

Redflow Limited

ABN 49 130 227 271

Appendix 4D and Interim Financial Report

For the half-year ended 31 December 2021

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Appendix 4D

Name of Entity : Redflow Limited
ABN : 49 130 227 271

Reporting Period : Half-year Ended 31 December 2021
Previous Corresponding Period : Half-year Ended 31 December 2020

Results for announcement to the market

Results		%		\$
Revenue from ordinary activities	up	172.3%	to	1,174,242
Loss from ordinary activities after tax attributable to members	up	76.1%	to	(5,193,639)
Net loss for the half-year attributable to members	up	74.1%	to	(5,195,596)
Dividends		-		-

The Directors do not recommend the payment of a dividend for the reporting period.

Brief explanation of the figures reported above

Please refer to the review of operations on page 4.

Net tangible assets per security

	31 December 2021	31 December 2020
Net tangible assets per security	\$0.009	\$0.010

Other information

Additional information supporting the Appendix 4D disclosure requirements can be found in the Directors' Report and the consolidated financial report for the half-year ended 31 December 2021. The information should be read in conjunction with Redflow Limited's 2020 Annual Report and the attached Interim Financial Report. This report is based on the consolidated financial statements for the half-year ended 31 December 2021 which have been reviewed by PricewaterhouseCoopers.

Directors' report

For the half-year ended 31 December 2021

Your Directors submit their report on the consolidated entity (referred to hereafter as the Group) consisting of Redflow Limited (the Company) and the entities it controlled for the half-year ended 31 December 2021.

Directors

The following persons were Directors of Redflow Limited during the half-year and up to the date of this report:

Directors	Position	Date of Appointment
Brett Johnson	Chairman (Non-Executive)	27 September 2017
Timothy Harris	Managing Director & Chief Executive Officer (CEO)	2 July 2018
David Knox	Director (Non-executive)	2 March 2017
John Lindsay	Director (Non-executive)	11 September 2018
David Brant	Director (Non-executive)	19 October 2018

Principle Activities

The principle activities of the Group consist of the development, manufacture and sale of its zinc-bromine flowing electrolyte battery module (ZBM).

Review of operations

Redflow has continued to make significant progress with its strategy in the first half of FY2022.

A number of achievements and milestones were achieved over the half-year period. These include:

- Revenue of \$1,174k, a 172.3% increase from previous calendar period (pcp);
- Completion of the deployment for Optus across multiple sites of Redflow batteries for the Australian Federal Government's bushfire resiliency programme with Redflow's new hibernation mode;
- Launch of Redflow Energy Pod system for targeting larger systems;
- Significantly progressed research and development initiatives including pH management, electrolyte composition and validation of alternative suppliers;
- Achieved the milestone of delivering over 2 GWh of energy through our batteries;
- Finalisation of the Entitlement Offer in August 2021 raising a total of \$10.9m;
- Announced an agreement with a Singapore based venture capital fund to assist Redflow in pursuing and maximising the US market opportunity;
- Completed installation of the 2MWh installation for Anaergia in California which is Redflow's largest single deployment, with the formal launch occurring in January 2022;
- Confirmed outstanding orders for delivery of 105 batteries as at 31st Dec 2021;
- Redflow joining the Long Duration Energy Storage (LDES) Council as a foundation technology member which was launched at the COP26 in Glasgow in November;
- Renewed the Thailand facility lease for a further 3 years; and
- Continued progress on Gen3 despite a number of COVID related headwinds.

Following on from the Anaergia order and installation, the US continues to be a key focus market for Redflow. Redflow has continued to make significant progress, including:

- Recruitment of Redflow's US team, located in California;
- Commencement of the UL certification for the Redflow Gen3 battery which is a key element of market acceptance for key industries;
- Facilitated an independent testing program with the non-profit arm of Underwriter Laboratories, which is a recognised leader in independent testing laboratory in the United States;
- Independent validation of Redflow's low fire risk credentials with DNV, a leading independent consultancy focused on Assurance and Risk Management, plus independent performance testing of Gen3 batteries at DNV testing facilities in New York;
- Exhibited at a leading US renewable energy trade event in California with significant interest generated;
- Progress against a number of sales opportunities which have material sales potential; and
- Ongoing progress to diversify our supplier base for critical materials from US companies.

