



redflow



# Q2 FY24 Quarterly Results

30 January 2024

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# Speakers



**Tim Harris**

CEO and Managing Director



**Michael Hipwood**

Chief Financial Officer



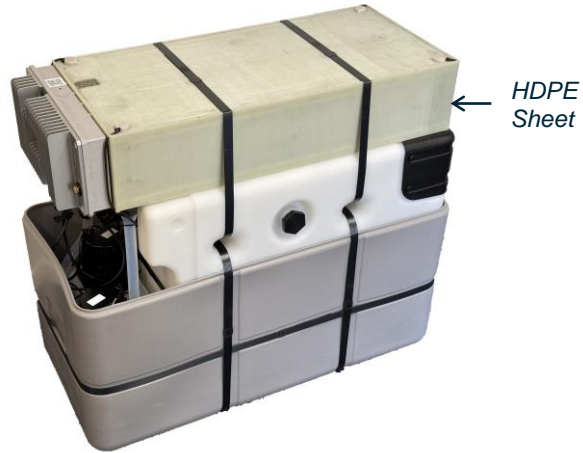
**Tim MacTaggart**

Chief Operating Officer

# Summary

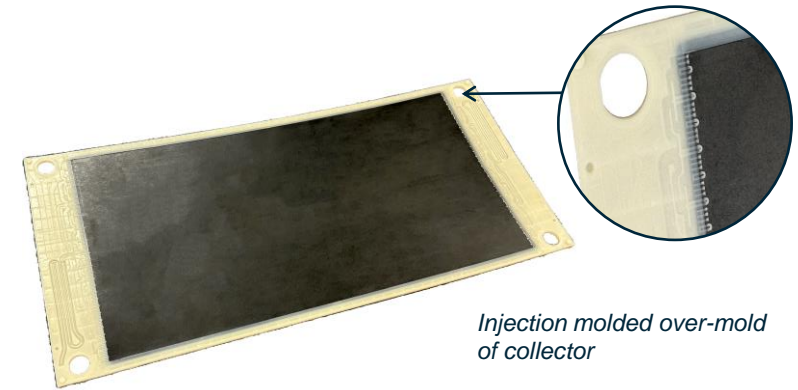
- ↑ Critical supplier quality issues now addressed. Back into customer production early Feb 24 with accelerated ramp up. 6-week delay versus previous guidance for end-Dec 23 production. (Nov 23).
- ↑ Large-scale projects accelerating current pipeline and creating new opportunities and repeat customers (e.g. US government)
- ↑ Increasing market visibility and government engagement in Australia and US.
- ↑ LDES market rapidly accelerating with specific multi-MWh projects targeting 8 - 12 hour duration.
- ↔ Some delays from final notice to proceed on key projects (CEC), now expected in coming weeks. Production ramp up aligned with latest customer delivery schedule.
- ↓ Supplier quality challenge (HDPE sheet) materially impacted production and Q2 + 1HFY24 revenue.

# Move from HDPE sheets to injection moulded part



- + HDPE sheets used in side panels and collector in stack.
- + Critical bonding and tensile strength requirements.
- + Consistent quality for last 5 years from strategic supplier.
- + Multiple quality challenges across multiple batches – including thickness, material breakdown, poor surface quality.
- + Limited volume of orders and technical specifications presents challenge to new supplier engagement and selection.

## Way forward



- + HDPE Injection moulded part for side panel and collector.
- + **Eliminates requirement for HDPE sheet in critical parts**
- + Extensive design and testing over past 6 months – incl. with 3<sup>rd</sup> parties.
- + Significant quality improvement, yield and cost savings.
- + Production in February – immediate scale up ability.

# Key project update

Revenue Impact\*



**Acciona project 200 kWh** – Energy Pod shipped and expected to arrive at the customer’s site early Feb24 with target commissioning March24.

~\$150k in FY24



**Energy Queensland project 4 MWh** – Engineering and design continuing with signing of the MSA expected Feb24. Target installation remains on track to be in late FY24 and early FY25

~\$2.5m in FY24/25



**US DOD Microgrid project 1.2 - 1.4 MWh** – Engineering and design on track to meet the US DOD milestones. System delivery and commissioning expected in Q1/2 FY25.

~\$1.7m in FY25



**Paskenta Microgrid project 15.4 MWh** – Phase One adjusted based on final budget allocation. Targeting additional budget to bring the project up to 20 MWh. Delays due to changes to funding sources, additional environmental site-specific review and final CEC negotiations with the end customer. Final notice to proceed expected Feb24.

