



Redflow Limited ACN 130 227 271

31 January 2022

## **Redflow delivers largest ever deployment**

### ***December 2021 Quarterly Activities Report***

Redflow Limited (ASX: RFX) is pleased to provide its quarterly activities report, together with its Appendix 4C for the quarter ended 31 December 2021 (Q2 FY2022).

#### **Key highlights**

- Q2 FY2022 cash receipts of \$997k, an over 200% increase on previous corresponding period (Q2 FY2021: \$314k)
- Significant number of confirmed orders for delivery – 105 batteries as at 31 December 2021
- Progressing Gen3 battery development ahead of Q4 FY2022 launch
- Completed 2 MWh installation in California
- Cash balance of \$14.5 million as at 31 December 2021 underpins growth initiatives

#### **Commenting on the progress made in Q2 FY2022 and outlook, Redflow CEO and Managing Director Tim Harris said:**

“We continued to deliver strong growth in cash receipts in the second quarter, underpinned by key projects. Overall, we delivered 126 batteries to clients including Anaergia, and other end customers across the United States, South Africa and Australia.

“During the quarter we successfully completed the installation of the 2MWh energy storage system in California, for Anaergia’s Rialto Bioenergy Facility. As our largest single deployment to date, this is a very significant milestone for Redflow and provides a high visibility MWh reference installation for our growth into the United States and other global markets. We have already had enquiries from multiple customers and Engineering Procurement and Construction (EPC) companies, with many attending the official launch in early January.

“As a result, we will be expanding our market presence and accelerating our activities in the US, the world’s largest market for energy storage, including recruitment of a US team and building relationships with key channel and implementation partners. I have been in the US for the last three weeks visiting partners, suppliers, customers, and other industry leaders across the country. I am very excited around the market opportunity and confident we have a market leading solution.

“We have continued to make progress on our Generation 3 (Gen3) battery development, despite ongoing COVID challenges and continue to target introduction into production in Q4 of FY22. The introduction of the Gen 3 battery will substantially reduce our costs as we scale up through material, efficiency and productivity impacts.”

#### **Sales update**

Earlier in January, Redflow formally launched its landmark 2 MWh project with Anaergia. A number of guests including Ambassador Jane Duke, Australia Consul-General for Los Angeles, Mike Gravely, of the Californian Energy Commission and Yaniv D. Scherson, Chief Operating Officer of Anaergia plus EPC partner and end customer guests attended the official ribbon cutting. Redflow also exhibited at the Intersolar North America and Energy Storage North America on 13-15 January in Long Beach, California, which is the industry’s flagship solar and storage event in North America, followed by a number of partner and customer engagements across the United States. There has been significant



interest in the Redflow solution and the Anaergia project generated with a number of additional site tours requested for this quarter.

In Australia, we understand the Karratha Council in Western Australia has chosen to defer the implementation of a Built Environment Sustainability Scorecard (BESS), instead, opting to split the original tender into two stages. Any BESS deployment will occur in the yet to be advised stage 2 which will be announced later in the year. Redflow remains confident that its Australian developed technology has a strong value proposition. As in any business, Redflow frequently participates in various tenders and enquiries and will continue to participate in such competitive market activities

Redflow was a foundation technology Provider member of the Long Duration Energy Storage (LDES) Council which was launched at the COP26 in Glasgow in November. The goal of the LDES Council is to provide fact-based guidance to governments, grid operators and major electricity users on the deployment of long-duration energy storage. The Council launched its landmark report which highlighted the need for the world's electricity grids to deploy 85-140 TWh of long duration energy storage by 2040, with an investment of USD 1.5 and 3 trillion to achieve carbon neutrality.

Redflow's order book and sales pipeline has continued to increase significantly, including MWh systems in Australia and the US. A number of these are targeted to close by the end of this financial year, both in the local market and target international markets. Redflow is currently actively engaged with several parties in Australia and globally who have the potential to be important strategic partners and who are investing significant effort to understand Redflow's business and solution.

### **Engineering update**

Redflow has progressed its Gen3 battery developments, including customer trials ahead of commercial release during the upcoming half. The Gen3 battery will result in substantial cost benefits, while delivering the same level of performance to customers, and has been developed to allow Redflow to implement automation in the manufacturing process.

