, the growing need for medium and longer duration requirements and energy security priorities. Flow batteries, of which Redflow is a leader, are increasingly being referenced as a critical technology to support the growing levels of renewables in the energy eco-system. The Australian federal government has identified flow batteries as an increasingly critical technology, as referenced in the Australian Government Department of Industry Science Energy and Resources, Low Emissions Technology Statement, November 2021. Zinc Bromine batteries and Redflow specifically were highlighted in the report.

Our sales pipeline has substantially grown over the last 12 months and we are working on a number of exciting opportunities with some of the world's largest companies. We are hopeful that one or more of these key deals can be finalised and announced over the short to medium term. We are generating increasing sales opportunities in the US, enabled by our flagship 2 MWh deployment and supported by Redflow's new US team. This includes further progress on the RFI for a large US multinational that was announced in July 2021 which has the potential to be material for Redflow if we are successful. The recent Inflation Reduction Act in the US is expected to further stimulate corporate customer and developer demand for stationary energy storage systems. The Australian market also continues to generate multi-MWh sales opportunities in our target segments.

As well as investment in the development and launch of the Gen3 battery and our Energy Pods for larger deployments, Redflow has continued to invest in the business and our people. This has included critical new machinery in our Brisbane office and our manufacturing facility in Thailand to support the production ramp up. Our investment in people has included establishment of a US based team in California, a new General Manager for Redflow Thailand, and further engineering and sales resources in Australia. Richard Aird, Redflow's Chief Operating Officer left Redflow in August 2022 after a combined 13 years of service with the company. Tim MacTaggart, Redflow's current Chief Deployment Officer stepped into the Chief Operating Officer role from 20 August 2022. We would like to thank our talented team for their commitment and achievements over the last 12 months.

After successfully navigating the COVID situation over the past few years, our Thailand manufacturing facility is ready to deliver on our scale up plans. Thailand continues to present the optimal manufacturing location and platform for our current needs. Our analysis shows that the existing facility can be expanded to 80 MWh per annum by the end of 2023 with moderate additional capital investment as customer orders grow. Our Thailand facility therefore gives Redflow the critical platform to fulfil anticipated orders over the next 12 – 18 months and allow sufficient planning for further manufacturing capacity as, and when, further customer demand materialises. This may include the potential for localisation of our materials supply and/or operations in the critical US market.

The $5 million Placement announced in August 2022 and subsequent target $5m Share Purchase Plan will ensure we can execute on our current pipeline and invest in the significant growth opportunities ahead.

We have worked hard to establish the solution, growth platform, market presence and value proposition to establish Redflow as a global leader in medium to long duration energy storage. We have made significant progress towards this goal over the last 12 months and we are very optimistic and excited about our future.

We would like to thank our shareholders for their ongoing support over this period and look forward to keeping investors updated on our achievements during FY2023.

Yours sincerely,

Brett Johnson
Chairman

Tim Harris
CEO and Managing Director

Table of Contents

Directors Report

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 2022.

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 (2021: nil).

Issue of shares
During the year, issued capital increased by $12,903,382 (from $127,798,672 to $140,702,054). A total of 245,573,431 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 2022 was $13,246,935 (2021: $9,545,162). The FY2022 loss was mainly attributable to the following factors:

- The immediate expensing of a portion of the overheads at the Thailand facility ($1,810,221);
- Ongoing product development costs, including industrial battery housing unit, ongoing Gen3 development and the Energy Pod which will be the core Redflow building block for large systems;
- Fair value expense of $404,084 in relation to the share placement agreement with New Technology Capital Group LLC (non-cash impacting);
- Increase in payroll costs largely due to COVID-19 pay reductions during FY2021, building the US sales team and 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 accrual of R&D tax incentive of $1,427,657.

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 $1,626,773 for FY2022, a 27% decrease from FY2021;
- A confirmed order backlog of 71 batteries as at 30 June 2022, with a current confirmed order backlog of 173 batteries;
- Successful installation and commissioning of our largest single global battery sale to Anaergia for 192 batteries stored in 12 Energy Pod to support two megawatt hours (MWh) of energy storage in California. Following on from this a non-binding letter of intent has been signed with Anaergia for a

5.5–6 MWh battery project using the Energy Pod for storage with completion targeted for 2023. The Energy Pod is a core multi battery module for large scale systems;
- Continued strong market opportunities in the US, with interest levels substantially growing following Redflow's 2 MWh project installation at Anaergia;
- Successful installation and commissioning of Redflow batteries on 56 Optus black spot sites as backup power generation as part of the Australian Government's Mobile Network Hardening Program; and
- New product introduction of the Gen3 battery occurred through Q4 of FY2022 with production beginning in July 2022.

In July and August Redflow received firm commitments from new and existing sophisticated and institutional investors to raise $5 million via a share placement at a share price of $0.043. Additionally, Redflow received $621,600 from New Technology Group, LLC in relation to the 16.8 million initial subscription shares.

On 18 August 2022 a Share Purchase Plan opened for all current Redflow shareholders to participate in a capital raise of up to $5 million.

These capital injections will allow Redflow to execute further on its growth strategy, including the US energy storage market and ramp up Gen3 production at Redflow's Thailand manufacturing facility.

The Group's independent auditor's report for the year ended 30 June 2022 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 2022.

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 27 July 2022 Redflow signed the first Australian large-scale 0.56 MWh deployment of Gen3 batteries;
- Redflow announced an order to supply 26 batteries to the Bureau of Meteorology as part of an emissions reduction and reliability project;
- On 12 August 2022 Redflow secured firm commitments from new and existing sophisticated and institutional investors to raise $5 million at a share price of $0.043 with funds received on 18 August 2022;
- A Share Purchase Plan opened on the 18 August 2022 for all current Redflow shareholders to participate in a capital raise of up to $5 million;
- Received $621,600 from New Technology Capital Group LLC (NTCG) on 26 July 2022 for the 16,800,000 initial subscription shares issued at the commencement of the agreement in June 2021;
- On the following dates shares were or will be issued to NTCG in fulfilment of all obligations under the deferred subscription agreement:
  - 26 July 2022 – 41,666,667 shares
  - 1 August 2022 – 26,315,789 shares
  - 14 September 2022 – 20,000,000 shares
- Richard Aird resigned as Chief Operating Officer effective 19 August 2022;
- Tim MacTaggart was appointed Chief Operating Officer on 20 August 2022; and

- On the 17 August 2022, Redflow signed a master service agreement with global engineering company Black & Veatch streamlining procurement of Redflow zinc-bromine energy storage batteries for Black & Veatch projects around the world.

No other matter or circumstance has arisen since 30 June 2022 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 current order backlog of 173 batteries, including new customer projects such as Bureau of Meteorology and the first major sales of the Gen3 batteries to the Southern Ocean Lodge. Focus on conversion of key deals in the pipeline into customer commitments';
- **Grow US Presence:** Expand partner ecosystem and market profile in the US and Australia. Progress UL certification process for Gen3 batteries and reinsurance coverage in the US. Explore other markets in Europe as pipeline builds;
- **Ramp up production of Gen3 & Energy Pod for Large Scale Deployments:** Implement updated Energy Pod for large scale system deployments at volume;
- **Expand Manufacturing Capability and Capacity:** Support Thailand facility scale up of Gen3 batteries to 80 MWh p.a. as driven by customer commitments and pipeline. Continue to develop options 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 Prudent Cost Management:** Continue to focus on effective cost management whilst ensuring Redflow's ongoing technical leadership. Ensure all Redflow's employees remain safe and engaged.

Redflow expects to receive a research and development tax cash credit for FY2022 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 18 years' experience as a Director of listed companies, including Scott Corporation Limited, Helloworld Limited and Cashrewards Limited. At Scott, Brett was the only Independent Non-Executive Director representing minority shareholders and chaired the Audit Committee. At Helloworld, he was a member of the Audit Committee and Remuneration & Nominations Committee. He was also Chairman from August 2014 to December 2015. Brett was the Chairman of Cashrewards Limited from August 2020 to December 2021 (when it was acquired by ANZ bank) and is now a Non-Executive Director. 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 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 on 2 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) TACSI (Chair) CSIRO (Deputy Chair) Migration Council Australia Adelaide Festival
Special Responsibilities:-	Chair of the Audit & Risk Committee.

John Lindsay GAICD   Independent Non-Executive Director

Experience and Expertise

John Lindsay is 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:-	TIO Ltd
Special Responsibilities:-	Member of the Audit & Risk Committee.

Trudy Walsh BBus, CPA, MBA, GAICD   Company Secretary

Experience and Expertise

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

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

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	4,166,667	-
David Knox	3,111,052	2,220,000	-
John Lindsay	1,303,301	2,220,000	-
David Brant	2,027,416	2,220,000	-
Tim Harris	5,895,650		19,566,666

Meetings of Directors
The numbers of meetings of the Group's Board of Directors and Audit Committee held during the year ended 30 June 2022, and the numbers of meetings attended by each Director were:

	Full meeting of Directors		Meetings of Audit committee	
	A	**B**	**A**	**B**
Brett Johnson	12	12	5	5
Tim Harris	12	12	*	*
David Knox	10	12	5	5
John Lindsay	12	12	5	5
David Brant	11	12	*	*

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 2022 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 2022, 7,685,000 ordinary shares of Redflow Limited were issued as a result of the vesting of performance rights (2021: 7,583,336).

Shares under option
Unissued ordinary shares of Redflow Limited under option at 30 June 2022 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
25/08/2021	26/08/2021	25/08/2024	$0.1000	4,250,000	-
14/10/2021	30/06/2022	25/08/2023	$0.0800	100,000,000	-
14/10/2021	30/06/2022	25/08/2024	$0.1000	55,000,000	-
14/10/2021	30/06/2022	14/10/2024	$0.0800	10,826,667	
				179,076,667	4,000,000

Insurance of Officers
During the financial year, Redflow Limited paid a premium of $81,463 (2021: $69,062) 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 no 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 2022 $**	30 June 2021 $
PricewaterhouseCoopers Australian firm:		
R&D claim services	**-**	15,300
Non-recurring consulting	**-**	15,300
Total remuneration for non audit services	**-**	30,600

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

Remuneration Report (Audited)
The Directors of Redflow Limited present the remuneration report for the Company and the Group for the year ended 30 June 2022 in accordance with the requirements of the Corporations Act 2001 (the Act) and its regulations. This information has been audited as required by section 308(3C) of the Act.

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

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

The remuneration report is presented under the following sections:
(a) Remuneration overview
(b) Remuneration at a glance
(c) Overview of executive remuneration
(d) Executive performance agreements
(e) Performance and executive remuneration outcomes in FY2022
(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

The following table details the Group's KMP during the 2022 financial year and up to the date of this report.

(a) Remuneration overview

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 (resigned effective 19 August 2022)
Steven Hickey	Chief Technology Officer
Trudy Walsh	Chief Financial Officer and Company Secretary

(b) Remuneration at a glance

(i) Remuneration strategy

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

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

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

(ii) Use of remuneration consultants

External specialist remuneration advice is sought on an as-needs basis in respect of remuneration arrangements for KMP of the Group. General remuneration advice is sought on an ad-hoc basis. During the year a third party specialist was engaged to review employee remuneration and benefits against benchmark industry salaries.

(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 2022 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 2022 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 2022 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:

Designation	Term	Start of contract	Basic Salary including superannuation	Termination benefit
Executive Directors				
Tim Harris	Indefinite, 3 months' notice	27-Mar-18	455,000	3 months
Other key management personnel				
Richard Aird	Indefinite, 6 months' notice	02-Feb-16	340,000	6 months
Steven Hickey	Indefinite, 3 months' notice	31-Aug-20	264,000	3 months
Trudy Walsh	Indefinite, 3 months' notice	21-Aug-18	330,000	3 months

(e) Performance and executive remuneration outcomes for the year ended 30 June 2022

The actual remuneration earned by Executives during the year ended 30 June 2022 is set out in Table 1 below. This provides shareholders with a view of the remuneration expense attributable to executives for performance during the year.