Directors' report

For the half-year ended 31 December 2021

Over the period and into early 2022, Redflow has continued to progress its Gen3 battery developments despite ongoing COVID-19 challenges. The Gen3 battery will result in substantial cost benefits, while delivering the same level of performance to customers. It will also allow Redflow to implement automation in the manufacturing process. COVID-19 has continued to disrupt Redflow's Thailand production facility including travel restrictions and delays associated with material supply and global logistical challenges. Redflow continues to target introducing Gen3 into production in Q4 of FY22.

The loss of the Group after income tax on a consolidated basis for the half-year ended 31 December 2021 was \$5,193,639 (2020: \$2,949,454).

The Group's independent auditor's report for the half-year ended 31 December 2021, contains a material uncertainty section drawing members attention to the contents of Note 2(a) of the accompanying financial statements which deals with the Group's going concern assumptions and the basis upon which those financial statements have been prepared. A copy of the independent auditor's report is included with the accompanying financial statements for the half-year ended 31 December 2021.

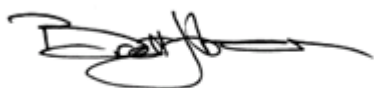
Other developments

As we continue to execute on Redflow's long term growth strategy, we are developing our sales pipeline, maintaining production and executing on our projects to reduce the cost of our batteries. This will see the business continue to be cash-flow negative for some time. The business will need additional working capital this year. As noted in the 2021 AGM Chairman's address, Management and the Board continue to evaluate potential sources of working capital to support Redflow's long term growth strategy.

Auditor's independence declaration

A copy of the Auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 6.

This report is made in accordance with a resolution of the Directors.



Brett Johnson

Chairman

Brisbane

28 February 2022

Auditor's independence declaration

For the half-year ended 31 December 2021



Auditor's Independence Declaration

As lead auditor for the review of Redflow Limited for the half-year ended 31 December 2021, I declare that to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Redflow Limited and the entities it controlled during the period.

A handwritten signature in black ink, appearing to read 'Steven Bosiljevac', with a long horizontal stroke extending to the right.

Steven Bosiljevac
Partner
PricewaterhouseCoopers

Brisbane
28 February 2022

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Consolidated statement of comprehensive income

For the half-year ended 31 December 2021

	Note	31 December 2021 \$	31 December 2020 \$
Revenue from contracts with customers	4	1,174,242	431,228
		1,174,242	431,228
Other income	5	1,360,829	2,445,401
Expenses			
Raw materials and consumables used		(2,226,725)	(1,641,868)
Other expenses from ordinary activities:			
Administrative expenses		(477,882)	(268,854)
Depreciation and Amortisation	6	(229,181)	(308,786)
Interest and finance expense		(13,721)	(4,364)
Business development		(42,360)	(39,332)
Travel and Accommodation		(37,990)	(25,723)
Professional fees		(874,430)	(515,295)
Payroll expenses		(3,674,638)	(2,949,105)
Impairment for credit loss		-	61,191
Other expenses		(148,692)	(116,638)
Loss before income tax		(5,190,548)	(2,932,145)
Income tax expense		(3,091)	(17,309)
Loss for the half-year		(5,193,639)	(2,949,454)
Other comprehensive income/(loss) for the half-year		(1,957)	(34,214)
Total comprehensive loss for the half-year		(5,195,596)	(2,983,668)
Earnings per share for loss from continuing operations attributable to the ordinary equity holders of the Group:		Cents	Cents
Basic earnings per share	18	(0.38)	(0.26)
Diluted earnings per share	18	(0.38)	(0.26)

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated balance sheet

As at 31 December 2021

	Note	31 December 2021 \$	30 June 2021 (restated) \$
ASSETS			
Current assets			
Cash and cash equivalents	8	14,454,273	9,808,283
Trade and other receivables	9	583,449	944,789
Inventories	10	3,236,140	3,346,532
Other current assets		1,960,341	236,929
Total current assets		20,234,203	14,336,533
Non-current assets			
Property, plant and equipment	11	776,037	617,780
Intangible assets	12	445,210	415,690
Right of use assets		493,399	75,149
Total non-current assets		1,714,646	1,108,619
TOTAL ASSETS		21,948,849	15,445,152
LIABILITIES			
Current liabilities			
Trade and other payables	13	5,359,698	5,153,192
Lease liabilities		493,603	75,369
Other current liabilities		625,501	878,092
Provisions	14	1,753,109	1,724,759
Total current liabilities		8,231,911	7,831,412
Non-current liabilities			
Provisions	14	134,025	112,243
Total non-current liabilities		134,025	112,243
TOTAL LIABILITIES		8,365,936	7,943,655
NET ASSETS		13,582,913	7,501,497
EQUITY			
Issued capital	15	138,702,054	127,798,672
Reserves		5,036,056	4,664,383
Accumulated losses		(130,155,197)	(124,961,558)
TOTAL EQUITY		13,582,913	7,501,497

