

REDFLOW ANNUAL GENERAL MEETING

10.00 am – Thursday 24 November 2022

CEO Address

Good morning everyone.

Thank you all for joining Redflow's Annual General Meeting this morning. After two years of holding this event virtually it is great to be back in person.

As per ASX listing rules, Redflow has released the Chairman's and my address earlier today. These will be available via the investor section on our website.

Our AGM and my annual address allows me the opportunity to summarise and comment on some of the key areas of progress we have made in the 2021/22 financial year and subsequent months, and also provide some perspective on our outlook. Key highlights over this period include:

- Customer revenue of \$1.6m and customer receipts of \$2.6m in FY22, enabled in large part by our 2 MWh flagship project in California, with a current backlog of around 150 batteries
- Launch of our Generation 3 battery in July after many years of development.
- Announcement of a number of major deals, including the iconic Southern Ocean Lodge in South Australia and our first direct Australian Government project with the Bureau of Meteorology. Batteries for the BOM project have been delivered for two sites with the third site being delayed due to the extreme weather events in New South Wales. We are optimistic there will be more sites that could become available as we prove our performance in these initial deployments.
- Significantly increased our pipeline with qualified opportunities of well over 1 GWh across our target markets, including many at the multi-MWh scale.
- Formally launched our flagship 2 MWh system in California in January. We then jointly signed a Letter of Intent with Anergia for a new 6 MWh project in California that was announced in March 2022. Our largest customer coming back for a project three times the size is a great endorsement of our product and our company. Our Engineering, Procurement & Construction (or EPC) partner informed us last week that the project is now going through final customer and customer financing approvals.
- Refreshed our management team, notably recruiting Eric Chainet our new highly experienced General Manager of our Thailand operations, Mark Higgins as our new Chief Commercial Office and President of Americas, and Tim Mactaggart assuming the broader role of Chief Operating Officer. Alongside this, we have invested in a US team and made selected investments across our engineering, chemistry and commercial teams in Australia.

- Significantly progressed some of the key capabilities which will be necessary for us to be successful in the next 12 months, including announcement of partnerships with leading US EPC companies Black & Veatch and Empower Energies. We have continued to develop our pathway to UL listing in the US and developed draft reinsurance terms with a leading global insurance company.

As conveyed to investors in June when we highlighted selected examples of our pipeline, our focus on larger systems and the commercial and industrial market is showing real traction. This market has a set of needs which are directly aligned with our unique features and performance characteristics, notably:

- A medium to long duration profile, including our proven hibernation feature.
- Deep discharge, ensuring all energy in the battery can be used.
- No risk of thermal runaway and ability to operate at high temperatures.
- A commitment to sustainability that includes the use of abundant materials and a proven recycling pathway.
- A modular approach, proven at multi-MWh scale that provides key flexibility in system size, a small deployment footprint, critical redundancy in operation, flexibility in management and rapid deployment.

It is not sufficient having an attractive product though. We have also continued to build the foundational capabilities which we consider core to our future commercial success, including:

- Executing on our plan to scale-up our proven ISO9001 manufacturing facility in Thailand to 80 MWh per annum as customer demand and orders are realised. On top of this, we are developing a pathway to scale-up to 500+ MWh in the next 2 – 3 years, and are developing contract manufacturing options in parallel.
- A Bill of Materials that enables rapid cost down with scale, combined with a mature supply chain profile that provides multiple opportunities for localisation of manufacturing and sourcing in our target markets, including the US.
- An operational profile of over 250 active current deployments that have delivered over 2 GWh energy through our systems and accumulated over 2 million operating hours since 2018. We note another US headquartered flow battery company publicly celebrated a milestone of 640 MWh cumulative energy discharged earlier this month, less than a third of what we have achieved to date with our systems.
- Finally, we have a world class delivery and support capability, including a new set of local and global EPC partners which gives our customers confidence our product is supported today and will be tomorrow.