Table 1 - Details of Remuneration

	Short-term		*Post employment*	*Long term [1]*		*Share based Payment [2]*		*Performance related*
	Salary & fees	*Bonus*	*Superannuation*	*Annual and Long service leave*	*Termination*	*Shares and options*	*Total*	
30 June 2022	*$*	*$*	*$*	*$*	*$*	*$*	*$*	*%*
Executive Director								
Tim Harris	430,000	-	25,000	10,606	-	83,134	548,740	15%
Other key management personnel								
Richard Aird [3]	315,000	-	25,000	(8,267)	-	(61,160)	270,573	-23%
Steven Hickey	240,000	-	23,214	19,743	-	101,915	384,872	26%
Trudy Walsh	305,000	-	25,000	6,565	-	78,738	415,303	19%
Total executive KMP	1,290,000	-	98,214	28,647	-	202,627	1,619,488	

1. Movement in provisions, does not have a cash implication.
2. Movement in reserves, does not have a cash implication.
3. Richard Aird resigned effective 19 August 2022.

		Short-term		Post employment	Long term [1]		Share based Payment [2]		Performance related
		Salary & fees	Bonus	Superannuation	Annual and Long service leave	Termination	Shares and options	Total	
30 June 2021		$	$	$	$	$	$	$	%
Executive Director									
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.

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 2022. 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 2022	**Total opportunity $**	**Awarded %**	**Forfeited %**	**Value granted $**	**Value exercised $**	**Value forfeited $**
Executive Directors						
Tim Harris*	90,000	-	100%	541,556	(109,800)	(272,600)
Other key management personnel						
Richard Aird	83,000	-	100%	324,932	(46,680)	(534,738)
Steven Hickey	48,000	-	100%	270,777	(10,780)	-
Trudy Walsh	61,000	-	100%	324,932	(46,680)	(145,960)

(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 2022 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 employment*	*Long term* [1]	*Share based Payment* [2,4]	
		Salary & fees	*Bonus*	*Superannuation*	*Annual and Long service leave*	*Shares and options*	*Total*
30 June 2022		$	$	$	$	$	$
Non-Executive Directors							
Brett Johnson	3,5	98,333	-	9,833	-	108,333	216,499
David Knox	3,6	53,280	-	5,328	-	57,720	116,328
John Lindsay	3,7	53,280	-	5,328	-	57,720	116,328
David Brant	3,8	53,280	-	5,328	-	57,720	116,328
Total Non-Executive directors		258,173	-	25,817	-	281,493	565,483

1. Movement in provisions, does not have a cash implication.
2. Movement in reserves, does not have a cash implication.
3. Options were approved at the AGM on 14 October 2021, with an expiry date of 14 October 2024. Directors must be a Director of Redflow at the time of exercise.
4. Share based Payments are not included in the Directors fee pool.
5.Brett Johnston was granted 4,166,667 options during FY22, no options have been exercised and 4,166.667 option are still held at 30 June 2022.
6 David Knox was granted 2,220,000 options during FY22, no options have been exercised and 2,220,000 are still held at 30 June 2022.
7 John Lindsay was granted 2,220,000 options during FY22, no options have been exercised and 2,220,000 are still held at 30 June 2022.
8 David Brant was granted 2,220,000 options during FY22, no options have been exercised and 2,220,000 are still held at 30 June 2022.

		Short Term		*Post employment*	*Long term* [1]	*Share based Payment* [2]	
		Salary & fees	*Bonus*	*Superannuation*	*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.

(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) (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 2022*	
30 June 2022									*Number*	*%*
Executive Directors										
Tim Harris										
Tranche 1	1,000,000	28,000	26/11/18	25/11/24	30/06/21	30/06/21	(1,000,000)	-	-	0%
Tranche 1	1,000,000	51,000	21/11/19	21/11/25	30/06/21	30/06/21	(1,000,000)	-	-	0%
Tranche 1	666,666	34,000	21/11/19	21/11/25	30/06/22	30/06/22	-	-	666,666	100%
Tranche 2	833,333	42,500	21/11/19	21/11/25	30/06/20	30/06/22	-	(833,333)	-	0%
Tranche 2	1,166,667	59,500	21/11/19	21/11/25	30/06/21	30/06/22	-	(1,166,667)	-	0%
Tranche 2	1,333,333	68,000	21/11/19	21/11/25	30/06/22	30/06/22	-	(1,333,333)	-	0%
Tranche 3	3,333,334	102,600	21/11/19	21/11/25	30/06/22	30/06/22	-	(3,333,334)	-	0%
Tranche 1	1,100,000	30,800	26/11/20	26/11/26	30/06/21	30/06/21	(1,100,000)	-		0%
Tranche 1	1,100,000	30,800	26/11/20	26/11/26	30/06/22	30/06/22	-	-	1,100,000	100%
Tranche 1	1,133,334	31,733	26/11/20	26/11/26	30/06/23	30/06/23	-	-	-	0%
Tranche 2	1,111,111	31,111	26/11/20	26/11/26	30/06/21	30/06/23	-	-	-	0%
Tranche 2	1,111,111	31,111	26/11/20	26/11/26	30/06/22	30/06/23	-	-	-	0%
Tranche 2	1,111,111	31,111	26/11/20	26/11/26	30/06/23	30/06/23	-	-	-	0%
Tranche 3	3,333,333	48,445	26/11/20	26/11/26	30/06/23	30/06/23	-	-	-	0%
Tranche 1	1,100,000	67,100	14/10/21	14/10/27	30/06/22	30/06/22	-	-	1,100,000	100%
Tranche 1	1,100,000	67,100	14/10/21	14/10/27	30/06/23	30/06/23	-	-	-	0%
Tranche 1	1,133,334	69,133	14/10/21	14/10/27	30/06/24	30/06/24	-	-	-	0%
Tranche 2	1,111,111	67,778	14/10/21	14/10/27	30/06/22	30/06/24	-	-	-	0%
Tranche 2	1,111,111	67,778	14/10/21	14/10/27	30/06/23	30/06/24	-	-	-	0%
Tranche 2	1,111,111	67,778	14/10/21	14/10/27	30/06/24	30/06/24	-	-	-	0%
Tranche 3	1,111,111	51,667	14/10/21	14/10/27	30/06/24	30/06/24	-	-	-	0%
Tranche 3	1,111,111	44,222	14/10/21	14/10/27	30/06/24	30/06/24	-	-	-	0%
Tranche 3	1,111,111	39,000	14/10/21	14/10/27	30/06/24	30/06/24	-	-	-	0%
	29,333,333	1,162,267					(3,100,000)	(6,666,667)	2,866,666	

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

Terms and conditions for each Grant

30 June 2022	*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 2022 Number*	*%*
Other Key Management Personnel										
Richard Aird										
Tranche 1	600,000	28,200	17/12/19	21/11/25	30/06/21	30/06/21	(600,000)	-	-	0%
Tranche 1	400,000	18,800	17/12/19	21/11/25	30/06/22	30/06/22	-	-	400,000	100%
Tranche 2	500,000	23,500	17/12/19	21/11/25	30/06/20	30/06/22	-	(500,000)	-	0%
Tranche 2	700,000	32,900	17/12/19	21/11/25	30/06/21	30/06/22	-	(700,000)	-	0%
Tranche 2	800,000	37,600	17/12/19	21/11/25	30/06/22	30/06/22	-	(800,000)	-	0%
Tranche 3	2,000,000	51,960	17/12/19	21/11/25	30/06/22	30/06/22	-	(2,000,000)	-	0%
Tranche 1	660,000	18,480	21/04/21	21/04/27	30/06/21	30/06/21	(660,000)	-	-	0%
Tranche 1	660,000	18,480	21/04/21	21/04/27	30/06/22	30/06/22	-	-	660,000	100%
Tranche 1	680,000	19,040	21/04/21	21/04/27	30/06/23	30/06/23	-	(680,000)	-	0%
Tranche 2	666,600	18,665	21/04/21	21/04/27	30/06/21	30/06/23	-	(666,600)	-	0%
Tranche 2	666,600	18,665	21/04/21	21/04/27	30/06/22	30/06/23	-	(666,600)	-	0%
Tranche 2	666,800	18,670	21/04/21	21/04/27	30/06/23	30/06/23	-	(666,800)	-	0%
Tranche 3	2,000,000	29,066	21/04/21	21/04/27	30/06/23	30/06/23	-	(2,000,000)	-	0%
Tranche 1	660,000	40,260	14/10/21	14/10/27	30/06/22	30/06/22	-	-	660,000	100%
Tranche 1	660,000	40,260	14/10/21	14/10/27	30/06/23	30/06/23	-	(660,000)	-	0%
Tranche 1	680,000	41,480	14/10/21	14/10/27	30/06/24	30/06/24	-	(680,000)	-	0%
Tranche 2	666,600	40,663	14/10/21	14/10/27	30/06/22	30/06/24	-	(666,600)	-	0%
Tranche 2	666,600	40,663	14/10/21	14/10/27	30/06/23	30/06/24	-	(666,600)	-	0%
Tranche 2	666,800	40,675	14/10/21	14/10/27	30/06/24	30/06/24	-	(666,800)	-	0%
Tranche 3	666,600	30,997	14/10/21	14/10/27	30/06/24	30/06/24	-	(666,600)	-	0%
Tranche 3	666,600	26,531	14/10/21	14/10/27	30/06/24	30/06/24	-	(666,600)	-	0%
Tranche 3	666,800	23,405	14/10/21	14/10/27	30/06/24	30/06/24	-	(666,800)	-	0%
	17,000,000	658,959					(1,260,000)	(14,020,000)	1,720,000	

30 June 2022	*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 2022 Number*	*%*
Other Key Management Personnel (continued)										
Steven Hickey										
Tranche 1	385,000	10,780	21/04/21	21/04/27	30/06/21	30/06/21	(385,000)	-	-	0%
Tranche 1	385,000	10,780	21/04/21	21/04/27	30/06/22	30/06/22	-	-	385,000	100%
Tranche 1	396,667	11,107	21/04/21	21/04/27	30/06/23	30/06/23	-	-	-	0%
Tranche 2	388,850	10,888	21/04/21	21/04/27	30/06/21	30/06/23	-	-	-	0%
Tranche 2	388,850	10,888	21/04/21	21/04/27	30/06/22	30/06/23	-	-	-	0%
Tranche 2	388,967	10,891	21/04/21	21/04/27	30/06/23	30/06/23	-	-	-	0%
Tranche 3	1,166,666	16,955	21/04/21	21/04/27	30/06/23	30/06/23	-	-	-	0%
Tranche 1	550,000	33,550	14/10/21	14/10/27	30/06/22	30/06/22	-	-	550,000	100%
Tranche 1	550,000	33,550	14/10/21	14/10/27	30/06/23	30/06/23	-	-	-	0%
Tranche 1	566,667	34,567	14/10/21	14/10/27	30/06/24	30/06/24	-	-	-	0%
Tranche 2	555,500	33,885	14/10/21	14/10/27	30/06/22	30/06/24	-	-	-	0%
Tranche 2	555,500	33,886	14/10/21	14/10/27	30/06/23	30/06/24	-	-	-	0%
Tranche 2	555,667	33,896	14/10/21	14/10/27	30/06/24	30/06/24	-	-	-	0%
Tranche 3	555,500	25,831	14/10/21	14/10/27	30/06/24	30/06/24	-	-	-	0%
Tranche 3	555,500	22,109	14/10/21	14/10/27	30/06/24	30/06/24	-	-	-	0%
Tranche 3	555,666	19,504	14/10/21	14/10/27	30/06/24	30/06/24	-	-	-	0%
	8,500,000	353,067					(385,000)	-	935,000	