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

Consolidated statement of changes in equity

For the half-year ended 31 December 2021

	Note	Attributable to owners of Redflow Limited			
		Issued capital	Reserves	Accumulated losses	Total
		\$	\$	\$	\$
Balance at 1 July 2021		126,772,988	4,664,383	(124,961,558)	6,475,813
Adjustment in accounting for prior period	2	1,025,684	-	-	1,025,684
Balance at 1 July 2021 (restated)		127,798,672	4,664,383	(124,961,558)	7,501,497
Loss for the half-year		-	-	(5,193,639)	(5,193,639)
Other comprehensive loss		-	(1,957)	-	(1,957)
Total comprehensive loss for the half-year		-	(1,957)	(5,193,639)	(5,195,596)
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs		10,534,502	-	-	10,534,502
Employee share options - value of employee services		-	536,621	-	536,621
Shares issued to employees		368,880	(368,880)	-	-
Share options issued to external parties		-	205,889	-	205,889
		10,903,382	373,630	-	11,277,012
Balance at 31 December 2021	15	138,702,054	5,036,056	(130,155,197)	13,582,913
Balance at 1 July 2020		119,670,345	4,218,643	(115,416,396)	8,472,592
Loss for the half-year		-	-	(2,949,454)	(2,949,454)
Other comprehensive loss		-	(34,214)	-	(34,214)
Total comprehensive loss for the half-year		-	(34,214)	(2,949,454)	(2,983,668)
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs		6,674,166	-	-	6,674,166
Employee share options - value of employee services		-	215,204	-	215,204
Shares issued to employees		189,183	(189,183)	-	-
Share options issued to external parties		-	103,785	-	103,785
		6,863,349	129,806	-	6,993,155
Balance at 31 December 2020	15	126,533,694	4,314,235	(118,365,850)	12,482,079

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated statement of cash flows

For the half-year ended 31 December 2021

	31 December 2021 \$	31 December 2020 \$
Cash flows from operating activities		
Receipts from customers (inclusive of goods and services tax)	1,574,741	615,459
Payments to suppliers and employees (inclusive of goods and services tax)	(6,783,224)	(4,210,149)
Grants/R&D tax incentive received	-	2,498,644
Interest received	9,917	3,644
Interest and bank charges paid	(13,721)	(4,364)
Income tax paid	(4,269)	(20,391)
Net cash (outflow) from operating activities	(5,216,556)	(1,117,157)
Cash flows from investing activities		
Payment for property, plant and equipment (inclusive of goods and services tax)	(526,148)	(69,754)
Purchase of intangible assets (inclusive of goods and services tax)	(27,802)	(98,564)
Proceeds from sale of property, plant and equipment (inclusive of goods and services tax)	-	29,248
Net cash (outflow) from investing activities	(553,950)	(139,070)
Cash flows from financing activities		
Proceeds from capital raising	10,859,804	6,919,001
Transaction costs from capital raising (inclusive of goods and services tax)	(357,832)	(269,319)
Principal elements of lease payments	(89,261)	(87,344)
Net cash inflow / (outflow) from financing activities	10,412,711	6,562,338
Net increase / (decrease) in cash and cash equivalents	4,642,205	5,306,111
Effects of currency translation on cash and cash equivalents	3,785	(12,718)
Cash and cash equivalents at beginning of half-year	9,808,283	3,390,203
Cash and cash equivalents at end of half-year	14,454,273	8,683,596

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the consolidated financial statements

For the half-year ended 31 December 2021

1 CORPORATE INFORMATION

The financial report of Redflow Limited (the "Company") and its controlled entities (the "Group") for the half-year ended 31 December 2020 was authorised for issue in accordance with a resolution of the Directors on 28 February 2022.

Redflow Limited is a company limited by shares incorporated and domiciled in Australia.

The registered office of the Company is 1/27 Counihan Road, Seventeen Mile Rocks, Brisbane, QLD 4073.

