



Q2 2020 Quarterly Activities Report, Appendix 4C and Management Changes

San Luis Obispo, California – 28 July 2020: Leading semiconductor equipment company, Revasum, Inc. (ASX: RVS, 'Revasum' or the 'Company') today released its Appendix 4C – Quarterly Cash Flow Report for the period ending 5 July 2020, together with its Activities Report for the quarter. The Appendix 4C is prepared in US dollars and is unaudited.

Q220 Quarter Highlights

- Half year ended 5 July 2020 (1H20) preliminary unaudited revenue of US\$6.5M, of which US\$4.1M is systems revenue.
- As of 28 July 2020, the company has a systems backlog of US\$5.7M consisting of tools scheduled to ship during 2H20.
- Revasum continues to operate as an essential business during the COVID-19 pandemic supporting critical industries.
- On 21 April 2020, the Company received loan proceeds of US\$2.2M under the Paycheck Protection Program, and all furloughed employees were bought back to full time work effective 27 April 2020.
- Ryan Benton, Chief Financial Officer, has decided to leave the Company to pursue new opportunities. Mr. Benton will continue to serve as Chief Financial Officer until the earlier of the end of October 2020 or until a successor can be found. Upon transitioning of his CFO responsibilities, Mr. Benton intends to continue to serve as a member of the Board of Directors.
- Operating outflows of US\$0.2M (Q120: US\$3.2M) – significantly reduced as a result of increased receipts from customers, lower production costs as inventory expenditure was primarily incurred in 2019 for shipments in this quarter and ongoing cost reductions implemented by management.
- As of 5 July 2020, unaudited cash balance of US\$4.6M (5 April 2020: US\$3.0M), of which US\$1.9M was restricted. The Company also had debt drawn of US\$1.8M excluding the PPP Loan (5 April 2020: US\$2.0M).

Business Update

The Company reports preliminary unaudited revenue of US\$6.5 million for 1H20 which represents a US\$1.2 million or 23% increase from 2H19. This amount includes US\$4.1 million of system sales.

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 and levels 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 28 July 2020, the Company has a systems backlog of US\$5.7M consisting of tools scheduled to ship during 2H20. 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 accelerate shipment dates where possible.

“Mr. Jerry Cutini, President and Chief Executive Officer stated “As a Company we are committed to continuing to support our Customers working in critical infrastructure, medical and defense industries. We are continuously monitoring the ongoing situation and will continue to respond with the best interests of our employees, customers and shareholders in mind.” Mr. Cutini continued “Although they have been impeded by the unprecedented global COVID-19 pandemic situation, we have recently seen sales activities accelerate in several major customer engagements with respect to our new 6EZ silicon carbide polisher. We share our shareholders disappointment in the delays of sales of our new product. Although we expect continued negative impacts of the COVID-19 pandemic in the near-term, we remain steadfast in our belief that the long-



term market opportunity continues to be strengthening, and our product and technology are primed for success.”

Paycheck Protection Program Loan

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 twenty four weeks as long as the borrower uses the loan proceeds during the twenty-four-week period after the loan origination for eligible purposes. The Company’s initial estimate is that the large majority of the loan will be eligible for forgiveness. As such, although the Company can provide no assurances of outcome, it anticipates applying for forgiveness in Q320.

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 all 51 furloughed employees, effective 27 April 2020. The PPP loan has and 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.

Bridge Bank Business Financing Modification Agreement

As at 5 July 2020, Bridge Bank had declared a default on the loan as the Company had not maintained the required Adjusted Current Ratio for the periods ending January, February and March 2020. As such US\$1.86 million of the cash balance (105% of the outstanding term loan) was restricted.

On 27 July 2020, the Company signed a Business Financing Modification Agreement with respect to the Bridge Bank facility. The key modifications to the agreement were as follows:

- Bridge Bank waived the existing default on the loan described above.
- The Company may prepay all, but not less than all, of the Term Loan without premium or penalty.
- The Adjusted Current Ratio covenant is amended – the Company anticipates that this will enable it to be covenant compliant going forwards.
- The maturity date is extended to July 31, 2022.
- The Company must at all times maintain unencumbered cash in a Pledge Account of 105% of the outstanding Term Loan.

CFO Departure

Ryan Benton, Chief Financial Officer, has decided to leave his operating role in the Company to pursue another opportunity. Mr. Benton will continue to serve as Chief Financial on a part-time basis until the end of October 2020. The Company will begin a search for a new Chief Financial Officer immediately.



“After helping secure the PPP loan funds and restructuring the Company to be leaner and nimbler, I allowed myself the opportunity to reflect on the accomplishments of the past two years and evaluate the future.”, noted Mr. Benton. “I take great pride in having overseen the assembly of a strong finance team which has allowed me to feel comfortable in pursuing another operational role closer to my home in San Jose. Once named, I intend to support my successor, as well as the entire Revasum team, from my role on the Board and will continue to be passionate about increasing shareholder value.”

Q220 Cash Flow (Unaudited)

Revasum’s receipts from customers for the 5 July 2020 quarter totaled US\$4.4M (Q120: US\$2.0M), an increase of 120%. Payments for operating activities reduced by US\$0.7M to US\$4.5M (Q120: US\$5.2M). This is a direct result of the ongoing cost reductions implemented in Q120, along with the fact that the majority of the inventory for 1H20 shipments was purchased during FY19. The increase in cash receipts, combined with the continued decrease in operating cash flows, resulted in a net operating cash outflow of only US\$0.2M compared to an outflow of US\$3.2M during Q120. The Company is currently forecast operating cash outflows of between \$1.0M and \$1.5M for each of Q320 and Q420. Management is currently in the process of taking action to reduce ongoing operating costs.

Net investing cash outflows for the 5 July 2020 quarter were US\$8K (Q120: US\$0.4M), the reduction being a result of the 6EZ Silicon Carbide Polisher project being in its final stages.

Net financing cash inflows for the 5 July 2020 quarter were US\$1.82M (Q120: outflows of US\$0.2M), primarily due to the receipt of loan proceeds of US\$2.2M under the Paycheck Protection Program (“PPP”).

Payments to Revasum’s related parties and their associates totaled US\$160,000 comprising of payments of Executive Director (CEO & CFO) salaries, along with payments of fees to Non-Executive Directors.

As a result of the cash flows listed above, Revasum finished Q220 ending on 5 July 2020 with a cash balance (unaudited) of US\$4.6M (compared to US\$3.0M unaudited cash balance as at 5 April 2020).

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.

825 Buckley Rd. | San Luis Obispo, CA 93401 | +1 805.782.5383 | ARBN 629 268 533 revasum.com
CMP and Grinding Equipment

**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.

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

Company Contact

Rebecca Shooter-Dodd
Director, Corporate Controller
rebecca.shooter-dodd@revasum.com
+1 (805) 541-6424

Investor Relations

ir@revasum.com
+1 (805) 541-6424

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