Disruptions to Redflow's Thailand production facility last quarter have continued into this quarter, including a small number of staff being infected with COVID-19 and delays associated with material supply and global logistical challenges. The situation, as well as COVID-19 associated affected travel constraints, had an impact on Gen 2.5 production and the introduction of the Gen3 battery. Redflow continues to target introducing Gen3 into production in Q4 of FY22.

### **Operational Update**

Redflow completed the 2MWh energy storage system for Anaergia in California, for their Rialto Bioenergy Facility. The energy storage system contains 192 zinc-bromine flow batteries and is designed to reduce peak energy use, as part of the Facility's microgrid. The battery system comprises 12 x 160 KWh Redflow Energy Pods, clustered into four strings tied to four 125 kW Dynapower inverters.

Each of the four battery strings have been successfully charged and discharged and passed critical acceptance testing criteria. The final test of the entire system will be completed when Siemens integrated the battery into the microgrid controller, and the facility will then be able to absorb the entire 2 MWh load of the energy storage system. Redflow expects to receive its final payment for the project during the current quarter.

Over the course of the quarter, Over 90% of the batteries sold to Optus under the Australian Government's Mobile Network Hardening Program have now been deployed and are operational, supporting almost 100 power outages in December 2021. The remaining systems are planned for deployment and should be completed in early 2022.

### **Financial updates**

The Appendix 4C quarterly cashflow report for Q2 FY2022 is attached.

Cash receipts for Q2 FY2022 were \$997k (Q2 FY2021: \$314k), and trade receivables were \$1,096k.

As at 31 December 2021, Redflow had a cash balance of \$14.5 million.



The following is a Summary of Receipts and Expenditures for the December quarter 2021 business activities (refer also accompanying ASX Appendix 4C):

<b>A\$'000</b>	<b>December Quarter</b>	<b>Year to date (6 months)</b>
Receipts from customers	997	1,575
Product manufacturing and operating costs	-1,013	-2,192
Research and development	-1,006	-1,800
SG&A (Corporate Overhead)	-1,623	-2,881
Investing Activities	-497	-554
Financing payments / receipts	383	10,502
Other	0	-8

Notes:

<sup>1</sup> Numbers in the table are presented on a cash basis, consistent with the ASX Appendix 4C.

<sup>2</sup> Numbers exclude the effect of movement in exchange rates on cash held.

<sup>3</sup> Expenditures include allocation of staff costs, which are shown as a separate line in the ASX Appendix 4C.

Payments to related parties over Q2 FY22 were \$203k, relating to fees paid to directors over the quarter.

- END -

*This announcement has been approved for release by the Chairman of Redflow Limited.*

**For further information please contact:**

**Corporate**

Tim Harris  
07 3376 0008  
[tim.harris@redflow.com](mailto:tim.harris@redflow.com)

**Investors**

Ronn Bechler  
03 9591 8901  
[ronn.bechler@marketeye.com.au](mailto:ronn.bechler@marketeye.com.au)

**Media**

John Harris  
08 8431 4000  
[john@impress.com.au](mailto:john@impress.com.au)

**About Redflow**

Redflow Limited, a publicly-listed Australian company (ASX: RFX), produces zinc-bromine flow batteries that tolerate daily hard work in harsh conditions. Redflow batteries are designed for high cycle-rate, long time-base stationary energy storage applications and are scalable from small systems through to grid-scale deployments. 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.

For further information, please visit: [www.redflow.com.au](http://www.redflow.com.au)

# Appendix 4C

## Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

<b>Redflow Limited</b>
------------------------

ABN

Quarter ended ("current quarter")

49 130 227 271
----------------

Dec-21
--------

<b>Consolidated statement of cash flows</b>		Current quarter	Year to date (6 months)
		\$A'000	\$A'000
<b>1</b>	<b>Cash flows from operating activities</b>		
1.1	Receipts from customers	997	1,575
1.2	Payments for		
	(a) research and development	-1,006	-1,800
	(b) product manufacturing and operating costs	-1,013	-2,192
	(c) advertising and marketing	-302	-400
	(d) leased assets	-44	-89
	(e) staff costs	-750	-1,444
	(f) administration and corporate costs	-527	-948
1.3	Dividends received (see note 3)		
1.4	Interest received	7	10
1.5	Interest and other costs of finance paid	-3	-14
1.6	Income taxes paid	-4	-4
1.7	Government grants and tax incentives	0	0
1.8	Other (provide details if material)	0	0
1.9	<b>Net cash from/(used in ) operating activities</b>	<b>-2,645</b>	<b>-5,306</b>