2 BASIS OF PREPARATION

This general purpose condensed consolidated financial report for the half-year ended 31 December 2020 has been prepared in accordance with AASB 134 Interim Financial Reporting and the *Corporations Act 2001*.

The half-year financial report does not include all notes of the type normally included within the annual financial report.

Accordingly, this financial report is to be read in conjunction with the annual report for the year ended 30 June 2021 and any public announcements made by Redflow Limited during the interim reporting period in accordance with the continuous disclosure obligations of the ASX listing rules.

The accounting policies adopted are consistent with those of the previous financial year ended 30 June 2020 and corresponding interim financial reporting period. Comparative information has been reclassified only where it will enhance comparability. For example, on the Consolidated statement of comprehensive income the Group has decided to change the classification of its expenses and other comprehensive income to a classification by nature. Directors believe that this will provide more relevant information to our stakeholders as it is more in line with common practice in the industries the Group is operating in. The comparative information has been reclassified accordingly.

Adjustment in accounting for prior period

The Company identified that shares issued to New Technology Capital Group LLC on 25 June 2021 under the deferred subscription agreement did confer all rights of ownership including the ability of the holder to trade the shares unrestricted. Accordingly, a restatement adjustment has been recorded to reflect the consideration attributed to the fair value of the shares issued to New Technology Capital Group LLC at 30 June 2021 by decreasing the trade and other payables and increasing the issued capital by \$1,025,684. This error has been corrected in the period ended 31 December 2021 financial statements, as an adjustment to the comparative period. The adjustment has not impacted the reported profit or loss.

The adjustment has been corrected by restating each of the affected financial statement line items for the prior year as follows:

Balance sheet (extract)	30 June 2021	Increase/ (Decrease) Adjustment	30 June 2021 (Restated)
<i>Trade and other payables</i>	6,178,876	-1,025,684	5,153,192
Net assets	6,475,813	1,025,684	7,501,497
<i>Issued capital</i>	126,772,988	1,025,684	127,798,672
Total equity	6,475,813	1,025,684	7,501,497

(a) Going concern

The Group made an operating loss after income tax of \$5,193,639 (2020: \$2,949,454) and an operating cash outflow of \$5,216,556 (2020: \$1,117,157) for the half-year ended 31 December 2021. Cash held at bank as at 31 December 2021 was \$14,454,273 (30 June 2021: \$9,808,283).

Notes to the consolidated financial statements

For the half-year ended 31 December 2021

2 BASIS OF PREPARATION (continued)

Since the commencement of operations in 2005, the Group has been undertaking research and development activities in accordance with its comprehensive business and strategic plan. The Group has now evolved into its manufacturing and scale up phase which has significant interest and growing commercial sales. Nevertheless, the ability to fund development, production and marketing of the Group's products is dependent upon its ability to transition to a positive cash flow from operations and raising further funding from existing and new investors as well as other governmental incentive and grant programs where available and applicable.

The following events and strategies have occurred or have been initiated by the Directors to secure the Group's going concern status during the 2022 financial year and for at least the 12 months after the date of the Directors' declaration:

- Commencement of manufacture of the Gen3 battery in Q4 FY22 to reduce production costs;
- Undertaking activities to source additional funding, including:
 - Engagement with individuals, collaboration partners, investors and other sources of potential investment; and
 - Exploring government grant opportunities.

The Group has a track record over the last decade of successfully raising equity and grant funding to finance product development and operations. However, due to the funding sources referred to above being uncommitted at the date of this report, there remains a material uncertainty which may cast significant doubt over whether the Group can continue as a going concern and, therefore, may be unable to realise its assets and discharge its liabilities in the normal course of business at the amounts stated in the financial report.

The Directors believe that the Group will be successful in the above matters. In addition, the Directors believe Redflow will be able to raise additional equity or export finance and, accordingly, have prepared this interim financial report on a going concern basis.

At this time, the Directors are of the opinion that no asset is likely to be realised for an amount less than the amount at which it is recorded in the interim financial report as at 31 December 2021.

Accordingly, no adjustments have been made to the interim financial report relating to the recoverability and classification of the asset carrying amounts or the amounts and classification of liabilities that might be necessary should the Company and its controlled entities not continue as a going concern.

3 SEGMENT REPORTING

Management provide oversight of the business by reviewing and reporting financial results on a consolidated basis to the board of Directors.

