Redflow Annual General Meeting
10:00 am – Thursday 14 October 2021
CEO's Address

Thank you, Brett, and Good Morning Everyone,

Thank you all for joining this morning's Annual General Meeting, the second of which we have held virtually. You will see a slightly different format which we hope will be an improvement on last year's structure.

As per ASX listing rules, Redflow has released both the Chairman's and my address on the ASX today. It will also be available on our website.

As many of you attending today's meeting will understand, last year has again been one of managing various lockdowns, navigating a highly uncertain business environment, and ensuring we are well positioned for when the dark clouds brighten. From my position, I can confidently say that Redflow has emerged from this period in a significantly stronger and positive position than where we were 12 months ago.

Some highlights from the financial year 2021 and recent months have included:

- Revenue up 14% to over $2.23m for FY21, despite the ongoing challenges of COVID-19 in Australia and other critical markets. We also note this excludes the backlog of nearly 180 batteries as at the end of June which we have been busy delivering;
- A growing set of high-profile orders and deployments including the 600 kWh Semini Grains order in Western Australia through our partner TIEC, our partnership with Optus for bushfire resiliency across Australia and our 2 MWh lighthouse project with Anaergia in California – the largest single battery order in Redflow's history;
- Development of new capabilities, including our Hibernation Mode which is being used for our Optus battery bushfire deployment and our new Energy Pod Z which will serve to be the core building blocks for larger energy storage systems;
- Proven our recycling credentials through taking a selection of end-of-life batteries via standard recycling pathways, reinforcing an important differentiation versus various Lithium chemistries;
- Ongoing significant progress on our Gen3 battery – including customer trials – but whose introduction into production has been impacted by recent COVID-19 dynamics; and
- Prudently managed our cost and production during this uncertain period to reduce net cash outflows by 30%.

Outside of these important headlines, the Redflow team have continued to put significant efforts into diligently building on the core foundations necessary for our technology leadership and commercial success. This has included accelerated activities to diversify some of our core materials suppliers, further enhancements of our

Battery Management System, optimisation of the operational management of the battery in the field and further insight into our core zinc bromine chemistry. We are confident these efforts will materially enhance long term shareholder and customer value, noting we also receive significant tax rebates for a number of these activities.

Growing confidence in our strategy and growth plans also enabled us to execute on a capital raise in June and July and subsequent shortfall placement which raised nearly $16m. Importantly, this capital raise included institutional investment from New Technology Capital Group LLC and FUND4SE (both of which are subject to final Shareholder approval today). These investments have been designed to align these investor interests with other shareholders and enhance our ability to secure and execute on key strategic opportunities. I would like to thank all shareholders – including all Redflow Directors - who participated and supported this investment round. We are now in a strong position to build further on the capabilities we have built over the past few years and enhance the confidence of our partners and end customers in our world leading energy storage solution.

Market and Commercial Update

From a market perspective, the energy storage market continues to grow exponentially, with the global energy storage market forecast to be 36 times larger in 2030 than 2020.

More importantly, whereas a few years ago flow batteries were treated as an outlier, we have seen new levels of industry and end customer enquiries who are keen to understand the potential flow battery solutions in combination with, or instead of, other battery chemistries.

Our differentiation remains strong and clear across a number of factors, notably:

- Sustained energy output across the battery lifetime;
- Our modular approach which enables scalability, redundancy and economics of scale;
- Proven recyclability;
- No thermal runaway risk;
- Flexibility in discharge up to 12 hours and the ability to put a fully charged battery into hibernation for extended periods without self-discharge;
- Higher energy density, efficiency and smaller physical footprint versus other flow battery chemistries;
- Proven field deployments at scale across a number of diverse customer profiles; and
- Excellent tolerance for high temperature conditions.

When combined with high profile projects such as Optus and Anaergia, we are now engaged with a number of EPCs, end customers and energy generators who are now actively seeking alternatives to Lithium solutions. As well as being in a market that is growing rapidly, we believe this trend has been influenced by two factors.

Firstly, we are seeing increasing concerns around the safety of energy storage systems as evidenced by recent high profile Lithium fires in Victoria, Queensland, Beijing, and Illinois in the United States. We are also hearing of increasing signals of a supply shortage in some stationary energy storage markets. In the US this environment is also being enhanced by growing concerns around security of energy storage and global supply chain dynamics, an area where we have strong competitive differentiation.

