APPENDIX 4D – HALF YEAR REPORT FOR THE HALF-YEAR ENDED 5 JULY 2020

1. Company Details

Name of entity: Revasum, Inc.
ARBN: 629 268 533
Reporting Period: Half-year ended 5 July 2020
Previous Corresponding Period: Half-year ended 30 June 2019

2. Results for Announcement to the Market

	5 Jul 2020 US$'000	30 Jun 2019 US$'000	Movement Up/(Down) US$'000	%
Revenue from ordinary activities	6,516	15,193	(8,677)	(57.1%)
Gross profit	852	4,288	(3,436)	(80.1%)
Operating loss	(8,164)	(2,620)	(5,544)	(211.6%)
Loss from ordinary activities after tax attributable to members of the parent entity	(8,313)	(2,569)	(5,744)	(223.6%)

3. Review of Operations and Financial Results

Refer to the accompanying half-year Financial Report for the Consolidated Statement of Profit or Loss and Other Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Changes in Equity, Consolidated Statement of Cash Flows and accompanying notes.

Also refer to the Directors' Report in the accompanying half-year Financial Report and accompanying announcement for further details and commentary on the results.

4. Dividends

No dividends have been paid or are proposed to be paid by Revasum, Inc. during the half-year 2020 (2019: $Nil).

5. Net Tangible Assets per share:

	5 Jul 2020	30 Jun 2019
Net tangible assets per share (US$ per share)	0.08	0.32

6. Control Gained or Lost over Entities

During the period, no control was gained or lost over entities.

7. Details of Associates and Joint Venture Entities

The Group has no investments in associates or joint ventures during the reporting period.

8. Accounting Standards

The half-year financial report has been compiled using Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB").

9. Audit Status

The Revasum, Inc. half-year financial report for the half-year ended 5 July 2020 has been subject to review by our external auditors, BDO Audit Pty Ltd. A copy of the independent review report to the members of Revasum, Inc. is included in the accompanying half-year report.

Ryan Benton ***(Company Secretary)***
31 August 2020

REVASUM, INC.

A DELAWARE CORPORATION
ARBN 629 268 533

HALF YEAR REPORT

5 JULY 2020

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CORPORATE DIRECTORY

Company

Revasum, Inc.
825 Buckley Road
San Luis Obispo, 93401 USA
Phone: +1 (805) 541 6424
Website: www.revasum.com

Directors

Jerry Cutini	President and Chief Executive Officer
Ryan Benton	Executive Director, Senior Vice President and Chief Financial Officer
Kevin Landis	Non-Executive Director
Paul Mirabelle	Independent Non-Executive Director
Vivek Rao	Chairman and Independent Non-Executive Director

Company Secretary

Ryan Benton

Australian Securities Exchange Representative

Naomi Dolmatoff

United States Registered Office

c/o Incorporating Services Ltd
3500 South Dupont Highway
Dover, Delaware 19901 USA

Australian Registered Office

c/o Company Matters Pty Limited
Level 12, 680 George Street
Sydney, NSW 2000 Australia

United States Legal Adviser

Troutman Sanders LLP
5 Park Plaza
Suite 1400
Irvine, CA, 92614 USA

Australian Legal Adviser

Maddocks
Angel Place Level 27
123 Pitt Street
Sydney, NSW 2000 Australia

Share Registries

Link Market Services	American Stock Transfer and Trust Company, LLC
Level 12, 680 George Street	6201, 15th Avenue
Sydney, NSW 2000 Australia	Brooklyn, NY 11219 USA
Telephone: +61 1300 554 474	Telephone: +1 (718) 921 8386

Securities Exchange Listing

Revasum, Inc. (ASX Code: RVS)
Chess Depository Interests ("CDIs") over shares of the Company's common stock are quoted on the Australian Securities Exchange. One CDI represents one fully paid share in the Company.

DIRECTORS' REPORT

The directors present their report for Revasum, Inc. ("Revasum" or "Company") together with the interim financial statements on the Consolidated Entity (referred to hereafter as the "Consolidated Entity" or "Group") consisting of the Company and its subsidiaries for the half-year ended 5 July 2020 and the independent auditor's review report thereon.

DIRECTORS

The following persons were directors of the Company during the period and up to the date of this report, unless otherwise stated:

Jerry Cutini	President and Chief Executive Officer ("CEO")
Ryan Benton	Executive Director, Senior Vice President ("SVP") and Chief Financial Officer ("CFO")
Kevin Landis	Non-Executive Director
Paul Mirabelle	Independent Non-Executive Director
Vivek Rao	Chairman and Independent Non-Executive Director

On 18 August 2020, Mr. Cutini resigned as Chairman of the Board, and Vivek Rao was appointed on the same date. Mr. Cutini is in the process of negotiating his exit from the Company, but as at the date of signing of this report, continues to be employed.

