

15 April 2024

Redflow undertakes capital raising



Key highlights:

- **A 1 for 2 pro rata non-renounceable entitlement offer of new fully paid ordinary shares (New Shares) to raise up to \$13.6 million (before costs) if fully subscribed, prioritising existing shareholders (Entitlement Offer)**
- **The offer price of 11.5 cents represents a 21.7% discount to the 15-day VWAP at the close of trading on 12 April 2024**
- **The Entitlement Offer includes 1 free attaching unlisted option (exercisable at \$0.20 and expiring on 15 April 2026) for every 2 New Shares subscribed**
- **The capital raising structure gives priority to existing shareholders and if shareholders participate for their full entitlement, they will not be diluted**
- **The purpose of the Entitlement Offer is to raise funding for the delivery of announced projects, key engineering developments, scale up of the Thailand manufacturing facility and conversion of pipeline opportunities.**
- **The raising will also support continuing discussions with the Queensland Government under its Battery Industry Strategy and with other government agencies for financial and other commercial support**
- **Shareholding Directors also intend to participate in the raise**

Redflow Limited ACN 130 227 271 (ASX: RFX), a global leader in clean energy storage, is pleased to announce a capital raising comprising a pro rata non-renounceable entitlement offer to raise up to \$13.6 million (before costs) if fully subscribed.

Redflow has continued to expand its profile in the global long duration energy storage industry via the announcement of over 60 MWh in new projects over the past 11 months. These projects with counterparties that include US California Energy Commission, the US Department of Defence, Energy Queensland, Acciona, Horizon Power and the US Department of Energy endorse the benefits of our technology and validate our strategic focus scaling our solutions to on larger MWh systems for commercial and industrial and utility customers.

Announced projects, coupled with a strong and growing pipeline, are expected to have a materially positive impact on Redflow's revenue in FY25. Demand for Redflow's batteries is expected to be met out of existing manufacturing facilities.

Our progress in securing new customers underscores the increasing global requirement for medium to longer storage duration solutions that have been proven in the field and can rapidly scale, to meet the estimated cumulative battery storage demand of 85 TWh by 2040.¹

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

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Executing on growth strategy

Since the last capital raising in 2023, Redflow has achieved several significant milestones, including:

- in March 2024, its first remote grid project by Horizon Power to be deployed at the Nullagine in the Pilbara region of Western Australia.
- In March 2024, a new X10 battery model design, the natural evolution of its current systems aimed for use in larger-scale projects. The X10 battery design is based on extensive customer engagement and analysis. The X10, along with a plan to develop a highly automated manufacturing capability, aims to achieve a step change in product costs and competitiveness. Redflow's manufacturing strategy relies on the successful establishment of an advanced manufacturing facility in conjunction with the development of the X-10 product by 2026 to enable it to manufacture X-10 batteries at scale and at a competitive cost to meet the needs of the utility scale LDES market.
- In February 2024, the allocation of \$1.12 million of Queensland government grant funding under the \$100 million Queensland Critical Minerals and Battery Technology Fund (QCMBTF) for the development and construction of a large-scale zinc-bromine flow battery prototype and a feasibility study for the establishment of a large-scale zinc-bromine flow battery manufacturing facility in Queensland.
- In February 2024, Redflow was announced as the preferred energy storage technology for a new project for the Barona Band of Mission Indians that has been recommended by the California Energy Commission (CEC) for grant negotiation. The Barona Band of Mission Indians' project is to be focused on energy storage for resilience.
- Redflow received formal notice to proceed from Farady Microgids for the 15 MWh of long-duration energy storage solution for the Paskenta Band of Nomlaki Indians in February 2024. This is a California Energy Commission (CEC) funded project in California and is expected to be delivered over 2025 and early 2026.
- Across the last six months, Redflow's engineering team has continued to execute a number of critical engineering projects to address critical supply chain issues and production bottlenecks, including Injection moulded collectors, new spray line and new CNC machine optimisation. Following a disrupted production period in late 2023 due to quality with a specific material, Redflow production is now back on track and is aligned with ramp up plans and customer delivery dates.
- In October 2023, Redflow announced a long-duration energy storage project with ACCIONA Energía. ACCIONA Energía is a Spanish multinational conglomerate and the world's largest fossil free utilities operating exclusively in renewable technologies with a presence in over 30 countries including Australia.
- In September 2023, Redflow announced that the US Department of Energy approved funding for a 34 MWh long duration energy storage project at the Valley Children's Hospital in Madera, California. Redflow has been named as the battery provider for this project. The project is being sponsored, and expected to be co-funded by, the California Energy Commission (CEC).

Growing support and funding options for Battery Storage from Government policies and priorities

As the energy transition progresses, the critical role of energy storage in achieving ambitious clean energy targets is increasingly being recognised. The technical and operational requirements for energy storage is also changing and is driving the need for long duration storage (LDES) to store large renewables to reduce the risk of thermal runaway and mitigate strategic supply chain vulnerabilities.

The energy transition in Queensland is a powerful example of Redflow's growing strategic opportunity. Queensland's energy transition and battery industry growth is expected to be accelerated by Queensland Government's \$62bn Energy and Jobs Plan and a \$570M Battery Industry Strategy, which was launched in March 2024.² As part of the announcement, Queensland Premier Steven Miles noted that the "The Queensland Battery Industry Strategy establishes Queensland as a global leader in the flow batteries needed to store renewable energy and advanced battery technologies".³

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

As noted in our recent strategy update, Government support for energy transition and potential incentive initiatives provides Redflow with multiple potential funding options. Redflow is currently pursuing a number of those options at the Federal and State level in Australia. Based on a number of engagements currently underway, we expect these discussions to have advanced materially to a decision point within the next six months.