Secondly, we are seeing growing industry recognition that Lithium is not the solution for all storage needs – particularly with regard to medium to longer term energy storage. It is clear that as renewable energy

penetration increases, challenges of negative pricing and the need for curtailment is accelerating the requirement for solutions that can effectively and efficiently shift that energy to peak demand times. We believe there is a need to dramatically increase levels of medium and longer term storage to effectively integrate required levels of renewable penetration, to have any chance of reaching minimum Paris Agreement targets by 2040. This is a market which has the potential to grow exponentially, and we strongly believe it's set to receive further recognition by energy suppliers, governments and corporates over the next 12 months.

Evidence of this dynamic can be seen in the growing levels of visible support for flow batteries by people such as the US Secretary of Energy, Jennifer Granholm and US Congresswoman Diana DeGette, reflecting critical recognition of this opportunity and validation of flow technologies.[1]

At a practical level, one only has to look at the increasing levels of curtailment in California and the State Governments widespread media campaign urging consumers to curtail their energy use during the hours of 4-9pm, to understand the importance and magnitude of the challenge of this transition, and the enormous opportunity it presents us.

Redflow, with its combination of higher energy density and efficiency versus other long duration competitors, our proven hibernation capability – which we believe is unique amongst our flow battery competitors, and our proven deployment experience, puts us in a very strong position to target this market.

As a result of this increasing demand, growth and recent investment, we are accelerating our business development and marketing capabilities. This includes recruiting new commercial and marketing personnel in Australia and additional resources to lead our efforts in the US. We will be selectively increasing our market participation, visibility and engagement across the industry, both in Australia and internationally, in the coming months. This will include taking a more active role to engage and encourage Australian State and Federal stakeholders to increase their support for domestically developed and supplied energy storage solutions.

Whilst we are not in a current position to give guidance around battery sales for this year, I can confirm that our current pipeline is the best it has ever been. This includes total battery numbers, the potential size of deployments and the quality of the end customers whom we are currently commercially and technically engaged with. We also have a portfolio of sales opportunities that are spread across the sales cycle, including several exciting opportunities that we are targeting to close by the end of this financial year, both here in Australia and in our target international markets. We are currently actively engaged with several parties who have the potential to be important strategic partners and who are investing significant effort to understand our business and technology.

Technical and Operational Update

When I delivered this address at last year's AGM in November, I announced that we had surpassed over 100 active deployments in the field. Today I am delighted to announce that we now have over 160 active deployments in the field, a 60% increase in less than 12 months, and a 400% increase since the beginning of 2019. These range from single battery to multi kWh systems.

[1] US Department of Energy, *DOE Announces $24.5 Million for Manufacturing Innovation to Build a Clean, Resilient Electric Grid,* 17th March 2021 and US Secretary of Energy Twitter Feed, announcing initiative, 17th March 2021

We remain confident this is one of the highest total deployments of any flow battery company in the world. It provides us with a strong differentiation through our operational experience that other flow battery and long duration storage companies simply do not have. Nothing beats real life customer deployments for building market credibility as a mature technology which is capable of rapid scale up. As we often state to our customers, we wear the grey hair we have accumulated over the years with pride as they provide clear and differentiated evidence of a company that has successfully addressed the inevitable challenges of introducing a world leading energy storage technology that many new energy storage companies have yet to face. You simply just can't get that experience in the lab.

Our current and future deployments are serving as critical reference points for a number of exciting sales and partnership opportunities for Redflow.

One clear example of this dynamic is with our Optus deployments for the Australian Government's bushfire resiliency program. The deployment of our batteries across 56 targeted sites is nearly complete. Across the systems currently live we now have several examples in Victoria and South Australia where mains power was lost and our batteries were able to be woken from hibernation mode to support the load on this critical infrastructure for nearly 12 hours. This has helped to reinforce the value of our core battery and additional hibernation feature. It has directly led us to be engaged with a number of US telco companies who face similar challenges of managing wildfires in the US – particularly in California. Proven field performance remains our best marketing tool to our target customers.

As communicated a number of times to investors, our 2 MWh system for Anaergia represents a critical beachhead for entry into the Californian and US market. The project also led the development of our Energy Pod Z which enables us to target higher voltage applications and MWh systems and is generating considerable interest. As a direct result of the Anaergia sale, we have developed a number of exciting sales opportunities in the US, including with some large multinationals with ambitious renewable energy targets. A number of these are targeted to close by the end of this financial year. Significant time and effort is being focused on these opportunities, as they have the potential to be transformational to our visibility, credibility and growth trajectory in the largest energy storage market in the world.

Specifically with reference to the Anaergia project, the latest update is a little frustrating. Three of our 12 Pods have been unloaded at port this week, but the others remain on ships waiting to be unloaded at the Port of Long Beach in Los Angeles. We remain focused on installing and commissioning this system later in October or early November and we have secured Australian government approval to travel to the US for this purpose. We remain positively engaged with Anaergia and the Californian Energy Commission on this project and other potential opportunities across California.