The Group manufactures predominantly one product with varying levels of customisation and has commenced sales to customers around the world. However, due to the preliminary stage of commercial operations, the Group does not report on an individual product or geographical basis.

Given the conditions stated above, management has determined that there are no separately reportable operating segments. The Group operates as one reportable segment and the segment results are the same as those reported in the financial statements. The Group is not reliant on one single customer, however sales to one customer for the half-year period amounted to just under 43% of the total sales revenue with the balance split amongst three main customers.

Notes to the consolidated financial statements

For the half-year ended 31 December 2021

4 REVENUE FROM CONTRACTS WITH CUSTOMERS

	31 December 2021 \$	31 December 2020 \$
From continuing operations		
Revenue from contracts with customers	1,174,242	431,228
	1,174,242	431,228

*Includes sale of goods at a point in time \$639,532 (2020: \$431,228) and sale of goods over time \$501,710 (2020: nil).

5 OTHER INCOME

	31 December 2021 \$	31 December 2020 \$
Interest	9,917	3,644
R&D tax incentive	1,350,912	1,649,644
EMDG grant	-	100,000
JobKeeper wage subsidy	-	669,450
Net gain on disposal of property, plant and equipment	-	22,663
Total other income	1,360,829	2,445,401

The Group qualifies for a refundable R&D tax incentive of 43.5% of its eligible R&D expenditure due to its aggregate turnover being less than \$20 million. As the Group is in a tax loss position, the tax offset is paid in cash. The expected refund has been estimated and accrued accordingly in the half-year ended 31 December 2021.

6 DEPRECIATION AND AMORTISATION

	31 December 2021 \$	31 December 2020 \$
Loss before income tax includes the following specific expenses:		
<i>Depreciation and amortisation</i>		
Depreciation	207,734	218,237
Amortisation	21,447	90,549
Total depreciation and amortisation	229,181	308,786

Notes to the consolidated financial statements

For the half-year ended 31 December 2021

7 FINANCIAL ASSETS AND LIABILITIES

		31 December 2021	30 June 2021 (restated)
	<i>Note</i>	\$	\$
Financial assets at amortised cost			
Trade receivables	9	583,449	944,789
Other receivables		1,960,341	236,929
Cash and cash equivalents	8	14,454,273	9,808,283
		16,998,063	10,990,001
Financial liabilities at amortised cost - trade and other payables	13	1,085,382	878,876
Financial liabilities at fair value - equity issue obligation	13	4,274,316	4,274,316
Lease liabilities		493,603	75,369
		5,853,301	5,228,561

8 CASH AND CASH EQUIVALENTS

	31 December 2021	30 June 2021
	\$	\$
Cash and cash equivalents	14,454,273	9,808,283
	14,454,273	9,808,283

9 CURRENT TRADE AND OTHER RECEIVABLES

	31 December 2021	30 June 2021
	\$	\$
Outstanding invoices*	583,449	273,552
Revenue not yet invoiced	-	671,237
Expected credit loss	-	-
	583,449	944,789

*Other than the amounts disclosed above, the Company has also issued advance invoices amounting to \$392,920 in line with the terms of the purchase agreements which are expected to be collected in the next 12 months.

10 INVENTORIES

	31 December 2021	30 June 2021
	\$	\$
<i>At cost</i>		
Raw Materials	2,976,273	3,650,747
Provision for impairment	(1,006,562)	(985,643)
<i>At realisable value</i>		
Finished goods	1,266,429	681,428
	3,236,140	3,346,532

The increase in the provision for impairment for raw materials amounted to \$20,919. This was recognised as an expense during the half-year ended 31 December 2021 and included in 'raw materials and consumables used'.

Notes to the consolidated financial statements

For the half-year ended 31 December 2021

11 PROPERTY, PLANT AND EQUIPMENT

	31 December 2021 \$	30 June 2021 \$
<i>Plant and equipment</i>		
At cost	5,102,631	4,828,100
Accumulated depreciation	(4,346,184)	(4,231,948)
Net carrying amount	756,447	596,152
<i>Leasehold improvements</i>		
At cost	611,685	611,685
Accumulated depreciation	(592,095)	(590,057)
Net carrying amount	19,590	21,628
<i>Total property, plant and equipment</i>		
At cost	5,714,316	5,439,785
Accumulated depreciation	(4,938,279)	(4,822,005)
Net carrying amount	776,037	617,780