PRINCIPAL ACTIVITIES

Revasum designs, manufactures and markets a portfolio of semiconductor processing equipment. The Group's product portfolio includes grinding, polishing and chemical mechanical planarization (CMP) equipment (also referred to as ''systems") used to manufacture substrates and devices for the global semiconductor industry.

The systems that Revasum manufactures are a key part of the production chain in manufacturing and processing wafers sized 200mm and below that are used to make microchips, sensors, LEDs, RF devices and power devices which are commonly used in automotive, connected IoT devices, cellphones, wearables, 5G and industrial applications.

No significant change in the nature of these activities occurred during the period.

REVIEW OF OPERATIONS AND FINANCIAL RESULTS

Revenue of $6.5 million for 1H FY20 which represents a 57% decrease from the same period a year ago (1H FY19). This amount includes $4.1 million of system sales (a decrease of 65% from 1H FY19). System revenue decreased principally as a result of a decreased number of shipments – 7 units shipped in 1H FY20 compared to 19 units shipped in 1H FY19. The decrease in shipments of tools has been caused by supply chain disruption as a result of the COVID-19 global pandemic, combined with customers delaying capital spend during 2020.

For the half-year ended 5 July 2020, the net operating loss was $8.16 million (2019: $2.62 million).

GOING CONCERN

The interim financial statements of the Group have been prepared on a Going Concern basis, which indicates the continuity of business activities and realization of assets and settlement of liabilities in the normal course of business.

As disclosed in the interim financial statements, the Group's loss after income tax for the period ended 5 July 2020 was $8.31 million (30 June 2019: $2.57 million) and the Group's net cash outflows from operating activities for the period ended 5 July 2020 were $3.37 million (30 June 2019: $6.59 million). As at the period end date, the Group has net current assets of $5.94 million (5 January 2020: $11.68 million) and total net assets of $12.78 million (5 January 2020: $21.33 million).

On 4 March 2020, Governor Newsom declared a State of Emergency in California in response to the COVID-19 pandemic. Whilst the Company was designated as an essential business, allowing it to continue to operate, the pandemic has impacted the Company's global supply chain, resulting in delays in delivery of critical parts. This has resulted in delivery dates for tools pushing out from 1H20 into 2H20. COVID-19 has also resulted in Companies delaying their capital spend which has impacted the timing of bookings for equipment sales.

Since the IPO, the Group has been undertaking a significant development project for the new 6EZ Silicon Carbide Polisher. The timeline for the program has pushed out beyond initial expectations, and as such, as at the date of signing of the interim financial report, the Group does not have a confirmed purchase order for the new system.

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, as at the half-year end, US$1.86 million of the cash balance (105% of the outstanding term loan) was restricted and the borrowings were classified as current liabilities.

As a result of these matters, there is a material uncertainty related to events or conditions that may cast significant doubt on whether the consolidated entity will continue as a going concern and, therefore, the Group may be unable to realize its assets and discharge its liabilities and commitments in the normal course of business and at the amount stated in the financial report.

GOING CONCERN *(CONTINUED)*

At the date of this report, the Directors are of the opinion that there are reasonable grounds to expect that the Group's operational and financial performance will improve and will be able to continue as a going concern. As such, the financial report has been prepared on a going concern basis. In arriving at this conclusion, the Directors considered a number of factors which are described below.

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 majority, if not all, 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.

The Company currently has an $8.00 million working capital revolving credit line ("Revolving Credit Line") in place with Bridge Bank. As at the half-year end, the Company had availability on the revolving credit line of $1.5 million, with no balance drawn down. Should it need to, the Company is able to leverage the revolving credit line to provide additional working capital.

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 in Note 8 (a) to the financial statements.
- 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.

On 4 August 2020, the Company repaid the Term Loan in its entirety.

With regards to the new 6EZ Silicon Carbide Polisher, since the official launch of the tool in the fourth quarter of 2019, the Company has been able to demonstrate impressive process results to many of the world's leading wafer and device manufacturers. The Directors note that process results achieved clearly evidence the value of the system. The quality of the wafers being produced will result in a lower cost per wafer for customers, along with the prospect of device yield improvements. The Company is in advanced discussions with a number of customers and has provided detailed proposals as at the date of signing of the interim financial report.

Following the half-year end, the Company has also completed a re-organization in order to best position the Company to achieve its FY2020 goals while improving financial efficiency. The re-organization also involved significant streamlining in all areas of the Company in order to improve efficiency and preserve cash.

If the Directors are unsuccessful in achieving the above plan, or additional funds are required, alternative measures would be pursued which would include:

- Raising additional funds via either equity or debt. The Group has a successful track record of being able to raise both equity and debt financing; and
- Curtailing materially, if necessary, the Groups ongoing operating costs, in addition to the re-organization already undertaken subsequent to the half-year end.

