

Redflow raising \$18.1m to drive growth, global market expansion

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Listed Australian battery company Redflow is raising \$18.1 million in equity capital, with the funds to be used to scale up battery production and to grow Australian and international sales.

The Brisbane-based company is raising the funds through a combination of a placement to new investors and a fully underwritten rights issue offered to all current shareholders.

According to Redflow (ASX:RFK) chairman Brett Johnson, Redflow has made significant progress in the past six months.

"We've opened our new wholly-owned manufacturing facility in Thailand which is making quality battery stacks.



"We now have the ability to manufacture and supply quality batteries in predictable quantities. The current plan is to increase our manufacturing capacity in Thailand so we can manufacture as many as 90 complete batteries a month by June 2018 and, subject to demand, scale up production to as many as 250 batteries by December 2018."

Announcement of the capital raising coincides with the appointment of a new Redflow chief executive, Tim Harris, who has extensive international business experience in the telecommunications sector.

Johnson said the ability to manufacture quality batteries and Harris' appointment permits Redflow to invest in the development of a well-articulated growth strategy focusing on the sales, marketing and support infrastructure the company requires to successfully penetrate the international energy storage market.

"This growth strategy will include the identification of potential sales, marketing and manufacturing joint venture partners. We are also focused on continued reduction in the manufacturing cost of the identification of potential sales, marketing and manufacturing joint venture partners. We are also focused on continued reduction in the manufacturing cost of the Redflow battery."

Johnson said Redflow would invest the additional working capital in the growth strategy as well as manufacturing, raw materials, inventory and cost reduction.

The company is raising a total of \$18.1 million before transaction costs, comprising \$7.5 million through a placement to new investors and a further \$10.6 million through a fully underwritten non-renounceable entitlement offer to all current shareholders.

Johnson said the board had decided to raise most of the new capital through an entitlement offer to permit existing shareholders to participate in the company's growth phase.

"This is a key reason the issue price has been set at the same 10 cents per share as the 2017 placement," he said.

"The Redflow board fully supports the entitlement offer. Redflow's largest shareholder and non-executive director Simon Hackett will invest more than \$1.8 million to take up his full rights in the entitlement issue. Tim Harris will take part in the capital raising by supporting the underwriting of the entitlement offer.

"To date, shareholders have invested in development of the Redflow battery and in the creation of a manufacturing facility. We believe we are positioned now to transition from a research & development company into a fully operational manufacturing, sales, marketing and product support organisation."

Johnson said Redflow remains focused on selling its ZBM2 and ZCell zinc-bromine flow batteries through an authorised partner network in Australia and internationally to customers for telecommunications, commercial & industrial and high-value and off-grid residential energy storage applications.

He said Redflow would focus on key markets across Africa, Asia Pacific and Australasia, and already the company is also actively investigating strategic opportunities in China after being approached by several Chinese entities.

"China is forecast to be one of the largest single markets for energy storage, accounting for as much as 70% of the Asia-Pacific market. We will continue to engage with selected parties to assess potential partnership options."

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Peter Dinham

Peter Dinham is a co-founder of ITWire and a 28-year veteran journalist and corporate communications consultant. He has worked as a journalist in all forms of media – newspapers/magazines, radio, television, press agency and now, online – including with the Canberra Times, The Examiner (Tasmania), the ABC and AAP-Broadcasters. As a freelance journalist he also had articles published in Australian and overseas magazines. He worked in the corporate communications/public relations sector, in-house with an airline, and as a senior executive in Australia of the world's largest communications consultancy, Burson-Marshall. He also ran his own communications consultancy and was a co-founder in Australia of the global photographic agency, the Image Bank (now Getty Images).

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