Reconciliation of carrying amount at beginning and end of the period

<i>Plant and equipment</i>		
Carrying amount - opening	596,152	739,775
Additions	277,440	163,778
Disposal	-	(3,948)
Depreciation charge	(116,449)	(277,671)
Foreign exchange movement	(696)	(25,782)
Carrying amount - closing	756,447	596,152
<i>Leasehold improvements</i>		
Carrying amount - opening	21,628	27,085
Depreciation charge	(2,038)	(5,457)
Carrying amount - closing	19,590	21,628
<i>Total Property, plant and equipment</i>		
Carrying amount - opening	617,780	766,860
Additions	277,440	163,778
Disposal	-	(3,948)
Depreciation charge	(118,487)	(283,128)
Foreign exchange movement	(696)	(25,782)
Carrying amount - closing	776,037	617,780

Notes to the consolidated financial statements

For the half-year ended 31 December 2021

12 INTANGIBLE ASSETS

	31 December 2021 \$	30 June 2021 \$
<i>Patents, trademarks and designs</i>		
Cost (gross carrying amount)	907,719	880,992
Accumulated amortisation	(484,729)	(465,302)
Net carrying amount	422,990	415,690
<i>Capitalised lease surrender</i>		
Cost (gross carrying amount)	163,350	163,350
Accumulated amortisation and impairment	(163,350)	(163,350)
Net carrying amount	-	-
<i>Software</i>		
Cost (gross carrying amount)	186,026	161,786
Accumulated amortisation	(163,806)	(161,786)
Net carrying amount	22,220	-
<i>Total intangible assets</i>		
Cost (gross carrying amount)	1,257,095	1,206,128
Accumulated amortisation and impairment	(811,885)	(790,438)
Net carrying amount	445,210	415,690

Reconciliation of carrying amount at beginning and end of the period

<i>Patents, trademarks and designs</i>		
Carrying amount - opening	415,690	630,448
Additions	26,727	77,378
Disposals	-	(187,946)
Amortisation charge	(19,427)	(104,190)
Carrying amount - closing	422,990	415,690
<i>Software</i>		
Carrying amount - opening	-	-
Additions	24,240	-
Amortisation charge	(2,020)	-
Carrying amount - closing	22,220	-
<i>Total intangible assets</i>		
Carrying amount - opening	415,690	630,448
Additions	50,967	77,378
Disposals	-	(187,946)
Amortisation charge	(21,447)	(104,190)
Carrying amount - closing	445,210	415,690

Notes to the consolidated financial statements

For the half-year ended 31 December 2021

13 CURRENT TRADE AND OTHER PAYABLES

	31 December 2021	30 June 2021 (restated)
	\$	\$
Trade payables	797,583	670,769
Customer deposits	42,800	41,726
Accrued expenses	244,999	166,381
Equity issue obligation under Share placement agreement	4,274,316	4,274,316
	5,359,698	5,153,192

Details about the restatement of the Equity obligation under Share placement agreement is provided in Note 2.

14 PROVISIONS

	31 December 2021	30 June 2021
	\$	\$
Current		
Annual leave	354,676	319,959
Warranty claims	1,218,207	1,082,902
Long service leave	180,226	189,111
Onerous contracts	-	132,787
	1,753,109	1,724,759
Non-current		
Long service leave	134,025	112,243
	134,025	112,243

15 ISSUED CAPITAL

	31 December 2021	30 June 2021	31 December 2021	30 June 2021 (restated)
	Shares	Shares	\$	\$
(a) Share capital				
Ordinary shares				
Fully paid	1,413,109,953	1,221,360,476	138,702,054	127,798,672
	1,413,109,953	1,221,360,476	138,702,054	127,798,672

Notes to the consolidated financial statements

For the half-year ended 31 December 2021

15 ISSUED CAPITAL (continued)

(b) Movements in ordinary share capital:

Date	Details	No. of shares	Issue price	\$ (restated)
1-Jul-21	Opening balance	1,221,360,476		127,798,672
30-Jul-21	Issue of ordinary shares (i)	164,297,527	\$0.059	9,693,554
25-Aug-21	Issue of ordinary shares (ii)	11,292,374	\$0.059	666,250
28-Oct-21	Issue of ordinary shares (iii)	8,474,576	\$0.059	500,000
22-Dec-21	Issue of ordinary shares (iv)	7,685,000	\$0.048	368,880
	Less: transaction costs arising on share issue (v)			(325,302)
31-Dec-21	Balance	1,413,109,953		138,702,054