The Directors are of the opinion that the Group will be successful in managing the above matters and accordingly, they have prepared the interim financial report on a going concern basis. At this time, the Directors are of the opinion that no asset is likely to be realized for an amount less than the amount at which it is recorded in the interim financial report as at 5 July 2020.

Accordingly, no adjustments have been made to the 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 Group not continue as a going concern.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes in the state of affairs of the Group during the half-year.

DIRECTORS' REPORT

DIVIDENDS

No dividends were paid or proposed during the half-year ended 5 July 2020 and the Company does not intend to pay any dividends for the half-year 2020 (2019: $Nil).

PRESENTATION CURRENCY

The functional and presentation currency of the Group is United States Dollars. The financial report is presented in United States Dollars with all references to dollars, cents or $'s in these financial statements presented in US currency, unless otherwise stated.

ROUNDING OF AMOUNTS

Unless otherwise stated, amounts have been rounded to the nearest thousand United States Dollars.

JURISDICTION OF INCORPORATION

The Company is incorporated in the State of Delaware, United States of America and is a registered foreign entity in Australia. As a foreign company registered in Australia, the Company is subject to different reporting and regulatory regimes than Australian companies.

MATTERS SUBSEQUENT TO THE END OF THE HALF-YEAR

Modification of Bridge Bank Financing Agreement & Repayment of Term Loan

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 in Note 8 (a) to the financial statements.
- 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 31 July 2022.
- The Company must at all times maintain unencumbered cash in a Pledge Account of 105% of the outstanding Term Loan.

On 4 August 2020, the Company repaid the Term Loan in its entirety.

CEO Exit & Executive Team Change

On 18 August 2020 the Company announced that it is in the process of negotiating the exit of Chief Executive Officer and Chairman of the Board, Jerry Cutini. Mr. Cutini's exit is still subject to further discussions and negotiations.

Vivek Rao was appointed as Chairman of the Board on the same date.

Dr Rob Rhoades was also promoted to CTO and General Manager of Advanced Products, reporting directly to the Board.

No other matter or circumstance has arisen since 5 July 2020 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future fiscal years.

PROCEEDINGS ON BEHALF OF THE COMPANY

No proceedings on behalf of the Company occurred during the half-year.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

The Group's core growth strategy involves continuing its strong market-driven product development focus in order to continue to capitalize on strong growth in demand for 200mm substrate and device fabrication capacity. The Group's growth strategy also includes:

1. Increasing sales, marketing and product demonstration capabilities to secure new customers and help expedite the conversion of existing pipeline customers;
2. Establishing relationships with technology and manufacturing partners in order to improve our product offerings and manufacturing capabilities
3. Expanding the product portfolio which in turn increases the addressable market size; and
4. Continuing two customer-led product development projects, which are expected to add incremental sales and further enable Revasum to capitalize on key market trends.

DIRECTORS' REPORT

On behalf of the directors

Ryan Benton
Executive Director, Senior Vice President and CFO
31 August 2020
San Luis Obispo, California, USA

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 5 JULY 2020

(in thousands, except share and per share amounts)

	Note	5 Jul 2020	30 Jun 2019
Revenue	3	$ 6,516	$ 15,193
Cost of goods sold		(5,664)	(10,905)
Gross profit		**852**	**4,288**
Gross margin		**13.1%**	**28.2%**
Expenses			
Research & development		(2,305)	(1,909)
Selling & marketing		(1,784)	(2,418)
General & administrative		(2,200)	(1,969)
Intangibles impairment charge	7	(2,977)	-
Stock based compensation	10	250	(612)
Total expenses		**(9,016)**	**(6,908)**
Operating loss		**(8,164)**	**(2,620)**
Finance income		10	148
Finance expenses		(159)	(97)
Net loss before income tax expense		**(8,313)**	**(2,569)**
Income tax expense		-	-
Net loss for the period		**$ (8,313)**	**$ (2,569)**
Other comprehensive income for the period, net of tax		-	-
Total comprehensive loss for the period attributable to the members of Revasum, Inc.		**$ (8,313)**	**$ (2,569)**
Loss per share attributable to the members of Revasum, Inc.:			
Basic and diluted loss per share	4	$ (0.11)	$ (0.03)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 5 JULY 2020

(in thousands, except share and per share amounts)