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

30 June 2022	*Performance Rights awarded*	*Terms and conditions for each Grant: 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 2022 Number*	*%*
Other Key Management Personnel (continued)										
Trudy Walsh										
Tranche 1	600,000	28,200	17/12/19	21/11/25	30/06/21	30/06/21	(600,000)	-	-	0%
Tranche 1	400,000	18,800	17/12/19	21/11/25	30/06/22	30/06/22	-	-	400,000	100%
Tranche 2	500,000	23,500	17/12/19	21/11/25	30/06/20	30/06/22	-	(500,000)	-	0%
Tranche 2	700,000	32,900	17/12/19	21/11/25	30/06/21	30/06/22	-	(700,000)	-	0%
Tranche 2	800,000	37,600	17/12/19	21/11/25	30/06/22	30/06/22	-	(800,000)	-	0%
Tranche 3	2,000,000	51,960	17/12/19	21/11/25	30/06/22	30/06/22	-	(2,000,000)	-	0%
Tranche 1	660,000	18,480	21/04/21	21/04/27	30/06/21	30/06/21	(660,000)	-	-	0%
Tranche 1	660,000	18,480	21/04/21	21/04/27	30/06/22	30/06/22	-	-	660,000	100%
Tranche 1	680,000	19,040	21/04/21	21/04/27	30/06/23	30/06/23	-	-	-	0%
Tranche 2	666,600	18,665	21/04/21	21/04/27	30/06/21	30/06/23	-	-	-	0%
Tranche 2	666,600	18,665	21/04/21	21/04/27	30/06/22	30/06/23	-	-	-	0%
Tranche 2	666,800	18,670	21/04/21	21/04/27	30/06/23	30/06/23	-	-	-	0%
Tranche 3	2,000,000	29,066	21/04/21	21/04/27	30/06/23	30/06/23	-	-	-	0%
Tranche 1	660,000	40,260	14/10/21	30/06/22	30/06/22	30/06/22	-	-	660,000	100%
Tranche 1	660,000	40,260	14/10/21	30/06/23	30/06/23	30/06/23	-	-	-	0%
Tranche 1	680,000	41,480	14/10/21	30/06/24	30/06/24	30/06/24	-	-	-	0%
Tranche 2	666,600	40,663	14/10/21	30/06/22	30/06/24	30/06/24	-	-	-	0%
Tranche 2	666,600	40,663	14/10/21	30/06/23	30/06/24	30/06/24	-	-	-	0%
Tranche 2	666,800	40,675	14/10/21	30/06/24	30/06/24	30/06/24	-	-	-	0%
Tranche 3	666,600	30,997	14/10/21	30/06/24	30/06/24	30/06/24	-	-	-	0%
Tranche 3	666,600	26,531	14/10/21	30/06/24	30/06/24	30/06/24	-	-	-	0%
Tranche 3	666,800	23,405	14/10/21	30/06/24	30/06/24	30/06/24	-	-	-	0%
	17,000,000	658,959					(1,260,000)	(4,000,000)	1,720,000	
Total	71,833,333	2,833,252					(6,005,000)	(24,686,667)	7,241,666	

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 2022	*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	1,975,330	-	169,492	2,144,822
David Knox	2,772,052	-	339,000	3,111,052
John Lindsay	1,227,301	-	76,000	1,303,301
David Brant	1,667,416	-	360,000	2,027,416
Executive directors				
Tim Harris	2,456,667	3,100,000	338,983	5,895,650
Other key management personnel				-
Richard Aird	2,496,417	1,260,000	103,132	3,859,549
Steven Hickey	-	385,000	-	385,000
Trudy Walsh	1,311,875	1,260,000	33,898	2,605,773
Total	13,907,058	6,005,000	1,420,505	21,332,563

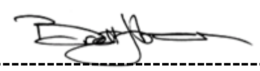
(i) Other transactions with key management personnel

There were no other transactions with key management personnel of Redflow Ltd during 2022 (2021: nil).

(j) Security Trading Policy

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

This report is made in accordance with a resolution of Directors on 31 August 2022.



Brett Johnson
Chairman

Corporate Governance Report

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

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

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

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

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

This report provides an outline of the main corporate governance policies and practices the Group had in place during FY2022 and how the Group's framework aligns with the Principles (unless otherwise noted).

This report has been approved by the Board of Directors of the Group and the information contained herein is correct as of 31 August 2022.

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 2022 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 2022 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 different skills, cultural backgrounds, ethnicity and experience. The Company believes its diverse workforce is the key to its continued growth, improved productivity and performance.

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

Gender diversity statistics as at 30 June 2022 are outlined in the table below.

Item	Male	Female
Number of permanent employees	74	15
Percentage of permanent employees	83%	17%
Number of employees in senior management positions*	7	1
Percentage of employees in senior executive positions	88%	12%
Number of Non-Executive Directors (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)

FY2022 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.

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.

Recommendations	**Compliance with recommendations**

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

2.1 Nominations Committee

The full Board carries out the nomination function which forms part of the Directors' established Charter. The Chairman of the Company, Brett Johnson, is an Independent Non-Executive Director. Due to the size, scale and nature of the Company's business, the Board considers that they are able to deal efficiently and effectively with Board composition and succession issues without establishing a separate nomination committee.

The process the Board employs to address Board succession issues and to ensure that the Board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively is detailed on the Company's website.

2.2 Board skills matrix

Further details regarding the skills and experience of each Director are included in the 2022 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 2022 Annual Report.

Board and Audit & Risk Committee composition

Board	Audit and Risk Committee
Tim Harris (Appointed 2 July 2018) Managing Director	A
Brett Johnson (Appointed 27 September 2017) Independent Non-Executive Chairman	M
David Knox (Appointed 23 Jun 2010) 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 be effective and add value (continued)	
2.5 Chair Independent	The Chairman, Brett Johnson, is an Independent Non-Executive Director. Further details regarding the Chairman are set out on page 8 of the 2022 Annual Report and are also available on the Company's website.
2.6 Induction and professional development	An induction process including appointment letters and ongoing education exists to promote early, active and relevant involvement of new members of the Board. Directors are encouraged to undertake continuing professional development activities each year and to join appropriate professional associations in order to continually develop and enhance their respective levels of industry knowledge, technical knowledge and other skills required to discharge their role effectively. In addition, to familiarise themselves with the Group's operations and to assist Directors to maintain an appropriate level of knowledge, skill and experience, Directors are encouraged to undertake site visits to the Australian operations site.
Principle 3 – Act ethically and responsibly	
3.1 Articulate and disclose values	The Group's Values Statement sets out the guiding principles for Redflow and what is required from its Directors, senior executives and employees. Redflow's values include ethics, safety, sustainability, excellence, fair profits and diversity. The Values Statement has been approved by the Board and can be viewed on the Corporate Governance page of the Company's website.
3.2 Code of Conduct	The Group has a Code of Conduct for Directors, senior executives, employees, consultants and contractors which sets out the fundamental principles of business conduct expected by the Group and can be viewed on the Corporate Governance page of the Company's website. The Board is informed of any material breaches of the Code of Conduct.
3.3 Whistleblower Policy	The Group's Whistleblower Policy is contained within the Code of Conduct and all employees are required to read and follow this policy. The CEO is the initial point of contact and will inform the Board of details of the complaint or allegation. The Board is tasked with the responsibility to take appropriate action in relation to, all bona fide complaints or allegations which indicate that there may be illegal or unethical conduct by the Company or any of its employees. In certain circumstances, where appropriate, the Chair of the Board will receive and deal with the complaint or allegation. A copy of the policy can be viewed on the Corporate Governance page of the Company's website.
3.4 Anti-bribery and Corruption Policy	The Group's Anti-bribery and Corruption policy is contained within the Code of Conduct and all employees are required to read and follow this policy. The Board is notified of all breaches of the Anti-bribery and Corruption policy. A copy of the policy can be viewed on the Corporate Governance page of the Company's website.

Recommendations	Compliance with recommendations
Principle 4 – Safeguard integrity in corporate reporting	
4.1 Audit Committee	The Group has an established Audit and Risk Committee which is comprised of three Independent Non-Executive Directors, and is chaired by Independent Non-Executive Director, 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 Annual Report.
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 disclosures	
5.1 Continuous Disclosure Policy	The Group has adopted a Continuous Disclosure Policy which sets out the processes and practices to ensure compliance with the continuous disclosure requirements under the ASX Listing Rules and the *Corporations Act 2001*. A copy of the policy can be viewed on the Corporate Governance page of the Company's website. The Company Secretary is responsible for communications with the ASX including responsibility for ensuring compliance with the continuous disclosure requirements in the ASX Listing Rules and overseeing information going to the ASX, shareholders and other interested parties. All such communication is circulated to the Chairman for approval, or in his absence another Non-Executive Director.
5.2 Board's visibility of information disclosed to market	Links to ASX announcements on the ASX website are provided to Board members promptly after being released to market, allowing timely visibility of the nature and quality of the information being disclosed to the market and the frequency of such disclosures.
5.3 Investor presentation released to ASX in advance	All investor presentations are approved by the Board and are released to the ASX on the ASX Markets Announcements Platform in advance of the presentation.

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 communication**	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 2022 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.

Recommendations	Compliance with recommendations
Principle 8 – Remunerate fairly and responsibly	
8.1 Remuneration Committee	The Group's remuneration function is overseen and approved by the Non-Executive Directors. The Company currently has four Non-Executive Directors. Whilst the ASX Principles suggest a remuneration committee be established comprising at least three Directors, a majority of whom are independent, with an independent chair, they recognise that for smaller boards the same efficiencies may not be obtained through establishing a separate committee. Given the size, scale and nature of the Company's business, the Board does not consider the non-compliance with this ASX recommendation to be materially detrimental to the Company.
8.2 Disclosure of Executive and Non-Executive Director remuneration policy	The Group seeks to attract and retain high performing Directors and Executives with appropriate skills, qualifications and experience to add value to the Group and fulfil the roles and responsibilities required. Further details of the Group's remuneration methodologies are set out on pages 12 to 22 of the 2022 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.

Risk Report

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

RISKS

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

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

SPECIFIC RISK FACTORS

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

Sales and Revenue Risk

The Company currently operates on a negative cash operating basis in that its operating expenses exceed its revenue. The Company's revenue depends on the extent and timing of future product sales. There is a risk that sales may take longer than expected to materialise or not be realised at all. 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.

Manufacturing Cost Reductions

The Company's business prospects are dependent on its ability to ramp up manufacturing capability and reduce the production costs of its batteries. The Company manufactures its current Gen3 battery from its facilities in Thailand and believes that manufacturing cost reductions are achievable via key engineering projects, supplier cost reductions and manufacturing, plus productivity and process improvements. There is no guarantee however that cost reductions will be successfully implemented or will be achieved. If the Company is unable to reduce its cost of production sufficiently, the Company may not achieve profitability.

Financial risk

Any dispute, or breakdown in the relationship, between the Company and New Technology Capital Group, LLC (Investor), could adversely impact the business if the Company's financial position deteriorates, or the Company is otherwise in breach of the Share Placement Agreement terms, and the Investor is unwilling to grant waivers potentially resulting in defaults under the Share Placement Agreement. If a breach of the Share Placement Agreement occurs, the Investor may seek to exercise its rights under the Share Placement Agreement, including requiring immediate payment, which may lead to default and have a material adverse effect on the financial performance and position of the Company.

Funding Risk

There is no guarantee that the monies raised under the announced capital raising will be adequate or sufficient to meet the ongoing funding requirements of the Company under its current business plan or to achieve a breakeven point.

