



31 January 2019

Redflow Ltd December Quarterly report and Appendix 4C

Redflow Limited (ASX:RFX) present commentary on activities during Q2 FY19, accompanied by the Appendix 4C for same period.

Highlights

- Further sales orders received in key target markets during the quarter
- Manufacturing milestone hit for monthly battery production in December
- Senior executive team strengthened with appointment of a new Chief Deployment Officer
- R&D rebate of \$1.75 million received in January 2019

During the quarter the ramp up of sales continued with orders received from key customers in our target markets of Telco, Commercial and Industrial. Optus selected Redflow's ZBM2 batteries for deployment at their Cape Tribulation site in the Daintree rainforest, marking another order in the Telco sector, following on from a sale earlier in the year to Hitech for its digital television network rollout in Fiji.

In South Africa, two orders were received during the quarter from a leading South African telecommunications company, to provide zinc-bromine flow batteries for the provision of standby energy storage to mobile phone towers. The orders will support the telecommunication company's mobile tower roll out program to March 2019.

A contract has also been signed with two child care centres in Melbourne to supply 32 batteries to power the new centres due to open in the first quarter of calendar year 2019.

The majority of these orders will be delivered and payments received in the coming months. Additionally in Q3 FY19, Redflow has received a Federal Government Research & Development tax incentive rebate of AU\$1.75 million.

In December, the Thailand Factory successfully hit its target of 150 units manufactured for the month. This was a significant step up from the 80 batteries produced in October. This marks a new record for the manufacturing facility.

A new senior executive appointment was announced during the quarter, with Tim MacTaggart to commence as Chief Deployment Officer on 11 February 2019. This new role was created to drive and manage the implementation and operational support capabilities as the company ramps up to sell and deliver more batteries. Tim is currently the Head of the Design and Execution of entrepreneurship programs for QUT Bluebox, the commercialisation company of the Queensland University of Technology. Tim returns to Redflow having previously worked as a Project manager at the company in 2013.

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About Redflow www.redflow.com

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

Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/3/2000. Amended 30/9/2001, 24/10/2005/17/12/10, 01/09/16

Name of entity

Redflow Limited

ABN

Quarter ended ("current quarter")

49 130 227 271

Dec-18

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities			
1.1	Receipts from customers	275	613
1.2	Payments for		
	(a) research and development	-658	-1,361
	(b) product manufacturing and operating costs	-2,863	-5,121
	(c) advertising and marketing	-297	-559
	(d) leased assets		
	(e) staff costs	-929	-2,023
	(f) administration and corporate costs	-562	-1,135
1.3	Dividends received (see note 3)		
1.4	Interest received	84	125
1.5	Interest and other costs of finance paid	-4	-9
1.6	Income taxes paid		
1.7	Government grants and tax incentives	0	0
1.8	Other (Corporate Advice)	0	0
	Other (Other Grant Received)	0	0
	Other (Termination Payments)	0	0
1.9	Net cash from/(used in) operating activities	-4,954	-9,470

		Current quarter	Year to date (6 months)
		\$A'000	\$A'000
2	Cash flows related to investing activities		
2.1	Payment to acquire		
	(a) property, plant and equipment	-136	-352
	(b) businesses (see item 10)		
	(c) investments		
	(d) intellectual property	-42	-73
	(e) other non-current assets		
2.2	Proceeds from disposal of:		
	(a) property, plant and equipment	0	0
	(b) businesses (see item 10)		
	(c) investments		
	(d) intellectual property		
	(e) other non-current assets		
2.3	Cashflows from loans to other entities		
2.4	Dividends received (see Note 3)		
2.5	Other (provide details if material)		
2.6	Net cash from/(used in) investing activities	-178	-425
3	Cash flows related to financing activities		
3.1	Proceeds from issues of shares	0	0
3.2	Proceeds from issues of convertible notes	0	0
3.3	Proceeds from exercise of share options		
3.4	Transaction costs related to Item 3.1, 3.2, 3.3		
3.5	Proceeds from borrowings	0	0
3.6	Repayment of borrowings	0	0
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)		
3.10	Net cash from/(used in) financing activities	0	0
4	Net increase (decrease) in cash and cash equivalents for the period	-5,132	-9,895
4.1	Cash and cash equivalents at beginning of quarter/year to date	12,973	17,732
4.2	Net cash from/(used in) operating activities (Item 1.9 above)	-4,954	-9,470
4.3	Net cash from/(used in) investing activities (Item 2.6 above)	-178	-425
4.4	Net cash from/(used in) financing activities (Item 3.10 above)	0	0
4.5	Effect of movement in exchange rate on cash held	16	20
4.6	Cash and cash equivalents at end of the quarter	7,857	7,857

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts		Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	4,500	6,500
5.2	Call deposits	3,357	6,473
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	7,857	12,973

6. Payments to directors of the entity and their associates

		Current quarter \$A'000
6.1	Aggregate amount of payments to these parties included in item 1.2	269
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	
6.3	Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

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7. Payments to related entities of the entity and their associates

		Current quarter \$A'000
7.1	Aggregate amount of payments to these parties included in item 1.2	
7.2	Aggregate amount of loans to the parties included in item 2.3	
7.3	Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

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8. Financing facilities available

Add notes as necessary for an understanding of the position.

- 8.1 Loan facilities
8.2 Credit standby arrangements
8.3 Other (please specify)

Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000

- 8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

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9. Estimated cash outflow for next quarter		\$A'000
9.1	Research and development	-610
9.2	Product manufacturing and operating costs	-1,920
9.3	Advertising and marketing	-270
9.4	Leased assets	0
9.5	Staff costs	-780
9.6	Administration and corporate expenses	-430
9.7	Other (other)	-120
		0
9.10	Total estimated cash outflows	-4,130

The above estimate does not include R&D Tax incentive payment received in January of \$1.75Maud, receipts from customers or other revenue expected to be received in the quarter and takes into consideration Redflow's production ramp up and capital expenditure costs required for this.

10. Acquisitions and disposals of business entities (Items 2.1(b) and 2.2(b) above)		Acquisitions	Disposals
10.1	Name of entity		
10.2	Place of incorporation or registration		
10.3	Consideration for acquisition or disposal		
10.4	Total net assets		
10.5	Nature of business		

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which
- 2 This statement does give a true and fair view of the matters disclosed.

Sign
here:



Date: 31 January 2019

Company Secretary

Print

name: Trudy Walsh