		Current quarter	Year to date (6 months)
		\$A'000	\$A'000
<b>2</b>	<b>Cash flows related to investing activities or for:</b>		
2.1	Payment to acquire		
	(a) entities		
	(b) businesses		
	(c) property plant and equipment	-469	-526
	(d) investments		
	(e) intellectual property	-28	-28
	(f) other non-current assets		

<b>Consolidated statement of cash flows</b>		Current quarter \$A'000	Year to date (6 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities		
	(b) businesses		
	(c) property plant and equipment	0	0
	(d) investments		
	(e) intellectual property		
	(f) 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	<b>Net cash from/(used in) investing activities</b>	-497	-554
<b>3</b>	<b>Cash flows related to financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	500	10,860
3.2	Proceeds from issues of convertible debt securities		
3.3	Proceeds from exercise of options		
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-117	-358
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings		
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)	0	0
3.10	<b>Net cash from/(used in) financing activities</b>	383	10,502
<b>4</b>	<b>Net increase (decrease) in cash and cash equivalents for the period</b>	-2,759	4,642
4.1	Cash and cash equivalents at beginning of period	17,221	9,808
4.2	Net cash from/(used in) operating activities (Item 1.9 above)	-2,645	-5,306
4.3	Net cash from/(used in) investing activities (Item 2.6 above)	-497	-554

<b>Consolidated statement of cash flows</b>		Current quarter	Year to date (6 months)
		\$A'000	\$A'000
4.4	Net cash from/(used in) financing activities (Item 3.10 above)	383	10,502
4.5	Effect of movement in exchange rate on cash held	-8	4
4.6	<b>Cash and cash equivalents at end of the quarter</b>	14,454	14,454

<b>5 Reconciliation of cash and cash equivalents</b>		Current quarter	Previous quarter
at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts		\$A'000	\$A'000
5.1	Bank balances	14,454	17,221
5.2	Call deposits	0	0
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	14,454	17,221

<b>6 Payments to related parties of the entity and their associates</b>		Current quarter
		\$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	203
6.2	Aggregate amount of payments to related parties and their associates included in item 2	
<i>Note: if any amounts are shown in 6.1 or 6.2 your quarterly report must a description and an explanation for, such payments</i>		
Payments of salary and fees to Executive and Non-executive Directors.		

<b>7</b>	<b>Financing facilities</b> <i>NOTE: The term "facility" included all forms of financing arrangements available to the entity Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end	Amount drawn at quarter end
		\$A'000	\$A'000
7.1	Loan facilities		
7.2	Credit standby arrangements		
7.3	Other (please specify)		
7.4	<b>Total financing facilities</b>		
7.5	<b>Unused financing facilities available at the quarter end</b>		
7.6	Include below a description of each facility above, including the lender, interest rate, maturity date 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.		

<b>8</b>	<b>Estimated cash available for future operating activities</b>	\$A'000
8.1	Net cash from / (used in ) operating activities (Item 1.9)	-2,645
8.2	Cash and cash equivalents at quarter end (Item 4.6)	14,454
8.3	Unused finance facilities available at quarter end ( Item 7.5)	0
8.4	Total available funds (Item 8.2 + Item 8.3)	14,454
8.5	<b>Estimated quarters of funding available (Item 8.4 divided by Item 8.1)</b>	5.5
	<i>Note: if the entity has reported positive net operating cashflows in item 1.9 answer item 8.5 as "N/A. Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5</i>	
8.6	If Item 8.5 is less than 2 quarters, please provide answers to the following questions:	
	8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flow for the time being and if not why not ?	
	Answer: N/A	
	8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operation and , if so, what are those steps and how likely does it believe that they will be successful?	
	Answer: N/A	
	8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and , if so , on what basis?	
	Answer: N/A	
	<i>Note: where item 8.5 is less than 2 quarters, all questions 8.6.1, 8.6.2 and 8.6.3 above must be answered</i>	

## Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement does give a true and fair view of the matters disclosed.

Date: 31-Jan-22

Authorised by: The Audit and Risk Committee

## Notes

- 1 This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
- 2 If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report
- 3 Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
- 4 If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [*name of board committee – eg Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
- 5 If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.