If the Company 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 Company. If the Company is unable to obtain such additional capital, it may be required to reduce the scope of its anticipated activities, which could adversely affect its business, financial condition and operating results.

Product and Performance Risk

The Company's products are complex and now includes a battery which is capable of being deployed for various applications (including telecommunications, residential, small-scale and large-scale commercial use and application by utilities), a battery management system and a physical enclosure for its residential and commercial storage system. The Company launched its Gen3 battery in July 2022.

There is an inherent risk that the products and enhancements (including the Gen3 product) will contain defects or otherwise do not perform as expected (for example in terms of battery life and reliability). The Company undertakes product testing under laboratory and simulated field conditions, which aims to identify such problems before their release for field trials or use. Even after pre-release testing, there remains the risk of manufacturing or design defects, errors or performance problems that may only emerge over time and use in the field under operating conditions.

The Company provides a product warranty which is subject to a range of technical and operating conditions. However, the Company has not tested its battery over its operating life either in the field or in simulated conditions. If the Company's products fail to perform as expected or if production of the Company's products is subject to delays (including delays in the rollout of the Gen3 product), the Company could lose existing and future business and its ability to develop, market and sell its battery and energy storage systems could be harmed.

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

The Company's products will frequently be deployed in remote locations where reliability is important, and any defects or non-performance problems could result in expensive and time-consuming design modifications or warranty charges, delays in the introduction of new products or enhancements (including the new Gen3 product), significant increases in service and maintenance costs, exposure to liability for damages, damaged customer relationships and harm to the Company's reputation, any of which may adversely affect its business and the Company's operating results.

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

Technology Obsolescence risk

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

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

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

Commercialisation Risk

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

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

(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 Company's products compared to products powered by conventional energy sources and alternative battery chemistries.

Reliance on system integrators as strategic partners

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

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

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

Manufacturing risk - general

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

Manufacturing capacity risk

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

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

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

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

Manufacturing production and outsourcing risk

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

The Company has adopted a combination of outsourced and insourced component manufacturing of its battery parts to achieve the benefits of scalability, quality control, and cost efficiencies and to reduce its overall manufacturing risks (including the risk of damage to finished products when they are delivered from the factory to the customer).

The outsourced component of the Company's manufacturing strategy has associated risks. It means the Company is unable to directly control delivery schedules, quality assurance, manufacturing yields and production costs.

Any defects in battery packaging, impurities in the electrolyte or electrode materials used, contamination of the manufacturing environment, incorrect welding, excess moisture, equipment failure or other difficulties in the manufacturing process (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 Company's ability to meet customer expectations.

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

Thailand manufacturing personnel

The Company's manufacturing facility depends on the recruitment and retention of skilled employees to produce quality batteries and meet customer demand. As at 31 July 2022, the facility is staffed to produce up around 50-100 Gen3 batteries per month to reflect the recent increases in customer demand. If the Company receives commercial scale orders, it will need to re-engage a number of personnel. There can be no assurance that the Company will be successful in attracting and retaining the skilled personnel necessary to meet any future demand for product. The inability to attract and retain qualified personnel could have a materially adverse impact on the Company.

Regulatory and compliance risk

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

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

Sovereign Risk

The Company's manufacturing operations in Thailand and a number of overseas battery deployment projects (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, capital controls, repatriation of income or return of capital, environmental protection, labour relations and government regulations that require the employment of local staff or contractors or require other benefits to be provided to local residents. No assurances can be given that the co-operation of such authorities, if sought by the Company, will be obtained, and if obtained, maintained.

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

Supply risk

The Company's manufacturing operations depend on obtaining raw materials, parts and components, manufacturing equipment and other supplies, including services from reliable suppliers (including transport services) in adequate quality and quantity, in a timely manner. It may be difficult for the Company to substitute one supplier for another, increase the number of suppliers or change one component for another in a timely manner or at all due to the interruption of supply or increased industry demand (including as a result of COVID-19). This may adversely affect the Company's operations.

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

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

Contract delivery and performance risk

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

Warranty risk, product liability and extended life cycle testing risk

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

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

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

Intellectual property and patent risk

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

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

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

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

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

Reverse engineering risk and trade secret risk

There is a risk of the Company's products and battery management system being reverse engineered or copied. 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 Company relies in part on confidentiality agreements with its employees, contractors, consultants, outside scientific collaborators and other advisors to protect its trade secrets and other proprietary information.

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

Personnel risk

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

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

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

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

Information technology

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

Dividends

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

Exchange rates

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

GENERAL RISK FACTORS

Share market

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

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

Dependence on general economic conditions

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

A prolonged deterioration in general economic conditions (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 Company's business or financial condition. Changes to laws and regulations or accounting standards which apply to the Company from time to time could adversely impact the Company's earnings and financial performance.

There are also other changes in the domestic and global macroeconomic environment associated with the events relating to COVID-19 that are beyond the control of the Company and may be exacerbated in an economic recession or downturn. These include but are not limited to (i) 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 Company.

Ukraine conflict

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

The Company's directors are continuing to closely monitor the potential secondary and tertiary macroeconomic impacts of the Ukraine Conflict, including the changes in pricing of commodity and energy markets and the potential of cyber activity impacting governmental or industry measures taken in response to the Ukraine Conflict (such as restrictions on travel).

The Ukraine Conflict may have secondary effects on global supply-chain and freight movements which would impact the supply of raw materials and delivery of finished goods.

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 Company's Thailand based manufacturing facility experienced a material adverse impact due to COVID-19 during FY2021 and FY2022. There was also a material adverse impact on the Company's sales opportunities and its ability to progress various customer engagements. International and domestic travel restrictions affected key markets such as the United States and South Africa and broader global uncertainty around a recovery of business activity led to delays in progressing key sales opportunities and orders that were expected.

The situation has abated although there is still a 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 Company's business.

However, a number of aspects of the Company'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 Company'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 Company may need to take additional measures in order to respond appropriately (eg restructuring to reduce further costs from its business and raising additional funding).

Tax risk

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

Legislative and regulatory changes

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

Auditor's independence declaration

Auditor's Independence Declaration

As lead auditor for the audit of Redflow Limited for the year ended 30 June 2022, 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
31 August 2022

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

Consolidated statement of comprehensive income

	Note	30 June 2022 $	30 June 2021 $
Revenue from contracts with customers	6	**1,626,773**	2,230,106
		1,626,773	2,230,106
Other Income	7	**1,488,285**	2,685,709
Expenses			
Raw materials and consumables used		**(4,578,159)**	(5,128,338)
Other expenses from ordinary activities			
Administrative expenses		**(801,972)**	(517,979)
Depreciation and amortisation	8	**(489,361)**	(565,169)
Interest and finance expense	8	**(19,597)**	(8,890)
Business development		**(169,235)**	(74,801)
Travel and accommodation		**(213,494)**	(65,216)
Professional fees		**(1,841,676)**	(835,781)
Payroll expenses	8	**(7,718,594)**	(6,304,755)
Impairment for credit loss	8	**-**	61,191
Fair value gain/(loss) on financial instruments	8	**(404,084)**	-
Other expenses	8	**(112,738)**	(994,770)
Loss before income tax		**(13,233,852)**	(9,518,693)
Income tax expense	9(a)	**(13,083)**	(26,469)
Loss for the year		**(13,246,935)**	(9,545,162)
Other comprehensive income for the year	22	**(7,833)**	(49,828)
Total comprehensive loss for the year		**(13,254,768)**	(9,594,990)
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.

Consolidated balance sheet

	Note	***30 June 2022***	*30 June 2021 Restated **
		$	*$*
ASSETS			
Current assets			
Cash and cash equivalents	11	**9,049,762**	9,808,283
Trade and other receivables	12	**1,485,725**	2,372,446
Inventories	13	**3,624,662**	3,346,532
Other current assets	14	**1,057,601**	236,929
Total current assets		**15,217,750**	15,764,190
Non-current assets			
Property, plant and equipment	15	**994,416**	617,780
Intangible assets	16	**477,784**	415,690
Right of use assets	17	**408,811**	75,149
Total non-current assets		**1,881,011**	1,108,619
TOTAL ASSETS		**17,098,761**	16,872,809
LIABILITIES			
Current liabilities			
Trade and other payables	18	**4,118,439**	5,153,192
Lease liabilities	17	**168,456**	75,369
Other current liabilities	19	**954,778**	878,092
Provisions	20	**1,710,282**	1,724,759
Total current liabilities		**6,951,955**	7,831,412
Non-current liabilities			
Lease liabilities	17	**241,548**	-
Provisions	20	**125,198**	112,243
Total non-current liabilities		**366,746**	112,243
TOTAL LIABILITIES		**7,318,701**	7,943,655
NET ASSETS		**9,780,060**	8,929,154
EQUITY			
Issued capital	21	**140,702,054**	127,798,672
Reserves	22	**5,858,842**	4,664,383
Accumulated losses	22	**(136,780,836)**	(123,533,901)
TOTAL EQUITY		**9,780,060**	8,929,154

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

* *see note 2(b) for details regarding the restatement to the fair value of the shares issued to New Technology Capital Group LLC at 30 June 2021 and for details regarding the restatement associated with the accrual of research and development grant income.*

Consolidated statement of changes in equity

	Note	Contributed equity $	Reserves $	Accumulated losses $	Total $
		Attributable to owners of Redflow Limited			
Balance at 1 July 2020		**119,670,345**	**4,218,643**	**(115,416,396)**	**8,472,592**
Accrual of R&D grant income (Restated)		**-**	**-**	**1,427,657**	**1,427,657**
Restated Balance at 1 July 2020		**119,670,345**	**4,218,643**	**(113,988,739)**	**9,900,249**
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	7,939,144	-	-	7,939,144
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
		8,128,327	495,568	-	8,623,895
Restated Balance at 30 June 2021		127,798,672	4,664,383	(123,533,901)	8,929,154
Restated Balance at 1 July 2021		**127,798,672**	**4,664,383**	**(123,533,901)**	**8,929,154**
Loss for the year		**-**	**-**	**(13,246,935)**	**(13,246,935)**
Other comprehensive income	22(a)	**-**	**(7,833)**	**-**	**(7,833)**
Total comprehensive income for the year		**-**	**(7,833)**	**(13,246,935)**	**(13,254,768)**
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs	21	**12,534,502**	**-**	**-**	**12,534,502**
Employee share options - value of employee services	22(a)	**-**	**989,084**	**-**	**989,084**
Shares issued to employees	22(a)	**368,880**	**(368,880)**	**-**	**-**
Share options issued to external parties	22(a)	**-**	**582,087**	**-**	**582,087**
		12,903,382	**1,202,292**	**-**	**14,105,674**
Balance at 30 June 2022		**140,702,054**	**5,858,842**	**(136,780,836)**	**9,780,060**

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

** see note 2(b) for details regarding the restatement of the fair value of the shares issued to New Technology Capital Group LLC at 30 June 2021 and for details regarding the restatement associated with the accrual of research & development grant income.*

Consolidated statement of cashflows

	Note	***30 June 2022***	*30 June 2021*
		$	*$*
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		**2,600,407**	1,556,200
Payments to suppliers and employees (inclusive of goods and services tax)		**(13,947,241)**	(9,222,435)
Grants/R&D Tax Incentive received		**1,465,082**	2,858,619
Interest received		**17,730**	8,925
Interest & bank charges paid		**(19,597)**	(8,890)
Income tax paid		**(12,974)**	(32,256)
Net cash (outflow) from operating activities	31	**(9,896,593)**	(4,839,837)
Cash flows from investing activities			
Payment for property, plant and equipment (inclusive of goods and services tax)		**(1,070,336)**	(120,617)
Purchase of intangible assets (inclusive of goods and services tax)		**(110,112)**	(105,368)
Proceeds from sale of property, plant and equipment (inclusive of goods and services tax)		**-**	29,248
Net cash (outflow) from investing activities		**(1,180,448)**	(196,737)
Cash flows from financing activities			
Proceeds from capital raising		**10,859,804**	6,919,001
Transaction costs from capital raising (inclusive of goods and services tax)		**(357,832)**	(280,025)
Principal elements of lease payments		**(172,861)**	(177,374)
Share placement proceeds in advance of issue		**-**	5,000,000
Net cash inflow/(outflow) from financing activities		**10,329,111**	11,461,602
Net increase/(decrease) in cash and cash equivalents		**(747,930)**	6,425,028
Cash and cash equivalents at beginning of year		**9,808,283**	3,390,203
Effects of exchange rate changes on cash and cash equivalents		**(10,591)**	(6,948)
Cash and cash equivalents at end of year	11	**9,049,762**	9,808,283

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

Notes to the consolidated financial statements

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 2022 was authorised for issue in accordance with a resolution of the Directors on 31 August 2022. 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.*

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 2021, with no new accounting standards applied for the reporting period commencing 1 July 2022.