	Note		5 Jul 2020		5 Jan 2020
Assets					
Current assets					
Cash and cash equivalents	5	$	4,646	$	6,838
Trade and other receivables			2,176		1,821
Inventories - net	6		7,691		10,168
Other current assets			596		694
Total current assets			**15,109**		**19,521**
Non-current assets					
Property, plant and equipment – net			3,421		3,688
Right-of-use asset			2,267		2,590
Intangible assets - net	7		4,006		6,770
Other non-current assets			61		58
Total non-current assets			**9,755**		**13,106**
Total assets		**$**	**24,864**	**$**	**32,627**
Liabilities					
Current liabilities					
Trade and other payables		$	2,262	$	3,053
Customer deposits			1,675		2,077
Deferred revenue			910		273
Employee benefits			310		296
Warranty provision			266		290
Other provisions			313		671
Borrowings, current	8		2,762		559
Lease liabilities, current	13		669		622
Total current liabilities		**$**	**9,167**	**$**	**7,841**
Non-current liabilities					
Borrowings, non-current	8		1,182		1,372
Lease liabilities, non-current	13		1,732		2,086
Total non-current liabilities			**2,914**		**3,458**
Total liabilities		**$**	**12,081**	**$**	**11,299**
Net assets		**$**	**12,783**	**$**	**21,328**
Contributed equity	9	$	43,596	$	43,407
Share-based payment reserve	10		986		1,407
Accumulated losses			(31,799)		(23,486)
Total equity		**$**	**12,783**	**$**	**21,328**

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 5 JULY 2020

(in thousands, except share and per share amounts)

	Contributed equity	Share-based payment reserve	Accumulated losses	Total equity
Balance at 1 January 2019	**$ 43,154**	**$ 379**	**$ (8,540)**	**$ 34,993**
Loss after income tax expense for the period	-	-	(2,569)	(2,569)
Other comprehensive loss for the period, net of tax	-	-	-	-
Total comprehensive loss for the period	**$ -**	**$ -**	**$ (2,569)**	**$ (2,569)**
Transactions with owners in their capacity as owners:				
Shares issued on vesting of RSUs	46	(46)	-	-
Share-based payments	-	612	-	612
Balance at 30 June 2019	**$ 43,200**	**$ 945**	**$ (11,109)**	**$ 33,036**
Balance at 6 January 2020	**$ 43,407**	**$ 1,407**	**$ (23,486)**	**$ 21,328**
Loss after income tax expense for the period	-	-	(8,313)	(8,313)
Other comprehensive loss for the period, net of tax	-	-	-	-
Total comprehensive loss for the period	**$ -**	**$ -**	**$ (8,313)**	**$ (8,313)**
Transactions with owners in their capacity as owners:				
Shares issued on vesting of RSUs – Note 10	154	(154)	-	-
Shares issued on exercise of options – Note 10	35	(17)	-	18
Share-based payments – Note 10	-	(250)	-	(250)
Balance at 5 July 2020	**$ 43,596**	**$ 986**	**$ (31,799)**	**$ 12,783**

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 5 JULY 2020

(in thousands, except share and per share amounts)

	Note		5 Jul 2020		30 Jun 2019
Cash flows used in operating activities					
Receipts from customers		$	6,396	$	12,419
Payments to suppliers and employees			(9,672)		(19,062)
Interest received			17		148
Interest paid			(112)		(96)
Net cash used in operating activities		**$**	**(3,371)**	**$**	**(6,591)**
Cash flows used in investing activities					
Payments for property, plant and equipment			(19)		(1,099)
Payments for capitalized development costs			(433)		(4,280)
Net cash used in investing activities		**$**	**(452)**	**$**	**(5,379)**
Cash flows used in financing activities					
Proceeds from the exercise of share options			19		-
Proceeds from borrowings	8		3,413		-
Repayment of borrowings	8		(1,422)		-
Lease principal repayments			(379)		(376)
Net cash from/(used in) financing activities		**$**	**1,631**	**$**	**(376)**
Net decrease in cash and cash equivalents			**(2,192)**		**(12,346)**
Cash and cash equivalents at the beginning of the period			6,838		24,469
Cash and cash equivalents at the end of the period	**5**	**$**	**4,646**	**$**	**12,123**

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES

STATEMENT OF COMPLIANCE

This interim financial report has been prepared in accordance with Australian Accounting Standard AASB 134 "Interim Financial Reporting". The interim financial report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the most recent annual financial report and any public announcements made by Revasum, Inc. during the interim period.

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period. All other accounting policies adopted are consistent with those of the previous fiscal year and corresponding interim period, other than those disclosed in Note 2 to the interim financial report.

Comparative figures have been adjusted to conform to changes in classification and presentation for the current period.

Historical cost convention

The consolidated financial statements, except for the cash flow information, have been prepared on an accrual basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Critical accounting estimates

In the process of applying the Group's accounting policies, management has made a number of judgements, applied estimates and assumptions of future events.

The judgements, estimates and assumptions applied in the interim financial statement, including the key sources of estimation, were the same as those applied in the Group's last annual financial statements for the fiscal year ended 5 January 2020.

GOING CONCERN

The interim financial statements of the Group have been prepared on a Going Concern basis, which indicates the continuity of business activities and realization of assets and settlement of liabilities in the normal course of business.

