



## Revasum, Inc. Q1 2020 Quarterly Update

**San Luis Obispo, California – 29 April 2020:** Leading semiconductor equipment company, Revasum, Inc. (ASX: RVS, 'Revasum' or the 'Company') is pleased to release a quarterly update for the period ending 5 April 2020 ('Q120').

- As of 5 April 2020, unaudited cash balance of US\$3.0M (5 January 2020: US\$6.8M), with debt drawn of US\$2.0M (5 January 2020: US\$2.0M).
- Revasum is considered to be an essential business during the COVID-19 pandemic and is continuing operations in order to support critical infrastructure industries.
- As of 29 April 2020, FY2020 Systems shipments and backlog of US\$6.7M consisting of tools already shipped in Q120, and tools scheduled to ship during Q220 & Q320. US\$6.0M scheduled to ship in 1H20.
- Ongoing cost reductions implemented during the quarter to reduce cash burn.
- During the quarter, the Company furloughed 51 out of a total of 77 employees considered to be non-essential for critical manufacturing activities – the Company continued to pay health insurance premiums for all furloughed employees.
- Post quarter end, on 21 April 2020, the Company received loan proceeds of US\$2.2M under the Paycheck Protection Program, and all 51 furloughed employees were bought back to full time work effective 27 April 2020.

### Impact of COVID-19 & Paycheck Protection Program Loan

On 19 March 2020, US Department of Homeland Security's Cybersecurity & Infrastructure Security Agency (CISA) declared that companies that work in critical infrastructure industries have a special responsibility to maintain their normal work schedule during the COVID-19 pandemic. Revasum supplies critical goods and services to its Customers who are essential members of these critical infrastructure industries. As such, Revasum is considered to be an essential business and is able to continue operations, in spite of the current shelter-in-place executive order for San Luis Obispo County, which is currently scheduled to be lifted on 16 May 2020.

As described generally in Revasum's 1 April 2020 release, during the quarter Revasum furloughed 51 out of a total of 77 employees who were considered to be non-essential to support critical essential operations. Employees performing critical manufacturing activities including handling of shipments, regulatory compliance activities and core administrative activities necessary to ensure business continuity continued to work and Revasum continued to pay health insurance premiums for all furloughed employees. This action was taken in order reduce cash burn and allow for effective social distancing protocols.

Post quarter end, on 21 April 2020, Revasum received loan proceeds of US\$2.2M under the Paycheck Protection Program ("PPP"). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), provides for loans to qualifying businesses for amounts up to 2.5 times the average monthly payroll expenses of the qualifying business, calculated as provided under the PPP. Borrowers must use a substantial portion (75%) of the PPP Loan proceeds for payroll costs, consistent with Congress' overarching goal of keeping workers paid and employed, and the program provides a mechanism for forgiveness of up to the full amount borrowed after eight weeks as long as the borrower uses the loan proceeds during the eight-week period after the loan origination for eligible purposes.

Revasum's receipt of a loan under the PPP has provided it with the additional liquidity necessary to support its ongoing operations and bring back to full time work effective 27 April 2020 all 51 furloughed employees. The PPP loan will also be used for other eligible purposes and enable Revasum to delay or eliminate the need to implement alternative cost saving measures as a result of the current economic uncertainty.



The PPP Loan is evidenced by a promissory note (“Note”) given by the Company as borrower to Western Alliance Bank, an Arizona Corporation, as the lender. The PPP Loan is unsecured and is guaranteed by the U.S. Small Business Administration. The interest rate on the Note is 1.0% per annum. Any unforgiven portion of the PPP Loan is payable over a two-year term, with payments deferred for six months from the date of the Note. The Company is permitted to prepay the Note at any time without payment of any premium.

Revasum anticipates that the impact of COVID-19 on the overall global supply chain, combined with the reduction in capital spend by many companies at this time may impact the timing of equipment bookings and shipments during fiscal year 2020, the extent of which cannot be estimated at this time due to the unknown extent and duration of the COVID-19 pandemic and associated uncertain market conditions.

As of 29 April 2020, the Company has a FY2020 Systems shipments and backlog of US\$6.7M consisting of tools already shipped in Q120, and tools scheduled to ship during Q220 & Q320. US\$6.0M is scheduled to ship in 1H20. As mentioned above, there is some uncertainty involved in this as a result of the impact of COVID-19 on our global supply chain, but the manufacturing team is working to pull in ship dates where possible.

“We recognize that we are faced with an unprecedented situation as we deal with the global COVID-19 pandemic.” Noted Jerry Cutini, President and Chief Executive Officer. “As a Company we are committed to continuing to support our Customers working in critical infrastructure industries, including the medical supply chain. At this time, we are actively monitoring the ongoing situation and will continue to respond with the best interests of our employees, customers and shareholders in mind.”