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 $13,246,935 (2021: $9,545,162) and an operating cash outflow of $9,896,593 (2021: $4,839,837) for the year ended 30 June 2022. Cash held at bank as at 30 June 2022 was $9,049,762 (2021: $9,808,283).

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 for the 2023 financial year and for at least the 12 months after the date of the Directors' declaration:

- Subsequent to 30 June 2022 attained $5 million of firm commitments via a share placement targeting Australian based new and existing sophisticated and institutional investors;
- On 12 August 2022, announced a Share Purchase Plan to raise up to $5 million from current shareholders;
- Launch of Gen3 battery into production in July 2022 which is expected to enable Redflow to operate at a competitive price and deliver further commercial benefits as production scales;
- Anticipated funds from the current order backlog of 173 batteries which are targeted to be delivered during FY2023 including sales orders from Southern Ocean Lodge and Bureau of Meteorology totalling 82 batteries;
- A non binding Letter of Intent with Anaergia on a 5.5 – 6 MWh battery project with expected delivery in 2023;
- Continuing direct engagement with individuals, collaboration partners, strategic investors, and funding facilities to source additional funding to support Redflow's growth strategy;
- Pursuing potential government grants, loans and financing options (Australia and USA) on the back of recent government policy updates;
- Continuing prudent cost management where appropriate; and
- Consistent with the prior receipt of the Research and Development Tax Refund of $1,427,657 Redflow will prepare and anticipate the receipt of a refund for R&D expenditure incurred during the year ended June 2022.

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 the Company will be able to raise additional funding and accordingly, have prepared this financial report on a going concern basis.

At this time, the Directors are of the opinion that no asset is likely to be realised for an amount less than the amount at which it is recorded in the financial report as at 30 June 2022.

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) Adjustment in accounting for prior period
(i) The Company identified that shares issued to New Technology Capital Group LLC on 25 June 2021 under the deferred subscription agreement did confer all rights of ownership including the ability of the holder to trade the shares unrestricted. Accordingly, a restatement adjustment has been recorded to reflect the consideration attributed to the fair value of the shares issued to New Technology Capital Group LLC at 30 June 2021 by decreasing the trade and other payables and increasing the issued capital by $1,025,684. This error has been corrected in the year ended 30 June 2022 financial statements, as an adjustment to the comparative period. The adjustment has not impacted the reported profit or loss.

The adjustments have been corrected by restating each of the affected financial statement line items for the prior year as follows:

Balance sheet (extract)	***30 June 2021***	***Increase/(Decrease) Adjustment***	***30 June 2021 (Restated)***
Trade and other payables	*6,178,876*	*-1,025,684*	*5,153,192*
Net assets	***6,475,813***	***2,453,341***	***8,929,154***
Issued capital	*126,772,988*	*1,025,684*	*127,798,672*
Total equity	***6,475,813***	***2,453,341***	***8,929,154***

(ii) The Group has historically recorded research and development grant income on a receipt basis due to the uncertainty in estimating an amount receivable at the respective balance dates. The Group has concluded it is appropriate to accrue for research and development grant income in 2022 and accordingly has adjusted the prior year to ensure constant application of the accruals basis of accounting and comparability.

The adjustment has been updated in the opening balance sheet at 1 July 2021 by recognising an increase in trade and other receivables at $1,427,657 and a corresponding change in accumulated losses of $1,427,657 with consequential changes to associated notes disclosures where relevant (e.g income taxes).

(c) Principles of consolidation
Subsidiaries
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the Company as at 30 June 2022 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Segment reporting

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

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

Given the conditions stated above, management has determined that there are no separately reportable operating segments. The Group operates as one reportable segment and the segment results are the same as those reported in the financial statements. The Group is not reliant on one single customer, however sales to one customer for the year amounted to under 26% of the total sales revenue with the balance split amongst three main customers.

(e) 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.

(f) 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

(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.

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

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Income Tax (continued)
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.

(h) 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.

(i) 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.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Trade and Other receivables (continued)
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.

(k) 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. Whilst the main focus of Redflow’s Thailand factory will be manufacturing the new Gen3, product, there will be a small production run of Gen2.5 batteries to use up remaining parts and to replenish battery stocks around the world.

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

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

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

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

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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

Trade and other payables also includes a liability relating to an equity issue obligation under a Share Placement Agreement, the details of which are outlined in Note 18.

(o) 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.

(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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Employee Benefits (continued)
(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.

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) 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.

(r) 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.

(s) 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.

(t) 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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) Parent entity financial information (continued)
The entities have also entered into a tax funding agreement under which the wholly owned entities fully compensate Redflow Limited for any current tax payable assumed and are compensated by Redflow Limited for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to Redflow Limited under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly owned entities' financial statements.

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

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

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

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

(u) 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)

(a) Market risk (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 2022			*30 June 2021*		
Denominated in:	***USD***	***EUR***	***THB***	*USD*	*EUR*	*THB*
Presented in AUD:	**$**	**$**	**$**	$	$	$
Trade Payables	**(432,698)**	**(742)**	**(112,639)**	(155,065)	(97,615)	(9,646)
Trade Receivables & Prepaid Expenses	**775,663**	**-**	**5,095**	82,167	-	2,453
Cash on Deposit	**45,551**	**-**	**-**	390,749	-	-

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 2022, 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 $31,137 higher / $25,475 lower (2021: $23,671 higher / $19,368 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 deposit up to 50% with balance due either on delivery or within 30 days after delivery.

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

	30 June 2022		*30 June 2021*	
Trade receivables	***Gross carrying value***	***Expected credit loss***	*Gross carrying value*	*Expected credit loss*
	$	***$***	$	*$*
Grade 1 (Low Risk)	**58,068**	**-**	273,552	-
Grade 2 (Substandard)	**-**	**-**	-	-
Grade 3 (Doubtful)	**-**	**-**	-	-
Grade 4 (Loss)	**-**	**-**	-	-
	58,068	**-**	273,552	-

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 2022	*30 June 2021*
	$	*$*
Cash at bank and short-term bank deposits		
AA	**9,049,762**	9,808,283

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 $9,049,762 (2021: $9,808,283) that are expected to readily generate cash inflows for managing liquidity risk.

The Group does not have any undrawn facilities as at 30 June 2022 (2021: 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 Restated* $	6-12 months $	1-2 years $	2-5 years $	>5 years $	Total contractual cash flows $	Carrying amount (assets)/ liabilities $
At 30 June 2022							
Non-derivatives							
Trade and other payables	**4,118,439**	**-**	**-**	**-**	**-**	**4,118,439**	**4,118,439**
Lease liabilities	**84,017**	**84,439**	**241,548**	**-**	**-**	**410,004**	**410,004**
	4,202,456	**84,439**	**241,548**	**-**	**-**	**4,528,443**	**4,528,443**
At 30 June 2021							
Non-derivatives							
Trade and other payables*	5,153,192	-	-	-	-	5,153,192	5,153,192
Lease liabilities	75,369	-	-	-	-	75,369	75,369
	5,228,561	-	-	-	-	5,228,561	5,228,561

** see note 2(b) for details regarding the restatement of the fair value of the shares issued to New Technology Capital Group LLC at 30 June 2021.*

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. These overheads are immediately expensed to the Profit and Loss and not included in the valuation of finished goods.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

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

Estimated impairment of intangibles and other non-current assets
The Group tests annually whether intangibles have suffered any impairment, in accordance with the accounting policy stated in note 2(u). 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. More information is disclosed in note 18.

Share-based payments
The Group has issued share options and performance share rights to both employees and third parties which are accounted for as share based payments. The Group has made judgements in respect to estimating the fair value at grant date of options and share rights with market conditions granted, the vesting period and likelihood of vesting. More information is disclosed in note 33.

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.

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

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 amounted to under 26% of the total sales revenue with the balance split amongst a number of other customers.

6. REVENUE FROM CONTRACTS WITH CUSTOMERS

	30 June 2022	*30 June 2021*
	$	$
From continuing operations		
Revenue from contracts with customers*	**1,626,773**	2,230,106
	1,626,773	2,230,106

** Sale of goods at a point in time for 30 June 2022 was $1,626,773 (2021: $1,085,775) and sale of goods over time was nil (2021: $1,144,331).*

7. OTHER INCOME

	30 June 2022	*30 June 2021*
	$	$
Interest	**17,730**	8,925
Gain on disposal of property, plant & equipment	**-**	22,662
R&D tax incentive	**1,427,657**	1,649,644
EMDG grant	**40,828**	100,000
JobKeeper payment	**-**	868,150
Other grants	**6,750**	37,750
Net gain on foreign exchange	**(4,680)**	578
Total Other income	**1,488,285**	2,685,709

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

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

8. EXPENSES

	30 June 2022	*30 June 2021*
	$	$
Loss before income tax includes the following specific expenses:		
Employee benefits expense		
Defined contribution superannuation expense	**466,355**	387,653
Other employee benefit expense	**7,252,239**	5,917,102
Total employee benefits expense	**7,718,594**	6,304,755
Depreciation and amortisation		
Depreciation	**441,343**	460,979
Amortisation	**48,018**	104,190
Total depreciation and amortisation	**489,361**	565,169
Finance costs		
Interest expense on lease liabilities	**2,905**	1,518
Other Interest and finance charges paid/payable	**16,692**	7,372
Total finance costs	**19,597**	8,890
Fair value gain/(loss) on financial instruments	**404,084**	-
Other expenses		
Share placement fair value expense	**-**	550,000
Intangible assets written off	**-**	187,946
Other costs	**112,738**	256,824
Total other expenses	**112,738**	994,770
Impairment for credit loss/(reversal)	**-**	(61,191)

9. INCOME TAX EXPENSE

	30 June 2022	*30 June 2021*
	$	*$*
(a) Income tax expense		
Current tax benefit	**(3,363,815)**	(2,591,873)
Deferred tax	**21,297**	(151,613)
Foreign tax paid	**13,083**	26,469
Temporary differences and tax losses not brought to account	**3,342,518**	2,743,486
	13,083	26,469

	30 June 2022	*30 June 2021*
	$	*$*
(b) Numerical reconciliation of income tax expense to prima facie tax expense		
Loss from continuing operations before income tax expense	**(13,233,852)**	(9,518,693)
Tax benefit at Australian tax rate of 25% (2021: 26%)	**(3,308,463)**	(2,474,860)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Entertainment expense	**4,829**	2,511
Share-based payment	**326,071**	179,127
Foreign tax paid	**-**	-
Foreign tax rate and exchange rate differences	**(2,883)**	(5,392)
Other non-temporary differences in foreign jurisdiction	**5,794**	5,849
R&D tax incentive received	**(356,914)**	(428,907)
Prior year under/over	**2,131**	4,655
	(3,329,435)	(2,717,017)
Temporary differences and tax losses not brought to account	**3,342,518**	2,743,486
Income tax expense	**13,083**	26,469

(c) Unused tax losses for which no deferred tax asset has been recognised [1]	**108,238,187**	95,092,084
Potential tax benefit at 25% (2021: 26%)	**27,059,547**	24,723,942

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 2022	30 June 2021
	$	$
The balance comprises temporary differences attributable to:		
PPE and leased assets	**39,875**	**9,537**
Foreign exchange	**50,506**	56,612
Total deferred tax liabilities at 25% (2021: 26%)	**90,381**	66,149
Set off against deferred tax assets (relating to employee provisions)	**(90,381)**	(66,149)
Net deferred tax liabilities at 25% (2021: 26%)	**-**	-

	30 June 2022	30 June 2021
	$	$
(e) Unrecognised temporary differences		
The balance comprises temporary differences attributable to:		
Payable and accruals	**354,135**	317,918
Employee benefits	**91,124**	102,823
Black hole expenses (P&L)	**101,426**	126,696
Black hole expenses (Equity)	**45,099**	75,636
Provisions	**245,241**	200,707
Tax losses	**27,059,547**	24,723,942
Total unrecognised deferred tax assets at 25% (2021: 26%)	**27,896,572**	25,547,722

(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(t).