As disclosed in the interim financial statements, the Group's loss after income tax for the period ended 5 July 2020 was $8.31 million (30 June 2019: $2.57 million) and the Group's net cash outflows from operating activities for the period ended 5 July 2020 were $3.37 million (30 June 2019: $6.59 million). As at the period end date, the Group has net current assets of $5.94 million (5 January 2020: $11.68 million) and total net assets of $12.78 million (5 January 2020: $21.33 million).

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Since the IPO, the Group has been undertaking a significant development project for the new 6EZ Silicon Carbide Polisher. The timeline for the program has pushed out beyond initial expectations, and as such, as at the date of signing of the interim financial report, the Group does not have a confirmed purchase order for the new system.

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, as at the half-year end, US$1.86 million of the cash balance (105% of the outstanding term loan) was restricted and the borrowings were classified as current liabilities.

As a result of these matters, there is a material uncertainty related to events or conditions that may cast significant doubt on whether the consolidated entity will continue as a going concern and, therefore, the Group may be unable to realize its assets and discharge its liabilities and commitments in the normal course of business and at the amount stated in the financial report.

At the date of this report, the Directors are of the opinion that there are reasonable grounds to expect that the Group's operational and financial performance will improve and will be able to continue as a going concern. As such, the financial report has been prepared on a going concern basis. In arriving at this conclusion, the Directors considered a number of factors which are described below.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

GOING CONCERN *(CONTINUED)*

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 majority, if not all, 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.

The Company currently has an $8.00 million working capital revolving credit line ("Revolving Credit Line") in place with Bridge Bank. As at the half-year end, the Company had availability on the revolving credit line of $1.5 million, with no balance drawn down. Should it need to, the Company is able to leverage the revolving credit line to provide additional working capital.

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:

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On 4 August 2020, the Company repaid the Term Loan in its entirety.

With regards to the new 6EZ Silicon Carbide Polisher, since the official launch of the tool in the fourth quarter of 2019, the Company has been able to demonstrate impressive process results to many of the world's leading wafer and device manufacturers. The Directors note that process results achieved clearly evidence the value of the system. The quality of the wafers being produced will result in a lower cost per wafer for customers, along with the prospect of device yield improvements. The Company is in advanced discussions with a number of customers and has provided detailed proposals as at the date of signing of the interim financial report.

Following the half-year end, the Company has also completed a re-organization in order to best position the Company to achieve its FY2020 goals while improving financial efficiency. The re-organization also involved significant streamlining in all areas of the Company in order to improve efficiency and preserve cash.

If the Directors are unsuccessful in achieving the above plan, or additional funds are required, alternative measures would be pursued which would include:

- Raising additional funds via either equity or debt. The Group has a successful track record of being able to raise both equity and debt financing and is in advanced discussions with debt providers as at the date of signing; and
- Curtailing materially, if necessary, the Groups ongoing operating costs, in addition to the re-organization already undertaken subsequent to the half-year end.

The Directors are of the opinion that the Group will be successful in managing the above matters and accordingly, they have prepared the interim financial report on a going concern basis. At this time, the Directors are of the opinion that no asset is likely to be realized for an amount less than the amount at which it is recorded in the interim financial report as at 5 July 2020.

Accordingly, no adjustments have been made to the 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 Group not continue as a going concern.

ROUNDING OF AMOUNTS

Amounts in this report have been rounded off to the nearest thousand United States dollars, except share and per share amounts.

FUNCTIONAL CURRENCY

The financial statements are presented in US dollars, which is the functional and presentational currency of the Group. There has been no change in the functional and presentational currency of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NEW, REVISED OR AMENDED ACCOUNTING STANDARDS ADOPTED

The Group has retrospectively adopted, as at the date of incorporation, all of the new, revised or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the International Financial Reporting Interpretations Committee (IFRIC) that are relevant to its operations and effective for the comparative period commencing 1 January 2019.

Revised or amending Accounting Standards or Interpretations that are not yet mandatory for the year commencing 6 January 2020 have not been early adopted.

NOTE 2. CHANGE IN ACCOUNTING POLICY – INVENTORY

INVENTORY COSTING

On 6 January 2020, the Company changed its accounting policy relating to inventory costing.

Inventories are measured at the lower of cost and net realisable value. Costs are now assigned on a weighted average cost basis for raw material inventory, as opposed to the historical method of standard costing. Net realisable value represents the estimate selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

The change is accounting policy was made as the Company considers that it provides reliable and more relevant information about the effects of transactions, other events or conditions on the entity's financial position, financial performance or cash flows. The change was made following the implementation of a new enterprise resource planning system.

Impacts on financial statements

The impact of the change in accounting policy is immaterial and as such no adjustments to prior years have been made.