Market overview

The broader global energy ecosystem is undertaking a generational change, and the underlying volatility of the system has only increased over the last 12 months. Record energy prices, extreme weather events and supply side disruptions are causing chaos and crisis, exacerbated by the Ukraine war and accelerating ambitions to achieve energy independence and reduce global supply chain risk. At the same time, progress on achieving critical climate change targets is falling further behind. COP27 which was held earlier this month was both a success in establishing a financing program for developing countries but also

failed to achieve some of the urgent commitments required to reach Paris Agreement emission reduction goals. Our leaders have a massive challenge in front of them. What remains unequivocal, however, is that renewable energy coupled with storage, presents a compelling commercial case and an environmental priority.

From an addressable market perspective, the recognition of the critical importance of storage to achieving renewable energy targets continues to grow. The desire for greater flexibility, price certainty, and deepening duck curve dynamics are all pointing to longer duration requirements, which is one of the capabilities of our energy storage solutions. Our target addressable market can be measured in the tens of GWh, which reflects our strategic goal of focusing on larger systems and developing additional manufacturing capacity in 2025 as demand increases.

The urgency to translate renewable energy policy into plans and action is also growing. We are seeing further substantial progress in our target energy storage markets, such as Australia and the US. The California Energy Commission for example, recently provided an additional US\$140m for long duration energy storage projects with significant other future funding programs in development.

Closer to home, the Queensland Government's recent commitment to achieving 70% renewable energy by 2032 is a significant development. The Queensland "Super Grid" will build a renewable energy network and storage system that will represent five times more renewable energy than today with \$36bn targeted investment which includes grid-based energy storage and community batteries, all of which presents major opportunities for Redflow.

We applaud the government's announcement but also repeat the message of the critical need to turn current government procurement policies designed to support Queensland businesses into tangible action. Our experiences, including participating in recent bid processes, show there is still much to do in this space. We will continue to engage with the Queensland Government around how we can support their plans and present the opportunity for us to make more investment, create more jobs and generate more export revenue in Queensland. But this must be enabled through the government providing meaningful levels of anchor demand for local companies like Redflow.

The fact that we are a zinc-based technology also means we underpin a broader zinc eco-system and well established Queensland jobs. At the same time, we will allocate our attention and investment to those markets which we believe present the best opportunity to create shareholder value.

With regard to the US market, the recent Inflation Reduction Act will have a profound impact on the renewable and energy storage market, and opportunities for Redflow in what is the largest energy storage market in the world. The fact that energy storage does not need to be tied to renewable projects to be eligible for tax credits is very significant. As noted to shareholders previously, we have been developing options for US localisation of some of the components of our supply chain for over 12 months. Whilst the details of local requirements to qualify for additional tax credits are still to be defined, we believe we are well positioned to create a strong market proposition through achieving local US content targets, and this will be a key goal for 2023.

More broadly, some of the dynamics and accelerated growth in the energy storage market is shifting to focus on the medium to long term duration, which is presenting an increasing opportunity for Redflow. This is being compounded by the growing structural imbalance in the Lithium market for stationary energy storage with supply challenges and major price increases, which we believe will last for years to come. The prices of the Tesla Megapack for example, which can be viewed on the Tesla website, are now US\$538 per kWh for a four-hour system, an increase of 33% since the start of the year with the earliest stated delivery timing of Q3 2024. With a proven battery and scalable manufacturing, we are well placed, with a current price that only presents a modest premium to the Megapack and a levelized cost of storage that is competitive.

US trip and commercial update

Yesterday I returned from an extended trip to the US which included engagements with a number of customers, investors, existing and prospective partners, regulators and suppliers across multiple locations in California, the East Coast, the Mid-West and Texas. It is a hugely exciting market for us, and one which is eager to embrace and support commercially proven non-lithium solutions that is not evident in other markets yet.

We were delighted to present to the Chair of the Californian Energy Commission (CEC), David Hochschild, and his executive team as part of a Californian Energy Storage Alliance delegation. The CEC executive signaled their need for multi-GWh scale long duration storage over the coming years and made clear the opportunity for Redflow to be part of that future.

Our final stop was at our 2 MWh energy storage system in California on Monday where we hosted Sandia, a leading US government energy agency as part of their due diligence exercise for a utility scale storage project. This latest visit is one of a large number of visitors to that site over the last 12 months.