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 2022***	*30 June 2021 Restated**
		$	*$*
Financial assets at amortised cost			
Trade receivables	12	**1,485,725**	2,372,446
Other current assets	14	**1,057,601**	236,929
Cash and cash equivalents	11	**9,049,762**	9,808,283
		11,593,088	12,417,658
Financial liabilities at amortised cost - trade and other payables	18	**1,440,039**	878,876
Financial liabilites at fair value - equity issue obligation	18	**2,678,400**	4,274,316
Lease liabilities	17	**410,004**	75,369
		4,528,443	5,228,561

** see note 2(b) for details regarding the restatement to the fair value of the shares issued to New Technology Capital Group LLC at 30 June 2021 and for details regard the restatement associated with the accrual of research and development grant income.*

11. CASH AND CASH EQUIVALENTS

	30 June 2022	*30 June 2021*
	$	*$*
Cash and cash equivalents	**9,049,762**	9,808,283
	9,049,762	9,808,283

12. CURRENT TRADE AND OTHER RECEIVABLES

	30 June 2022	*30 June 2021 Restated**
	$	*$*
Outstanding invoices	**58,068**	273,552
Revenue not yet invoiced	**-**	671,237
Research & Development grant income receivable*	**1,427,657**	1,427,657
	1,485,725	2,372,446

** see note 2(b) for details regarding the restatement associated with the accrual of research & development grant income.*

(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(j).

12. CURRENT TRADE AND OTHER RECEIVABLES (continued)

(a) Classification as trade receivables (continued)

The Group has determined that it is appropriate to recognise research and development grant income on an accruals basis and accordingly has restated the prior years to reflect an alignment of the comparative year to an accruals basis as well. The accruals adjustment has been recorded as an adjustment of $1,427,657 to opening retained earnings at 1 July 2020.

(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 2022 ***$***	*30 June 2021* *$*
At cost		
Raw Materials	**3,885,624**	3,650,747
Provision for diminution in value	**(980,962)**	(985,643)
Finished goods	**720,000**	681,428
Impairment	**-**	-
	3,624,662	**3,346,532**

Inventories recognised as an expense, including NRV impairment, for the year ended 30 June 2022 totalled $4,578,159 (2021: $5,128,338). This expense has been included in the raw materials and consumables used in the statement of comprehensive income.

14. OTHER CURRENT ASSETS

	30 June 2022 ***$***	*30 June 2021* *$*
Security & Rental bond deposits	**84,140**	83,553
Prepayments*	**973,461**	153,376
	1,057,601	236,929

* Prepayments increase compared to prior year is due to the ordering of equipment and parts not yet received for the production of the new Gen3 battery at the Thailand facility.

15. PLANT, PROPERTY AND EQUIPMENT

	30 June 2022	*30 June 2021*
	$	*$*
Plant and equipment		
At cost	**5,463,690**	4,828,100
Accumulated depreciation	**(4,486,827)**	(4,231,948)
Net carrying amount	**976,863**	596,152
Leasehold improvements		
At cost	**611,685**	611,685
Accumulated depreciation	**(594,132)**	(590,057)
Net carrying amount	**17,553**	21,628
Total property, plant and equipment		
At cost	**6,075,375**	5,439,785
Accumulated depreciation	**(5,080,959)**	(4,822,005)
Net carrying amount	**994,416**	617,780

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

Plant and equipment		
Opening net carrying amount	**596,152**	739,775
Additions	**646,072**	163,778
Disposals	**-**	(3,948)
Depreciation charge	**(263,434)**	(277,671)
Foreign exchange movement	**(1,927)**	(25,782)
Balance at the end of the year	**976,863**	596,152
Leasehold improvements		
Opening net carrying amount	**21,628**	27,085
Depreciation charge	**(4,075)**	(5,457)
Balance at the end of the year	**17,553**	21,628
Total Property, plant and equipment		
Opening net carrying amount	**617,780**	766,860
Additions	**646,072**	163,778
Disposals	**-**	(3,948)
Depreciation charge	**(267,509)**	(283,128)
Foreign exchange movement	**(1,927)**	(25,782)
Balance at the end of the year	**994,416**	617,780

16. INTANGIBLE ASSETS

	30 June 2022	30 June 2021
	$	$
Patents, trademarks and designs		
Cost	**966,863**	880,992
Accumulated amortisation	**(505,239)**	(465,302)
Net carrying amount	**461,624**	415,690
Capitalised lease surrender		
Cost	**163,350**	163,350
Accumulated amortisation	**(163,350)**	(163,350)
Net carrying amount	**-**	-
Software		
Cost	**186,026**	161,786
Accumulated amortisation	**(169,866)**	(161,786)
Net carrying amount	**16,160**	-
Total intangible assets		
Cost	**1,316,239**	1,206,128
Accumulated amortisation and impairment	**(838,455)**	(790,438)
Net carrying amount	**477,784**	415,690

Reconciliation of carrying amount at beginning and end of the year

	30 June 2022	30 June 2021
Patents, trademarks and designs		
Opening net carrying amount	**415,690**	630,448
Additions	**85,872**	77,378
Disposals	**-**	(187,946)
Amortisation charge	**(39,938)**	(104,190)
Balance at the end of the year	**461,624**	415,690
Software		
Opening net carrying amount	**-**	-
Additions	**24,240**	-
Amortisation charge	**(8,080)**	-
Balance at the end of the year	**16,160**	-
Total intangible assets		
Opening net carrying amount	**415,690**	630,448
Additions	**110,112**	77,378
Disposals	**-**	(187,946)
Amortisation charge	**(48,018)**	(104,190)
Balance at the end of the year	**477,784**	415,690

17. LEASES

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

	30 June 2022	30 June 2021
	$	$
Right of use assets		
Opening net carrying amount	**75,149**	76,019
Additions	**507,496**	176,981
Depreciation charge	**(173,834)**	(177,851)
Balance at the end of the year	**408,811**	75,149

	30 June 2022	30 June 2021
	$	$
Lease liabilitites		
Current	**168,456**	75,369
Non Current	**241,548**	-
	410,004	75,369

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

	30 June 2022	30 June 2021
	$	$
Depreciation charge of right of use assets	**173,834**	177,851
Interest expense (included in finance cost)	**2,905**	1,518
Expense relating to short-term leases	**156,105**	149,260
Expense relating to leases of low-value assets	**2,262**	3,257

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

18. CURRENT TRADE AND OTHER PAYABLES

	30 June 2022	30 June 2021 Restated*
	$	$
Trade payables	**956,775**	670,769
Customer deposits	**171,523**	41,726
Accrued expenses	**311,741**	166,381
Equity issue obligation under Share placement agreement	**2,678,400**	4,274,316
	4,118,439	5,153,192

** The equity issue obligation under share placement agreement has been restated to recognise the fair fair value of shares issued to New Technology Capital Group LLC on 25 June 2021 which amounted to $1,025,684.*

18. CURRENT TRADE AND OTHER PAYABLES (continued)

(a) Foreign exchange risk

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

(b) Share placement agreement

On 25 June 2021, 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 issued the Subscription Shares, at the Investor's request, within 18 months of the date of the funding. The number of shares to be issued was determined by applying the Purchase Price (as detailed further below) to the subscription amount, but subject to a Floor Price.

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.

Throughout FY2022 New Technology Capital Group, LLC provided settlement notices for Redflow to issue three further tranches of subscription shares in accordance with the agreement of 11,363,636 shares on 12 January 2022, 13,888,889 shares on 17 March 2022 and 28,571,429 shares on 3 June 2022.

The share placement agreement contains an embedded derivative. The group has made an accounting policy choice to irrevocably designate the entire contract as a financial liability measured at fair value through profit and loss. At each reporting date the group measures the fair value of the entire contract and recognises the movement in fair value through profit and loss.

During the year a fair value loss of $404,084 (FY21: $nil) was recognised in the statement of comprehensive income.

18. CURRENT TRADE AND OTHER PAYABLES (continued)

The estimation of the fair value of the equity issue obligation under Share Placement agreement requires judgements and estimates. The financial liability is classified as a level 3 measurement under the fair value hierarchy.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (e.g. over the counter derivatives) is determined using valuation techniques that maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

The Group engaged an independent external expert to assist in the valuation of the Share Placement agreement which is reviewed by the Chief Financial Officer (CFO). The main inputs used by the group to derive the fair value are: the Redflow listed share price, the contracted discount to the average daily VWAP, the discount for the selection of five daily VWAPS over a 20 trading day period, a discount for equivalent capital raise and the probability of the price being below the floor price.

19. OTHER CURRENT LIABILITIES

	30 June 2022	*30 June 2021*
	$	*$*
Other payroll liabilities	**954,778**	878,092
	954,778	878,092

20. PROVISIONS

	30 June 2022	*30 June 2021*
	$	**$**
Current		
Annual leave	**376,713**	319,959
Warranty claims	**1,147,424**	1,082,902
Long service leave	**186,145**	189,111
Onerous contracts	**-**	132,787
	1,710,282	1,724,759
Non-current		
Long service leave	**125,198**	112,243
	125,198	112,243

20. PROVISIONS (continued)

(a) Movements in provisions

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

	30 June 2022			
	$	**$**	**$**	**$**
	Warranty claims	*Annual leave*	*Long service leave*	*Onerous contracts*
Carrying amount at start of year	1,082,902	319,959	301,354	132,787
Charged (credited) to profit or loss				
- Additional provision recognised	184,827	405,671	87,253	-
- Amounts used during the year	(120,305)	(348,917)	(17,142)	-
- Unused amounts reversed			(60,122)	(132,787)
(b) Carrying amount at end of year	**1,147,424**	**376,713**	**311,343**	**-**

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 2022	*30 June 2021 Restated**
	$	*$*
Ordinary shares		
Fully paid	**140,702,054**	127,798,672
	140,702,054	127,798,672
Ordinary shares	***shares***	*shares*
Issued and fully paid	**1,466,933,907**	1,221,360,476

** see note 2(b) for details regarding the restatement to the fair value of the shares issued to New Technology Capital Group LLC at 30 June 2021.*

(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.