~\$12.5m in FY25



**US DOE Valley Childrens Hospital project ~34 MWh** – Negotiations across all parties continuing. Expect final contracting to be finalised in H1 FY25. Engineering and design is progressing, with the delivery timetable expected over FY26.

~\$25m in FY26



\* Estimates only. Specific revenue and timing of recognising revenue to be confirmed at time of final contracting, and other factors such as production/delivery milestones

# Raising market awareness and visibility



Queensland Minister for Energy and Clean Economy Jobs, Mick De Brenni, Brisbane, Dec 23



Queensland Premier Steven Miles and LDES Council CEO Julia Souder, COP28, Dubai, Dec 23



Australia Prime Minister Anthony Albanese, Washington DC, Oct 23



Redflow at All Energy Conference, Melbourne, Dec 23

# Financial Summary

<b>Redflow Cash Movement</b>	AUD\$ 000
FY24 Q1 Cash Movement	-3,901
FY24 Q2 Cash Movement	-2,798
<b>Improvement of</b>	<b>1,103</b>
<i>Due to</i>	
R&D Tax Credit Payment	2,457
Decreased Advertising & Marketing	293
Increased Interest Received	38
Increased product manufacturing and operating costs	-958
Increased Staff Costs	-437
Increased Research and Development	-110
Increased Administration and Corporate costs	-100
Decreased Receipts from Customers	-52
Increased Intellectual Property	-29
Other Costs	1
<b>Total</b>	<b>1,103</b>

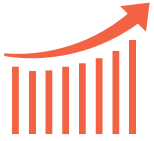
- + In Q1 FY24, net cash used in Operating activities and Investing Activities was \$3.901 million. In Q2 FY24, net cash used in Operating and Investing Activities was \$2.798 million.
- + The improvement of \$1.103 million in Q2 was due to the receipt of the R&D tax credit payment of \$2.457 million offset by the increased operating costs of \$1.354 million.
- + H1 FY24 net cash used in Operating activities and Investing activities was \$6.699 million.
- + Management expects H1 FY24 to result in a loss of approximately \$14 million, resulting from lower-than-expected customer revenue arising from the supply issues noted above to cover fixed costs, and adjustments to balance sheet items, specifically increasing warranty provisions.
- + Net assets as at 31 December 2023 are expected to be \$6.5 million (versus \$9.1m as at 30 June 2023).
- + The final audited H1 FY24 results will be released in late February.
- + Redflow is refining its strategic 4-year Path to Profitability Plan for target release in mid-March 2024



# Our priorities across 2024 are clear

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## Convert



**Finalise contracting for key deals announced. Progress new scale opportunities**

- + Finalise contract negotiations for key deals and secure notice to proceed
  - + Progress additional key deals in pipeline
  - + Build industry partnerships and government relationships to accelerate sales momentum
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## Execute



**Deliver on key projects in the US and Australia**

- + Stabilise production and supplier base
  - + Execute on key projects – CEC, DOD, Acciona, Energy Queensland
  - + Demonstrate larger system capabilities – incl. Levelised Cost of Storage (LCOS)
  - + Maximise Redflow Thailand for capital efficient scale for productivity & unit cost impacts
  - + Deliver improvements for productivity, cost, quality and supplier diversification – ZBM3 battery and EnergyPod
- 

## Scale



**Focus on scale up and path to profitability**

- + Refine pathway to profit growth strategy
  - + Meet market demands for local sourcing/manufacturing. Australia and US focus
  - + Design, iterate and validate new target large scale facility
  - + Progress opportunities for non-dilutive sources of growth
-

# In summary

**Our  
fundamentals  
and outlook  
are strong**

- + Production outlook full for CY2024 and well into CY2025
- + Multi-MWh projects allow further participation in large scale market – utility scale & customers
- + Blue chip customers with huge storage needs
- + Foundation for further US and Australia expansion
- + GWh scale pipeline with key deals advancing
- + Deep engineering experience and expertise
- + Visible pathway to rapidly scale capacity and drive profitability
- + Avenues for non-dilutive sources of growth capital in progress
- + Participate in the energy transition thematic in a significant way in the rapidly growing LDES market opportunity estimated to be worth US\$4 trillion by 2040\*



*Artist impression of deployment at Energex sub-station at Raceview, Queensland Australia*

# Q&A



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