Positioning Redflow for scalable growth

Undoubtedly, there is substantial work ahead of us. However, we stand at the most positive point in the Company's history, poised to capitalise on the foundations we have built. We are confident that, with the right level of shareholder support and capital, the platform we have established and the market momentum we have created, Redflow can play a pivotal role in the global energy transition, drive further commercial success, and ultimately deliver returns for our valued shareholders.

Entitlement Offer details

The Entitlement Offer is open to shareholders who are registered as shareholders at 7.00pm AEST on Thursday, 18 April 2024 (the **Record Date**), with a registered address in Australia, New Zealand, the United Kingdom, Hong Kong or Singapore (**Eligible Shareholders**).

Under the Entitlement Offer, Eligible Shareholders may apply for 1 New Share for every 2 fully paid ordinary shares held at the Record Date at an issue price of 11.5 cents per New Share. For every 2 New Shares subscribed for under the Entitlement Offer, Eligible Shareholders will be entitled to receive 1 free unlisted attaching option exercisable at \$0.20 and expiring on 15 April 2026.

The Entitlement Offer price represents a discount of:

- 21.7% to the 15 day volume weighted average price (VWAP) of Shares traded on ASX up to and including 12 April 2024; and
- 23.3% to the last price at which shares traded on 12 April 2024.

Entitlements

Entitlements in respect of New Shares and attaching options will be rounded down to the nearest whole number and holdings on different registers or sub-registers will not be aggregated to calculate entitlements. The Entitlement Offer is non-renounceable and entitlements cannot be traded on ASX.

Eligible Shareholders will also be able to apply for additional Shares over and above their pro rata entitlement (**Additional New Shares**), with such oversubscriptions to be satisfied from entitlements that were not taken up by other shareholders under the Entitlement Offer. If demand for Additional New Shares exceeds the number of Additional New Shares available, the number of Additional New Shares issued will be scaled back on a pro rata basis.

² https://www.statedevelopment.qld.gov.au/_data/assets/pdf_file/0027/87057/queensland-battery-industry-strategy-web.pdf

³ Queensland Government, *New half-billion-dollar strategy to power Queensland's battery boom*, February 2024

Additional New Shares

Pursuant to the Entitlement Offer, Redflow will issue up to approximately 118,559,988 New Shares. The New Shares issued under the Entitlement Offer will be fully paid ordinary shares and will rank equally in all respects with the existing Shares on issue.

Disclosure

The Entitlement Offer will be made under a prospectus which Redflow expects to dispatch to Eligible Shareholders with a personalized Application Form on 23 April 2024. Shareholders considering a further investment should read the prospectus in full (including the investment risks) and seek professional advice as required.

Anticipated Timetable

The anticipated timetable for the Entitlement Offer is as follows:

Action	Date
Announcement of Entitlement Offer	Monday, 15 April 2024
Ex date (rights issue)	Wednesday, 17 April 2024
Record date (rights issue)	7.00pm AEST on Thursday, 18 April 2024
Entitlement Offer opens and despatch (prospectus and ineligible shareholder letters)	Tuesday, 23 April 2024
Last day to extend closing date	5.00pm AEST on Thursday, 16 May 2024
Entitlement Offer close	Tuesday, 21 May 2024
Entitlement Offer – announce results	Wednesday, 22 May 2024
Issue date (instruct registry to issue shares and options and lodge Appendix 2A and Appendix 3G)	Friday, 24 May 2024
Holding statements (shares and options)	Monday, 27 May 2024

The timetable is subject to change and Redflow reserves the right to withdraw or vary the timetable for the offer without notice. In particular, Redflow reserves the right to extend the closing date for the Entitlement Offer, to accept late applications whether generally or in particular cases or to withdraw the Entitlement Offer without prior notice.

Participation by Investors and Directors

Shareholding Directors also intend to participate in the raise.

Important information

This announcement does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States, or in any other jurisdiction in which such an offer would be illegal. The securities referred to herein have not been and will not be registered under the United States Securities Act of 1933 (the 'US Securities Act'), or under the securities laws of any state or other jurisdiction of the United States and may not be offered or sold within the United States, unless the securities have been registered under the US Securities Act or an exemption from the registration requirements of the US Securities Act is available. This document may not be distributed or released in the United States.

This announcement may contain certain 'forward-looking statements' within the meaning of the securities laws of applicable jurisdictions. Forward-looking statements can generally be identified by the use of forward-looking words such as 'may,' 'should,' 'expect,' 'anticipate,' 'estimate,' 'scheduled' or 'continue' or the negative thereof or comparable terminology. Any forecasts or other forward looking statements contained in this announcement are subject to known and unknown risks and uncertainties and may involve significant elements of subjective judgment and assumptions as to future events which may or may not be correct. There are usually differences between forecast and actual results because events and actual circumstances frequently do not occur as forecast and these differences may be material. RedFlow does not give any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this announcement will actually occur and you are cautioned not to place undue reliance on forward-looking statements.

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

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About Redflow

Redflow, a publicly listed Australian company (ASX: RFX) with offices in Australia and the US, designs and manufactures long-duration zinc-bromine flow batteries for stationary commercial, industrial, and utility applications. Redflow batteries are modular, scalable, fire-safe, and capable of 100% depth of discharge. They can also operate in a wide range of environments without supplemental heating or cooling and offer an extended life with minimal degradation over time. The company's smart, self-protecting storage technology offers unique advantages, including a hibernation feature, secure remote management, a simple recycling path, and sustained energy delivery throughout its operating life. Redflow's energy storage solutions have been in use for more than a decade at more than 250 sites in over 9 countries.

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