21. ISSUED CAPITAL (continued)

(b) Movements in ordinary share capital

Date	Details	No. of shares	Issue price	$
1-Jul-20	Opening balance	916,313,294		119,670,345
31-Jul-20	Issue of ordinary shares	195,960,036	$0.0250	4,899,001
11-Aug-20	Issue of ordinary shares	16,600,000	$0.0250	415,000
12-Aug-20	Issue of ordinary shares	6,583,336	$0.0250	164,583
31-Aug-20	Issue of ordinary shares	1,000,000	$0.0246	24,600
23-Oct-20	Issue of ordinary shares	64,200,000	$0.0250	1,605,000
25-Jun-21	Issue of ordinary shares	3,903,810	$0.0640	250,000
25-Jun-21	Issue of ordinary shares (restated)	16,800,000	$0.0610	1,025,684
	Less: transactions cost on share issue			(255,541)
		1,221,360,476		127,798,672
1-Jul-21	Opening balance	1,221,360,476		127,798,672
30-Jul-21	Issue of ordinary shares (i)	164,297,527	$0.0590	9,693,554
19-Aug-21	Issue of ordinary shares (ii)	400,000	$0.0590	23,600
19-Aug-21	Issue of ordinary shares (iii)	1,000,001	$0.0590	59,000
19-Aug-21	Issue of ordinary shares (iv)	1,694,915	$0.0590	100,000
19-Aug-21	Issue of ordinary shares (v)	1,100,000	$0.0590	64,900
20-Aug-21	Issue of ordinary shares (vi)	1,694,915	$0.0590	100,000
20-Aug-21	Issue of ordinary shares (vii)	805,085	$0.0590	47,500
21-Aug-21	Issue of ordinary shares (viii)	1,694,915	$0.0590	100,000
23-Aug-21	Issue of ordinary shares (ix)	360,170	$0.0590	21,250
23-Aug-21	Issue of ordinary shares (x)	2,542,373	$0.0590	150,000
28-Oct-21	Issue of ordinary shares (xi)	8,474,576	$0.0590	500,000
22-Dec-21	Issue of ordinary shares (xii)	7,685,000	$0.0480	368,880
12-Jan-22	Issue of ordinary shares (xiii)	11,363,636	$0.0440	500,000
17-Mar-22	Issue of ordinary shares (xiv)	13,888,889	$0.0360	500,000
3-Jun-22	Issue of ordinary shares (xv)	28,571,429	$0.0350	1,000,000
	Less: transactions cost on share issue (xvi)			(325,302)
		1,466,933,907		140,702,054

i. On 30 July 2021, Redflow Limited issued 164,297,527 shares by way of a 1 for 4 entitlements offer to eligible shareholders.
ii. On 19 August 2021, Redflow Limited issued 400,000 shares to existing and new sophisticated investors via entitlement offer (shortfall placement).
iii. On 19 August 2021, Redflow Limited issued 1,000,001 shares to existing and new sophisticated investors via entitlement offer (shortfall placement).
iv. On 19 August 2021. Redflow Limited issued 1,694,915 shares to existing and new sophisticated investors via entitlement offer (shortfall placement).
v. On 19 August 2021, Redflow Limited issued 1,100,000 shares ordinary shares in accordance with the terms of its Share Placement Agreement with New Technology Capital Group LLC.
vi. On 20 August 2021, Redflow Limited issued 1,694,915 shares to existing and new sophisticated investors via entitlement offer (shortfall placement).
vii. On 20 August 2021. Redflow Limited issued 805,085 shares to existing and new sophisticated investors via entitlement offer (shortfall placement).
viii. On 21 August 2021. Redflow Limited issued 1,694,915 shares to existing and new sophisticated investors via entitlement offer (shortfall placement).
ix. On 23 August 2021, Redflow Limited issued 360,170 shares to existing and new sophisticated investors via entitlement offer (shortfall placement).
x. On 23 August 2021, Redflow Limited issued 2,542,373 shares to existing and new sophisticated investors via entitlement offer (shortfall placement).
xi. On 28 October 2021. Redflow Limited issued 8,474,576 shares to existing and new sophisticated investors via entitlement offer (shortfall placement).
xii. On 22 December 2021, Redflow Limited issued 7,685,000 shares upon vesting of performance rights issued to employees as a long term incentive.
xiii. On 12 January 2022, Redflow Limited issued 11,363,636 ordinary shares at $0.044 per share in accordance with the terms of its Share Placement Agreement with New Technology Capital Group LLC.
xiv. On 17 March 2022, Redflow Limited issued 13,888,889 ordinary shares at $0.036 per share in accordance with the terms of its Share Placement Agreement with New Technology Capital Group LLC.
xv. On 3 June 2022, Redflow Limited issued 28,571,429 shares ordinary shares at $0.035 per share in accordance with the terms of its Share Placement Agreement with New Technology Capital Group LLC.
xvi. Transaction costs were associated with the capital raising in August 2021 and October 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 2022 and 30 June 2021 were as follows:

	30 June 2022	*30 June 2021 Restated**
	$	*$*
Total borrowings	**-**	-
Less cash and cash equivalents	**(9,049,762)**	(9,808,283)
Net debt/(cash)	**(9,049,762)**	(9,808,283)
Total equity	**9,780,060**	8,929,154
Gearing ratio	**N/A**	**N/A**

** see note 2(b) for details regarding the restatement of the fair value of the shares issued to New Technology Capital Group LLC at 30 June 2021 and for details regarding the restatement associated with the accrual of research & development grant income.*

22. RESERVES AND ACCUMULATED LOSSES

	30 June 2022 $	30 June 2021 $
(a) Reserves		
Share-based payments reserve	**5,931,593**	4,729,302
Translation reserve	**(72,751)**	(64,919)
	5,858,842	4,664,383
Movements:		
Share based payments reserve		
Opening balance	**4,729,302**	4,233,734
Share based payments expense for employees	**989,084**	580,966
Shares issued to employees	**(368,880)**	(189,183)
Share based payment expense for external parties	**582,087**	103,785
Closing balance	**5,931,593**	4,729,302
Translation reserve		
Opening balance	**(64,919)**	(15,091)
Unrealised gain/(loss) on translation of foreign subsidiary	**(7,833)**	(49,828)
Closing balance	**(72,751)**	(64,919)

	30 June 2022 $	30 June 2021 Restated * $
(b) Accumulated losses		
Movements in accumulated losses were as follows:		
Opening balance	**(123,533,901)**	(113,988,739)
Net loss for the year	**(13,246,935)**	(9,545,162)
Closing balance	**(136,780,836)**	(123,533,901)

(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 2022 (2021: 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 2022	*30 June 2021*
	$	*$*
Short term employee benefits	**1,548,173**	1,336,035
Post-employment employee benefits	**124,031**	113,118
Other long-term employee benefits	**28,647**	16,815
Share-based payment	**484,120**	478,256
	2,184,971	1,944,224

(c) Transactions with key management personnel

	30 June 2022	*30 June 2021*
	$	*$*
Subscription of new shares by key management personnel as a result of:		
Shares issued under Performance Rights Plan	**288,240**	116,267
	288,240	116,267

(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 2022	*30 June 2021*
	$	*$*
PricewaterhouseCoopers Australia		
Audit and other assurance services		
Audit and review of financial statements	**156,881**	139,994
Total remuneration for audit and other assurance services	**156,881**	139,994
Other services		
R&D claim services	**-**	15,300
Non-recurring consulting	**-**	15,300
Total remuneration for other services	**-**	30,600
Total auditor's remuneration	**156,881**	170,594

26. CONTINGENCIES

The Group has no contingent liabilities at 30 June 2022 (2021: nil).

27. COMMITMENTS

(a) Capital commitments
The Group has $338,307 additional commitments at 30 June 2022 (2021: $6,810) 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(h) 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 2022	*30 June 2021*
	$	*$*
Payroll expenses paid to related party employees	**39,337**	-

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(c).

	Country of		*% Equity holding**		
Name of entity	*Incorporation*	*Class of shares*	**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 27 July Redflow signed the first Australian large-scale 0.56 MWh deployment of Gen3 batteries;
- Redflow announced an order to supply 26 batteries to the Bureau of Meteorology as part of an emissions reduction and reliability project;
- On 12 August 2022 Redflow secured firm commitments from new and existing sophisticated and institutional investors to raise $5 million at a share price of $0.043 with funds received on 18 August 2022;
- A Share Purchase Plan opened on the 18 August 2022 for all current Redflow shareholders to participate in a capital raise of up to $5 million;
- Received $621,600 from New Technology Capital Group LLC (NTCG) on 26 July 2022 for the 16,800,000 initial subscription shares issued at the commencement of the agreement in June 2021;
- On the following dates shares were or will be issued to NTCG in fulfilment of all obligations under the deferred subscription agreement:
  - 26 July 2022 – 41,666.667 shares
  - 1 August 2022 – 26,315,789 shares
  - 14 September 2022 – 20,000,000 shares
- Richard Aird resigned as Chief Operating Officer effective 19 August 2022;
- Tim MacTaggart was appointed Chief Operating Officer on 20 August 2022; and
- On the 17 August 2022, Redflow signed a master service agreement with global engineering company Black & Veatch streamlining procurement of Redflow zinc-bromine energy storage batteries for Black & Veatch projects around the world.

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

	30 June 2022	*30 June 2021*
	$	*$*
Total loss for the year	**(13,246,935)**	(9,545,162)
Adjustments for:		
Depreciation and amortisation	**489,361**	565,169
Net (profit)/loss on disposal/write off of assets	**-**	187,946
Net (gain)/loss on foreign exchange	**4,685**	(32,692)
Share-based payment expense	**1,571,172**	684,751
Fair value movement on share placement	**404,084**	550,000
Share placement advance	**-**	(5,300,000)
Changes in operating assets and liabilities		
(Increase)/Decrease in trade and other receivables	**886,721**	(809,512)
(Increase)/Decrease in inventories	**(278,130)**	2,257,285
(Increase)/Decrease in other operating assets	**(396,408)**	140,452
(Decrease)/Increase in trade and other payables	**593,693**	5,686,778
(Decrease)/Increase in lease liabilities	**-**	(872)
(Decrease)/Increase in other current liabilities	**76,686**	460,428
(Decrease)/Increase in provisions	**(1,522)**	315,592
Net cash (outflow) from operating activities	**(9,896,593)**	(4,839,837)

32. EARNINGS PER SHARE

	30 June 2022	*30 June 2021*
	$	*$*
(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.

Reconciliation of earning used in calculating earnings per share

	30 June 2022	*30 June 2021*
	$	*$*
Basic earnings per share		
Loss attributable to the ordinary equity holders of the Group used in calculating basic earnings per share	**(13,254,768)**	(9,594,990)
From continuing operations	**(13,254,768)**	(9,594,990)

Reconciliation of earning used in calculating earnings per share

	30 June 2022	*30 June 2021*
	$	*$*
Weighted average number of shares used as the denominator in calculating basic and dilutive earnings per share	**1,402,773,223**	1,161,214,130

33. SHARE BASED PAYMENTS

(a) Share options on issue to third parties

Grant Date	*First Exercise Date*	*Expiry date*	*Exercise 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 2022				Number	Number	Number	Number	Number
1/09/20	2/09/20	17/07/23	$0.045	4,000,000	-	-	4,000,000	4,000,000
25/08/21	26/08/21	25/08/24	$0.100		4,250,000	-	4,250,000	-
14/10/21	30/06/22	25/03/23	$0.080		100,000,000	-	100,000,000	-
14/10/21	30/06/22	25/03/24	$0.100		55,000,000	-	55,000,000	-
				4,000,000	159,250,000	-	163,250,000	4,000,000
Weighted average exercise price				$ 0.045	$ 0.087	$ -	$ 0.086	$ 0.045

FUND4SE
On 14 October 2021 the Group issued options to FUND4SE under a master investment agreement ('the Agreement') dated August 2021 which give FUND4SE the right to purchase certain numbers of Redflow securities. The number of options, exercise price, and expiry date are included in the table above. In addition, the options have non-market vesting conditions and the expiry date is the earlier of either one month after the non-market vesting condition is satisfied or the date listed in the table above. There is a 12 month disposal restriction period.