- (i) On 30 July 2021, Redflow Limited issued 164,297,527 shares by way of a 1 for 4 entitlement offer to eligible shareholders.
- (ii) On 25 August 2021, Redflow Limited issued 11,292,374 ordinary shares to existing and new sophisticated investors via entitlement offer (shortfall placement).
- (iii) On 28 October 2021, Redflow Limited issued 8,474,576 ordinary shares to institutional investor FUND4SE via entitlement offer (shortfall placement).
- (iv) On 22 December 2021, Redflow Limited issued 7,685,000 shares upon vesting of performance rights issued to employees as a long term incentive.
- (v) Transaction costs were associated with the capital raising in July 2021.

(c) Ordinary Shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Group in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

(d) Capital Management

The Group's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

16 CONTINGENCIES

The Group had no contingent liabilities at 31 December 2021 (30 June 2021: \$nil).

17 COMMITMENTS

The Group had \$536,135 additional commitments at 31 December 2021 (30 June 2021: \$6,810) in committed capital for Plant & Equipment purchases.

Notes to the consolidated financial statements

For the half-year ended 31 December 2021

18 EARNINGS PER SHARE

	31 December 2021 Cents	31 December 2020 Cents
(a) Basic and dilutive earnings per share		
Total basic and dilutive earnings per share attributable to the ordinary equity holders of the Group		
From continuing operations	(0.38)	(0.26)
(b) Reconciliation of earnings used in calculating earnings per share		
	31 December 2021 \$	31 December 2020 \$
<i>Basic and dilutive earnings per share</i>		
Loss attributable to the ordinary equity holders of the Group used in calculating earnings per share:-		
From continuing operations	(5,193,639)	(2,949,454)
(c) Weighted average number of shares used as the denominator		
	31 December 2021 Number	31 December 2020 Number
<i>Basic and dilutive earnings per share</i>		
Weighted average number of ordinary shares used as the denominator in calculating earnings per share	1,370,862,011	1,122,975,239

For half-year ended 31 December 2021, options granted to employees and external parties are not considered to be potential ordinary shares as including such securities in the calculation would result in a decreased loss per share therefore being anti-dilutive. Options issued have not been included in the determination of basic earnings per share.

19 EVENTS AFTER BALANCE DATE

There were no significant events that occurred after the balance date that may affect the Group's operation, results or state of affairs or may do so in the future.

20 RELATED PARTY TRANSACTIONS

The following transactions occurred with related parties.

	31 December 2021 \$	31 December 2020 \$
Payroll expenses paid to related party employees	7,938	-

Directors' declaration

For the half-year ended 31 December 2021

In the Directors' opinion:

- (a) the financial statements and notes set out on pages 7 to 19 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements, and
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and
- (b) there are reasonable grounds to believe that Redflow Limited will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.

Brett Johnson
Chairman



Brisbane
Date 28 February 2022

Independent auditor's review report to the members

For the half-year ended 31 December 2021



Independent auditor's review report to the members of Redflow Limited

Report on the half-year financial report

Conclusion

We have reviewed the half-year financial report of Redflow Limited (the Company) and the entities it controlled during the half-year (together the Group), which comprises the consolidated balance sheet as at 31 December 2021, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, significant accounting policies and explanatory notes and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Redflow Limited does not comply with the *Corporations Act 2001* including:

1. giving a true and fair view of the Group's financial position as at 31 December 2021 and of its performance for the half-year ended on that date
2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report.

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Material uncertainty relating to going concern

We draw attention to Note 2(a) in the half-year financial report, which indicates that the Group incurred an operating loss after income tax of \$5,193,639 during the half-year ended 31 December 2021 and an operating cash outflow of \$5,216,556 and highlights that the ability to fund development, production and marketing of the Group's products is dependent on its ability to generate positive cash flow from operations and raise funding from investors and government incentive programs. These conditions, along with other matters set forth in Note 2(a), indicate that a material uncertainty exists that may cast significant doubt about the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

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Independent auditor's review report to the members

For the half-year ended 31 December 2021



Responsibilities of the directors for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement whether due to fraud or error.

Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2021 and of its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

PricewaterhouseCoopers

PricewaterhouseCoopers

A handwritten signature in black ink, appearing to read 'Steven Bosiljevac', with a long horizontal stroke extending to the right.

Steven Bosiljevac
Partner

Brisbane
28 February 2022