NOTE 3. REVENUE

Revenue consists of the following (*in thousands*):

		5 Jul 2020		30 Jun 2019
Systems and installation revenue	$	4,101	$	11,810
Service, spares and other revenue		2,415		3,383
	$	**6,516**	**$**	**15,193**

NOTE 4. LOSS PER SHARE

The calculation of the basic and diluted loss per share is based on the following information *(in thousands, except share and per share amounts):*

		5 Jul 2020		30 Jun 2019
Reconciliation of earnings used in calculating earnings per share				
Loss attributable to ordinary equity holders of Revasum, Inc.	$	(8,313)	$	(2,569)

	No. of shares	No. of shares
Reconciliation of shares used in calculating earnings per share		
Opening balance	78,008,441	76,508,678
Shares issued on vesting of RSUs (9-April-2019)	-	37,500
Shares issued on vesting of RSUs (29-May-2020)	153,217	-
Shares issued on exercise of options (29-May-2020)	636,815	-
	78,798,473	**76,546,178**
Weighted average number of ordinary shares	**78,172,491**	**76,525,874**
Basic and diluted loss per share	**$ (0.11)**	**$ (0.03)**

Preferred stock and options over ordinary shares that would be dilutive if the Group was generating a profit have been excluded from the weighted average number of issued ordinary shares as the Group is generating a loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consisted of the following (*in thousands*):

		5 Jul 2020		5 Jan 2020
Cash at bank	$	481	$	2,789
Call deposits		4,165		4,049
	$	**4,646**	**$**	**6,838**

The Group must keep $2.50 million liquidity at all times as per the covenants of the Bridge Bank Loan. As of 27 July 2020, the Company must also at all times maintain unencumbered cash in a Pledge Account of 105% of the outstanding Term Loan. There are no other restrictions or limitations on the use of cash and cash equivalents.

NOTE 6. INVENTORIES - NET

Inventories consisted of the following (*in thousands*):

		5 Jul 2020		5 Jan 2020
Raw materials	$	6,533	$	8,510
Work in progress		4,262		4,196
Finished goods		-		-
Inventories - gross	**$**	**10,795**	**$**	**12,706**
Less: Provision for impairment of inventories		(3,104)		(2,538)
Inventories - net	**$**	**7,691**	**$**	**10,168**

NOTE 7. INTANGIBLE ASSETS - NET

Intangible assets consisted of the following (*in thousands*):

		5 Jul 2020		5 Jan 2020
Capitalized development costs – at cost	$	9,123	$	8,691
Less: Accumulated amortization		(254)		(35)
Less: Impairment		(4,863)		(1,886)
Capitalized development costs – net	**$**	**4,006**	**$**	**6,770**

Capitalized development costs (*in thousands*)

		Capitalized development costs
Balance at 6 January 2020	**$**	**6,770**
Additions		432
Amortization		(219)
Impairment		(2,977)
Balance at 5 July 2020	**$**	**4,006**

Impairment of intangible assets

Assessment of carrying values

The recoverable amounts were determined based on value-in-use calculations using cash flow projections covering a five-year period, which are based on strategic plans and forecasts approved by the Board of Directors. Estimates beyond the five-year period are calculated using terminal growth rates that are applicable to the trading environment in which the CGU operates. As disclosed in the year-end report, the Company is considered to be one CGU.

NOTE 7. INTANGIBLE ASSETS – NET *(CONTINUED)*

Impairment of intangible assets (continued)

Key assumptions used in assessment

The valuation used to support the carrying amounts of intangible assets are based on forward looking key assumptions that are, by nature, uncertain. The nature and basis of the key assumptions used to estimate future cash flows and the discount rates used in the projections, when determining the recoverable amount of the CGU, are set out below:

- Operating cash flows – Operating cash flow projections are extracted from the most recent approved strategic plans or forecasts that relate to the existing asset base. The cash flow projections for a five-year period have been determined based on expectations of future performance. Key assumptions in the cash flows include sales volume growth, cost of sales, costs of doing business and the anticipated success of capitalized development projects. The assumptions are based on expectations of market demand and operational performance.

  Cash flow projections are based on risk-adjusted forecasts allowing for estimated changes in the business, the competitive trading environment, legislation and economic growth.

- Discount rates – Discount rates are based on the weighted average cost of capital ("WACC") for the Group. The calculation of WACC is market-driven and key inputs include target capital structure, equity beta, market risk premium and risk-free rate of return and debt risk premium. The discount rate used was 16.09%.

- Terminal growth rates – Cash flows beyond the projection period are extrapolated indefinitely using estimated long-term growth rates applicable to the trading environment in which the Company operates. A terminal growth rate of 2.00% was applied.

Results of assessment

As described in the Going Concern note, the impact of the COVID-19 global pandemic on market conditions, combined with the fact the Group has not yet received a purchase order for the new 6EZ Silicon Carbide Polisher, has resulted in changes to the forecasted cash flows used in the impairment assessment, including the terminal year. Management have assessed that these changes resulted in an impairment of $2.98 million, which has been allocated to the capitalized development intangible. The enterprise value of the Group was assessed to be $16.78 million.