The assessed fair value at grant date of options granted during the year ended 30 June 2022 was $0.095 for options with an expiry date of 25 March 2023 and $0.0138 for options with an expiry date 25 March 2024 The fair value at grant date is independently determined using an adjusted form of the Black-Scholes Model which takes into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield, the risk-free interest rate for the term of the option and a discount for the escrow period.

(a) Share options on issue to third parties
The model inputs for options granted during the year ended 30 June 2022 included:
- options are granted for no consideration and vest based on meeting the required supply contract milestone within a 18 month and 30 month period respectively. Vested options are exercisable for a period of one month after vesting
- exercise price: $0.08 and $0.1 respectively
- grant date: 14 October 2021
- expiry date: 25 March 2023 and 25 March 2024 respectively
- share price at grant date: $0.061
- expected price volatility of the company's shares: 85%
- expected dividend yield: nil, and
- risk-free interest rate: 0.02%.

The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

As the length of the vesting period is varies depending on when the performance condition is satisfied the group estimates the length of the vesting period using the most likely outcome. As this performance condition is a non market condition this estimate is revisited at each reporting period.

33. SHARE BASED PAYMENTS (continued)

The options awarded in the year

(b) Share options issued to employees under the Redflow Limited Share Option Plan
There were 10,86,667 options granted to Directors during FY2022.

The assessed fair value at grant date of options granted to Directors during the year ended 30 June 2022 was $0.024 for options with an expiry date of 14 October 2024. The fair value at grant date is independently determined using an adjusted form of the Black-Scholes Model which takes into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

The model inputs for options granted during the year ended 30 June 2022 included:
- options are granted for no consideration and vests if the Directors remains a Director of the Group
- exercise price: $0.1
- grant date: 14 October 2021
- expiry date: 14 October 2024
- share price at grant date: $0.061
- expected price volatility of the company's shares: 86%
- expected dividend yield: nil, and
- risk-free interest rate: 0.246%.

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

Under the Groups long term incentive plan, share rights are issued to executives' with performance based measures such as achievement of key performance indicators specific to the executives roles which include both market and non market conditions. Refer to page 17 of the remuneration report for more detail. If conditions are met the share rights automatically convert into one ordinary share each on vesting at an exercise price of nil.

The fair value of the performance rights with non market conditions at grant date was $0.061;(2021 $0.028) estimated using the market price of the company's shares on that date .The fair value of the performance rights at grant date for tranche 3 which has market conditions being a target share price is independently determined using an adjusted form of the Monte Carlo pricing model which takes into account the time to maturity, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

33. SHARE BASED PAYMENTS (continued)

Grant Date	_First Exercise Date_	_Expiry date_	_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 2022			Number	Number	Number	Number	Number	Number
26/11/2018	30/06/2021	25/11/2024	1,000,000	-	(1,000,000)	-	-	-
26/11/2018	30/06/2019	25/11/2024	-	-	-	-	-	-
26/11/2018	30/06/2020	25/11/2024	-	-	-	-	-	-
21/11/2019	30/06/2020	21/11/2025	833,333	-	-	(833,333)	-	-
21/11/2019	30/06/2021	21/11/2025	2,166,667	-	(1,000,000)	(1,166,667)	-	-
21/11/2019	30/06/2022	21/11/2025	5,333,333	-	-	(4,666,667)	666,666	666,666
17/12/2019	30/06/2020	21/11/2025	1,666,667	-	-	(1,666,667)	-	-
17/12/2019	30/06/2021	21/11/2025	4,333,333	-	(2,000,000)	(2,333,333)	-	-
17/12/2019	30/06/2022	21/11/2025	10,666,665	-	-	(9,333,333)	1,333,332	1,333,332
26/11/2020	30/06/2021	26/11/2026	2,211,111	-	(1,100,000)	-	1,111,111	-
26/11/2020	30/06/2022	26/11/2026	2,211,111	-	-	-	2,211,111	1,100,000
26/11/2020	30/06/2023	26/11/2026	5,577,778	-	-	-	5,577,778	-
26/11/2020	30/06/2021	21/04/2027	5,195,850	-	(2,585,000)	(944,350)	1,666,500	-
26/11/2020	30/06/2022	21/04/2027	5,195,850	-	-	(944,350)	4,251,500	2,585,000
26/11/2020	30/06/2023	21/04/2027	13,108,300	-	-	(4,741,300)	8,367,000	-
14/10/2021	30/06/2022	14/10/2027	-	2,211,111	-	-	2,211,111	1,100,000
14/10/2021	30/06/2023	14/10/2027	-	2,211,111	-	-	2,211,111	-
14/10/2021	30/06/2024	14/10/2027	-	5,577,778	-	-	5,577,778	-
14/10/2021	30/06/2022	14/10/2027	-	6,184,200	-	(1,269,400)	4,914,800	2,915,000
14/10/2021	30/06/2023	14/10/2027	-	6,184,200	-	(2,204,400)	3,979,800	-
14/10/2021	30/06/2024	14/10/2027	-	15,631,600	-	(5,591,200)	10,040,400	-
			59,499,998	38,000,000	(7,685,000)	(35,695,000)	54,119,998	9,699,998
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

(d) Expenses arising from share based payment transactions

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

	30 June 2022	_30 June 2021_
	_$_	_$_
Options issued to external parties	**582,087**	103,785
Share rights issued under performance rights plan	**989,084**	580,966
	1,571,171	684,751

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 2022	*30 June 2021 Restated**
	$	*$*
Balance sheet		
Current assets	**8,833,704**	9,382,097
Non current assets	**159,113**	159,113
Total assets	**8,992,817**	9,541,210
Current liabilities	**-**	-
Non current liabilities	**-**	-
Total liabilities	**-**	-
Net assets	**8,992,817**	9,541,210
Shareholders' equity		
Contributed equity	**140,702,054**	127,798,672
Reserves	**5,931,593**	4,729,302
Accumulated losses	**(137,640,830)**	(122,986,764)
	8,992,817	9,541,210
(Loss) for the year	**(14,654,066)**	(2,419,559)
Total comprehensive (loss)	**(14,654,066)**	(2,419,559)

Included in the loss for the period is an impairment charge of $Nil (2021: $1,402,717) 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 2022 (2021: nil).

(c) Contingent liabilities of the parent entity

The parent entity does not have any contingent liabilities as at 30 June 2022 (2021: 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 2022 (2021: nil).

Directors' declaration

In the Directors' opinion:

(a) the financial statements and notes set out on pages 41 to 81 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 2022 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: 31 August 2022

Independent auditor's report to the members

pwc

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 2022 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 30 June 2022
- the consolidated statement of comprehensive income for the year then ended
- the consolidated statement of changes in equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information
- the directors' declaration.

Basis for opinion

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

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

Independence

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

Material uncertainty related to going concern

We draw attention to Note 2a in the financial report, which indicates that the Group incurred a net loss after tax of $13,246,935 and an operating cash outflow of $9,896,593 during the year ended 30 June 2022. The note highlights that the ability to fund development, production and marketing of the

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

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

Our audit approach

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

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

Materiality	Audit scope	Key audit matters
• For the purpose of our audit we used overall Group materiality of $500,000, which represents approximately 5% of the Group's adjusted 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 Group loss before tax because, in our view, it is the benchmark against which the performance of the Group is most appropriately	• Our audit focused on where the Group made subjective judgements; such as the share placement arrangement, options issued to 3rd parties, 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: - 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.

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.

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.

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

Key audit matter	How our audit addressed the key audit matter

Share Placement Agreement - New Technology Capital Group, LLC (Refer to note 18) [$2.7 million]
 	
On 25 June 2021, 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 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 group also issued 16.8 million shares to the investor at the time of the agreement which the investor retained the option to offset against the existing liability or pay cash at any point during the agreement. The group has made an accounting policy choice to irrevocably designate the entire contract as a financial liability measured at fair value through profit and loss. During the year New Tech drew down $2 million worth of shares which is recognised as a contribution of equity. The financial liability was revalued as at balance date and a fair value loss of $404,084 was recognised in the statement of comprehensive income.
 	
The share placement agreement was considered a key audit matter due to the significance of the amount
	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 legal obligations of the parties under the agreement,
	• Comparing investor drawdowns during the year to supporting documentation,
	• Together with PwC experts evaluated the appropriateness of the group's method and significant assumptions used to develop the estimate of the fair value of share placement agreement. This included:
	    ○ Comparing data utilised in the estimate to the share placement agreement and other relevant external sources.
	    ○ Comparing assumptions used in developing the estimate to historical data.
	    ○ Evaluated events occurring up to the date of the auditor's report.

Key audit matter	How our audit addressed the key audit matter
recognised as a liability 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.	• Considered the competency, capabilities, objectivity, and nature of the work of the Group's valuation experts who assisted the Group in the preparation of the estimate. • Assessing if the loss on remeasurement of the financial liability was recognised in the profit and loss statement • Evaluated the reasonableness of the disclosures made in note 18 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 2022, 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.

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 2022.

In our opinion, the remuneration report of Redflow Limited for the year ended 30 June 2022 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
Partner

Brisbane
31 August 2022

ASX additional information

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 24 August 2022.

(a) **Distribution of equity securities**

(i) Ordinary share capital

1,646,544,270 fully paid ordinary shares are held by 8,736 individual shareholders.
All issued ordinary shares carry one vote per share and carry the rights to dividends.

(ii) Options

179,076,667 options are held by 9 individual option holders

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

	Fully paid ordinary shares	Options
1-1,000	239	0
1,001-5,000	867	0
5,001-10,000	1,085	0
10,001-100,000	4,532	0
100,001 and over	2,013	9

	Parcel size	Shareholders
Holdings less than a marketable parcel of shares at $0.043 per shares	11,628	2,402

(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 <THE HACKETT FAMILY A/C>	104,842,238	6.37%

(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>	104,842,238	6.37%
2	BERGEN GLOBAL OPPORTUNITY FUND LP	39,482,870	2.40%
3	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	33,327,104	2.02%
4	CITICORP NOMINEES PTY LIMITED	31,377,130	1.91%
5	CS THIRD NOMINEES PTY LIMITED <HSBC CUST NOM AU LTD 13 A/C>	30,232,558	1.84%
6	MFS FUND PTY LTD <MACKEY SUPER FUND A/C>	25,200,000	1.53%
7	NATIONAL NOMINEES LIMITED	21,144,956	1.28%
8	MR JOHN RICHARD SERISIER & MRS SHELLEY ANN SERISIER <THE DE BOUILLON FAMILY A/C>	20,500,000	1.25%
9	DOWLING PROPERTIES PTY LTD	18,530,000	1.13%
10	MR WERNER JOSEF GALLAUTZ	15,500,000	0.94%
11	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	14,294,768	0.87%
12	PLATE IMPRESSIONS PTY LTD	14,028,530	0.85%
13	BNP PARIBAS NOMINEES PTY LTD ACF CLEARSTREAM	13,239,885	0.80%
14	KIDSKLUBS KARIONG PTY LTD <GUIDING LIGHT SUPERFUND A/C>	13,000,000	0.79%
15	MR CHRISTOPHER LISTER LAWRANCE & MRS COLLEEN ALLISON LAWRANCE	12,461,618	0.76%
16	666 PTY LTD <THE 666 INVESTMENT A/C>	12,371,820	0.75%
17	MR SIMON MARK FAGG	11,768,378	0.71%
18	CURRAN & CO <NOMINEE A/C>	11,576,776	0.70%
19	MR JUSTIN ERIC SCHAFFER	11,000,000	0.67%
20	FUND4SE HOLDING ONE PTE LTD	8,474,576	0.51%
		462,353,207	28.08%

THIS PAGE IS LEFT INTENTIONALLY BLANK