On that note, it is difficult to understate the importance of our reference 2 MWh project to our progress and current sales opportunities. Investors will know we made a significant investment to develop and build our core Energy Pods, integrate with leading converter and inverter companies and optimise performance across 192 batteries in a highly compressed footprint. Simply put, our 2 MWh project has generated invaluable industry credibility, high customer and supplier visibility and significant operational experience from deploying multi-MWh systems that positions us extremely well across policy makers, partners and end customers.

Look forward

Looking forward, I am acutely aware of the need to translate some of the sales opportunities we have been focused on over the past year into firm commitments.

Whilst I cannot give firm guidance at this stage, I can say that a number of our key opportunities, many of which are multi-MWh in their profile, have advanced significantly over the last few months. I must, however, hold up my hand and recognise these have progressed at a slower pace in 2022 than I - and indeed some of our partners and customer sponsors - had anticipated earlier this year. I would stress many of these opportunities have not gone backwards, they have just needed more work and engagement.

My recent US trip included time with nominated project developers, presenting to end customers on our service model alongside our EPC partner, and having detailed discussions with company fire safety experts. I am optimistic that these opportunities will make material progress in the months ahead.

As noted previously to investors, I believe these target projects will put us on a fundamentally different trajectory of customer validation, scale up and market visibility than today. They clearly have a longer sales cycle, but I remain confident that these are the right opportunities for Redflow.

As well as focusing on near term opportunities, our work on developing a large scale strategic pipeline is generating real opportunities in our Australia and US markets.

As an example, earlier this month we were approached by a major utility in the US to submit a proposal for a 100 MWh project for completion in 2025. A select number of non-lithium energy storage companies have been invited to participate and we have been working closely with one of our key US EPC partners around this submission in recent weeks. It's early days, and this 10,000 battery opportunity will clearly take time to develop into a more solid opportunity. But it is a good reflection of the shifting market for energy storage to longer duration, and the fact we are part of a select group of companies that have been identified as having a proven, multi-MWh scale, cost-effective long duration energy storage solution and can credibly scale to meet strategic needs to deploy hundreds of MWh in the coming years. We should feel very encouraged we have been approached to bid for this opportunity and have a number of similar engagements currently underway.

There is no doubt that Redflow have been buffeted by the recent gyrations of the stock-market, high inflation and increasing market signals that we are heading into a period of high economic uncertainty. We are not alone, with the share price of a group of our listed peers in the non-lithium energy storage space declining between 70 – 86% since January 2022.

I recognise the frustration of shareholders and I can assure you that the Redflow team is focused on making commercial progress whilst also ensuring our long-term viability and success. We must continue to achieve the right balance between preserving our cash and investing in the opportunities and capabilities that will deliver a step change in our growth. Fundamentally, energy storage is about scale and over the last 12 months we have built a large pipeline, developed a series of game changing sales deals and developed a product and ramp up capability to execute. We have demonstrated our ability to manage the business and our balance sheet in periods of high uncertainty and limited resources without taking our eye off our goal of establishing ourselves as a global leader in the alternative energy storage market.

In closing, I firmly believe Redflow is now recognised as one of a handful of companies in the medium to longer duration energy storage market with a proven technology that has the ability to meet both short term project needs and to rapidly scale to meet longer term requirements. We have diligently prepared the business to be ready to execute and scale up to meet this demand. It has not been easy at times for the company, and for you as shareholders, but then again, nothing that is as potentially impactful or rewarding as our future promises, rarely is.

I would like to thank Brett and the rest of the Redflow board for their support, our customers and eco-system of partners and our talented team for the progress we have made over the last 12 months. Lastly, to our shareholders, thank you for your ongoing support, particularly those who contributed during our last capital raise which puts us in a strong position to convert what we have developed to date. I look forward to sharing further updates as we progress.

ENDS

This announcement has been approved for release by the CEO and Managing Director of Redflow Limited.

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About Redflow

Redflow Limited, a publicly-listed Australian company (ASX: RFX), produces small 10kWh 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 in the telecommunications, commercial & industrial and high-end residential 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. For more, information visit www.redflow.com