Sensitivity to changes in key assumptions

As a result of the impairment noted above, the enterprise value of the CGU is now in line with the current carrying value of the CGU. Any future events that result in adverse changes to forward assumptions would accordingly result in further impairment. As at the assessment date, no reasonably likely change in key assumptions would cause the carrying amount of the CGU to exceed the recoverable amount.

NOTE 8. BORROWINGS

Borrowings includes the following liabilities carried at amortized cost *(in thousands)*:

	5 Jul 2020	5 Jan 2020
Current		
Bridge Bank Loan (a)	$ 1,726	$ 559
Paycheck Protection Plan Loan (b)	1,036	-
	2,762	559
Non-current		
Bridge Bank Loan (a)	-	1,372
Paycheck Protection Plan Loan (b)	1,182	-
	$ 3,944	**$ 1,931**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 8. BORROWINGS *(CONTINUED)*

5. Bridge Bank Loan

Movements in borrowings *(in thousands):*

		5 Jul 2020
Opening Balance	**$**	**1,931**
Proceeds from Bridge Bank Loan		1,200
Interest accrued on facility		59
Interest paid on facility		(59)
Repayment of Bridge Bank Loan Principal		(1,422)
Amortization of transaction costs		17
Closing Balance	**$**	**1,726**

On 30 July 2019, the Company closed a US$10.0 million business financing agreement with Bridge Bank, a division of Western Alliance Bank (NYSE: WAL). The US$10.0 million facility is comprised of:

- US$8.0 million working capital revolving credit line ("**Revolving Credit Line**")
- US$2.0 million term loan line of credit ("**Term Loan**")

The amount of liquidity available under the US$8.0 million Revolving Credit Line is based upon the Company's balances and composition of eligible customer receivables and inventory, as well as other factors. Amounts borrowed under the Revolving Credit Line mature and become due and payable in 24 months, unless extended by the parties. The Revolving Credit Line bears interest at a rate equal to 0.5% above the Prime Rate. As at the period-end date, the Company did not have a balance drawn down on this facility. The availability on the line as at the period-end date was US$1.5 million.

The US$2.0 million Term Loan provides funds for the funding of capital expenditures and other corporate purposes through April 2020, at which time amounts funded under the Term Loan then become payable in 27 equal monthly installments commencing on 1 May 2020. The Term Loan bears interest at a rate equal to 0.75% above the Prime Rate. The outstanding balance on the loan was US$1.7 million as at the period-end date.

The facility is secured by all of the assets of the Company.

The Company is subject to a financial covenant to maintain an Adjusted Current Ratio (ACR) of at least 1.25x at all times, to be measured monthly. ACR to be defined as unrestricted cash per balance sheet (which will be no lower than $2,500,000 at any point), plus unrestricted marketable securities, plus eligible accounts receivable per borrowing base, plus eligible inventory per borrowing base (capped at 50% of the numerator of this covenant), all divided by Current Liabilities. Current Liabilities to be defined as all liabilities denoted as current according to GAAP, excluding deferred revenue. Current liabilities also include any amounts drawn on both facility 1 & 2, whether or not denoted as a Current Liability. 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. As such, the entire term loan has been presented as a current liability.

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.

On 4 August 2020, the Company repaid the Term Loan in its entirety.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 8. BORROWINGS *(CONTINUED)*

(b) Paycheck Protection Plan Loan

Movements in borrowings *(in thousands):*

		5 Jul 2020
Opening Balance as at 6 January 2020	**$**	**-**
Proceeds from Paycheck Protection Loan		2,213
Interest accrued on facility		5
Closing Balance as at 5 July 2020	**$**	**2,218**

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 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.

NOTE 9. CONTRIBUTED EQUITY

Contributed equity consisted of the following*:*

	5 Jul 2020			5 Jan 2020		
	Shares		**US$'000**	**Shares**		**US$'000**
Shares of Common Stock	78,798,473	$	43,596	78,008,441	$	43,407
	78,798,473	**$**	**43,596**	**78,008,441**	**$**	**43,407**

(a) Movements in common stock*:*

	Shares	US$'000
Balance as at 6 January 2020	**78,008,441**	**43,407**
Shares issued on vesting of RSUs	153,217	154
Shares issued on exercise of options	636,815	35
Balance as at 5 July 2020	**78,798,473**	**43,596**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 10. SHARE BASED PAYMENTS

2017 Omnibus Incentive Plan (2017 Plan)

The Company's Amended and Restated 2017 Omnibus Incentive Plan (2017 Plan) provides for the grant of incentive stock options, non-qualified stock options, stock appreciation rights, restricted stock awards, restricted stock units, incentive awards, other stock-based awards, dividend equivalents and cash awards to directors, employees, consultants and contractors. Only employees of the Company are eligible to receive incentive stock options.