As well as highlighting some of our achievements over the last 12 months, we believe we also have an obligation to our shareholders to also call out some of the lessons for our business and strategy going forward. There is little doubt that the COVID environment has made it extremely difficult at times to make the best possible decisions in an environment of high uncertainty.

Overall, the main impact from this situation has been on driving progress on a number of commercial opportunities – especially in some overseas markets such as South Africa - and progress on our Gen3 battery launch. As noted in our full year results presentation in August, after a relatively benign COVID impact in 2020

and early 2021, the situation in Thailand deteriorated significantly over the last eight months. The Chon Buri province, which is where our factory is located has been materially affected. This situation has an impact across four areas:

1. Direct impact on the Redflow Thailand team with a small number of staff – including management, being infected. All have now recovered, and we have extensive COVID prevention measures in place;
2. Extended delays to the supply for our some critical materials;
3. Delays to the timely servicing and maintenance of critical equipment by Thailand service companies; and lastly
4. The ability for our Brisbane engineering team to travel to Thailand – including the disappointment of having our travel request for our engineering team rejected by the Australian government.

This situation has had a short-term impact on Gen2.5 production. More importantly, it has pushed back the introduction of the Gen3 battery into next year. Our revised program is now forecasting the introduction of Gen3 into production in Q4 of FY22. As our long-term shareholders will know, we have worked hard to learn from and move forward from manufacturing experiences in the past and we are confident this timeline is both achievable and enables us to appropriately manage the program without introducing unacceptable levels of risk that we will only regret afterwards.

These experiences also led us to conclude that we require additional capabilities and equipment in Brisbane to enable us to test and iterate specific aspects of the Gen3 stack more rapidly. Relying on Thailand facilities, the associated impacts from freight costs and delays and the ability to travel are the main causes of our revised Gen 3 timelines. We are therefore making selected capital investments in Australia that will mean we can produce full batteries at small scale in our Brisbane facility and iterate designs more rapidly than today. In addition, we will also be making further selected investments in Thailand – notably new presses and automation of rib stitching of our separator – that will help us to better manage some critical machinery that is nearing end of life and enable a rapid ramp up of capacity for Gen3 production next year.

We continue to believe that Thailand represents the best option today and over the medium term for manufacturing Redflow batteries. Rapid increases in our order book and sales pipeline will influence the next stage of our manufacturing strategy, and we have already begun scoping what the next stage of manufacturing capability, which will be in the 100’s of MWh capability per annum, will look like. We want to have a clear picture of our ramp up plans, so we are well prepared for when some of the commercial opportunities that are in our pipeline are realised.

Look Forward

There is little doubt that Redflow sits at the heart of the transition to a renewable based energy system. The authoritative Intergovernmental Panel on Climate Change (IPCC) report published in August, clearly states that climate change is human-caused and "unequivocal,". As noted by UN Secretary General António Guterres, the report “is a code red for humanity”. This means that we have an important role to play in addressing the biggest existential challenge of our generation, but we also have a potential target energy storage market that can conceivably be measured in multiple GWh in the next 2-5 years. I cannot emphasise

enough the fact that we have many years of experience on our chemistry, and our proven deployments puts Redflow in a unique and strong position in this exciting market.

Looking forward we will remain focused on converting some of our sales opportunities, ensure successful installation of our Anaergia system and focus on progressing our Gen3 program to launch. We will be accelerating our US presence and positioning our manufacturing and deployment capabilities for a significant uplift in battery orders. We will also build additional capabilities, such as UL certification and independent testing, that we believe are necessary for long term success in our target markets.

We therefore remain highly ambitious for Redflow and increasingly confident about our value proposition and role in the global energy storage market. Now is the time to be bold. At the same time, we are conscious that to truly enable our potential we must focus on the right opportunities in the right markets, allocate our scarce resources prudently and execute flawlessly.

The last 12 months have been about navigating Redflow through the choppy waters created by the ongoing COVID-19 pandemic whilst positioning ourselves for the pivot point of accelerated growth. As the adage goes, a smooth sea never made a skilled sailor. There is still much work to do but the next 12 months promises to be one of the most exciting and important times in Redflow's history. I would like to thank Brett and the Redflow board, our world class Redflow team and our shareholders for your ongoing efforts and support. Our recent achievements and capital injection are enabling us to invest in necessary capabilities and actively plan for the next stage of our growth. I remain very confident of a bright future for Redflow and am excited about the road ahead.

Thank you.

END

Authorised for Release by the Managing Director