### **Ongoing Cost Reductions Implemented**

During the quarter, prior to the COVID-19 pandemic, the Company undertook a Reduction in Force (“RIF”), reducing the number of employees from 115 on 5 January 2020 to 77 at the end of Q120. Executive staff also took substantial voluntary pay cuts during the quarter.

The 6EZ Silicon Carbide (SiC) polisher development project was largely completed by the end of Q120. As such there will be a significant decrease in capitalized development costs during FY2020. The total cash outflows in respect of development projects in FY2019 was US\$7.5M. During Q120, the spend was US\$0.4M and we expect this to continue to decrease. The Company does not anticipate undertaking any further significant development projects during FY2020.

As a result of COVID-19, the spend on travel will significantly decrease during FY2020 compared to FY2019. During FY2019, US\$1.4M was spent on travel, during Q120 the spend was US\$0.1M. We are continuing to support our customers in the field virtually, along with deploying field service engineers to the field where possible, for example, where the field service engineer is within driving distance of the customer.

During the quarter, the Company made the decision to close its Taiwan Branch, maintaining support of customers in the region from the US HQ, alongside experienced local consultants. This is anticipated to save the Company in the region of US\$0.5M per annum.

The Company considers that the above ongoing cost reductions are key to maintaining sustainable levels of cash outflows. Management continue to review areas where costs can be reduced further.



### **Q120 Cash Flow (Unaudited)**

Revasum's receipts from customers for the 5 April 2020 quarter totaled US\$2.0M (Q419: US\$8.6M). The significant decrease in cash receipts during the quarter is a result of the timing of shipments – the majority of tools for 1H20 are scheduled to ship during Q220. Whilst receipts declined during the current quarter, payments for operating activities reduced by US\$2.1M to US\$5.2M (Q419: US\$7.3M). This is a direct result of the ongoing cost reductions described above, along with the fact that the majority of the inventory for 1H20 shipments was purchased during FY19.

Net investing cash outflows for the 5 April 2020 quarter were US\$0.4M (Q419: US\$1.4M), the reduction being a result of the finalization of the EPICOR ERP implementation during Q419 and the fact that the 6EZ Silicon Carbide Polisher project is nearing completion.

Net financing cash outflows for the 5 April 2020 quarter were US\$0.2M. US\$0.5M was drawn on the working capital revolver line with Bridge Bank, and this amount was also repaid during the same quarter.

As a result of the cash flows listed above, Revasum finished Q120 ending on 5 April 2020 with a cash balance (unaudited) of US\$3.0M (compared to US\$6.8M statutory cash balance as at 5 January 2020), with US\$2.0 million debt drawn. As per above, post quarter end, on 21 April 2020, the Company received loan proceeds of US\$2.2M under the Paycheck Protection Program ("PPP").

*THIS ANNOUNCEMENT IS AUTHORIZED FOR RELEASE BY THE CEO*

### **Safe Harbor Statement**

This announcement and the accompanying Appendix 4C contain forward-looking statements, which address a variety of subjects including, for example, financial projections, our statements regarding expected events, including expected revenue and earnings, system shipments, expected product offerings, product development, market adoption and technical advances. Statements that are not historical facts, including statements about our beliefs, plans and expectations, are forward-looking statements. Such statements are based on our current expectations and information currently available to management and are subject to a number of factors and uncertainties, many of which are outside the control of the Company, which could cause actual results to differ materially from those described in the forward-looking statements. The Company's management believes that these forward-looking statements are reasonable as and when made. However, you should not place undue reliance on any such forward-looking statements because such statements speak only as of the date they are made. Revasum does not undertake any obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law or the ASX Listing Rules. In addition, forward-looking statements are subject to certain risks and uncertainties that could cause actual results, events and developments to differ materially from our historical experience and our present expectations or projections.

### **About Revasum, Inc. (ASX: RVS)**

Revasum (ARBN: 629 268 533) specializes in the design and manufacturing of equipment used for the global semiconductor industry. Revasum's equipment helps drive advanced manufacturing technology for critical growth markets, including automotive, IoT, and 5G. Our product portfolio includes state of the art equipment for the grinding, polishing, and chemical mechanical planarization processes used to manufacture devices for those key end markets. All of Revasum's equipment is designed and developed in close collaboration with our customers. Learn how we create the equipment that generates the technology of today and tomorrow, visit [www.revasum.com](http://www.revasum.com).

This quarter, we will not be hosting a conference call, but if you have questions or would like to have a call with the CFO and CEO, please reach out to our IR contacts as detailed below:

**Company Contact**  
Thea Davis  
Marketing Manager  
[thea.davis@revasum.com](mailto:thea.davis@revasum.com)  
+1 (805) 541-6424

**Investor Relations**  
[ir@revasum.com](mailto:ir@revasum.com)  
+1 (805) 541-6424

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