The 2017 Plan is administered by the Remuneration and Nomination Committee. Subject to the provisions of the 2017 Plan and the ASX Listing Rules, the administrator of the 2017 Plan generally has the authority to, among other things, construe and interpret all provisions of the 2017 Plan; approve persons to receive awards; approve the form and terms of awards and terms of vesting, exercisability and payment of awards; determine the number of Shares subject to awards; adopt, amend and rescind rules and regulations pertaining to the administration of the 2017 Plan; and accelerate the time at which any award may be exercised, become transferable or nonforfeitable or be earned and settled including, without limitation, in the event of a participant's death, disability, retirement or involuntary termination of employment or service or in connection with a change in control of the Company.

In the event of certain corporate events or changes in the Company's capitalization, the administrator will make adjustments to the number of Shares reserved for issuance under the 2017 Plan, the exercise prices of and the number of Shares subject to outstanding options and stock appreciation rights, and the purchase prices of and/or number of Shares subject to other outstanding awards, subject to compliance with contractual commitments and applicable rules and regulations, including the ASX Listing Rules.

In the event of an acquisition or other combination, any or all outstanding awards may be assumed, converted or replaced by the successor or acquiring entity or may be substituted for equivalent awards granted by the successor or acquiring entity. Any awards not assumed, replaced, or otherwise contractually committed in relation to the acquisition or combination will terminate, without accelerating vesting on the date of such acquisition or combination.

Subject to certain contractual commitments and compliance with applicable law, including the ASX Listing Rules, the Board has the authority to amend or terminate the 2017 Plan at any time and the ability to amend any outstanding awards under the 2017 Plan, provided that no such amendment or termination may materially adversely impair the rights of the participant with respect to such outstanding awards without the participant's consent. Certain amendments require the approval of the Shareholders.

Unless earlier terminated, the 2017 Plan will terminate in 2027.

Share based payment expense (in thousands):

		5 Jul 2020		30 Jun 2019
Options issued to directors, employee and consultants (a)	$	(31)	$	144
Restricted stock units ('RSUs') issued to employees and consultants (b)		(219)		468
Total share-based payment expense:	**$**	**(250)**	**$**	**612**

(a) Options issued as share based payments

The Company grants stock options to its employees, directors, and consultants for a fixed number of shares with an exercise price equal to or greater than the fair value of the common stock at the date of grant and expire no later than 10 years from the date of grant.

(in thousands, except share and per share amounts)

	WAEP $	Share options Number		Share-Based Payment Reserve
Opening balance as at 6 January 2020	**0.28**	**13,617,605**	**$**	**533**
Expense in the period		-		171
Granted	0.24	1,550,000		-
Exercised	0.03	(636,815)		(17)
Forfeited	1.18	(1,315,000)		(202)
Expired		-		-
Closing balance as at 5 July 2020	**0.20**	**13,215,790**	**$**	**485**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 10. SHARE BASED PAYMENTS (*CONTINUED*)

Option Pricing Model

For all share options issued during the fiscal year, the fair value of the equity-settled share options granted is estimated as at the date of grant using a Black Scholes Option Pricing Model.

The following tables list the inputs to the models used for the valuation of options granted during the half-year.

	Grant Date
	30-Mar-20
Number of options issued	1,550,000
Fair value at measurement date US$	0.093
Share price at Grant date US$	0.24
Exercise price US$	0.24
Expected volatility %	55
Risk free interest rate %	2.24
Expected life of options in years	3
Vesting conditions	Type 1

Vesting conditions	
Type 1	25% of the options vest on the anniversary of the date of grant, with the remaining 75% vesting on a monthly basis over the following 36 months.

The expected dividend yield for all options granted during these periods was nil. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

(b) Restricted Stock Units issued as share based payments

(in thousands, except share and per share amounts)

	RSU Number	**Share-Based Payment Reserve**	
Opening balance as at 6 January 2020	**2,401,087**	**$**	**874**
Expense in the period	-		283
Fair value adjustment	-		(502)
Converted during the period	(153,217)		(154)
Closing balance as at 5 July 2020	**2,247,870**	**$**	**501**

Restricted Stock Units Pricing Model

The fair value of the equity-settled restricted stock units granted throughout the year is estimated as at the date of grant with reference to the IPO price, discounted accordingly for lack of marketability and non-controlling interest. During the period a fair value adjustment of $502K was recognised as a result of vesting conditions not being met.

NOTE 11. COMMITMENTS AND CONTINGENCIES

The Group has no commitments or contingencies as at the period end.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 12. RELATED PARTY TRANSACTIONS

Subsidiaries

The consolidated financial statements include the financial statements of Revasum, Inc. and the following subsidiary:

Name	Country of incorporation	Beneficial interest 2020	2019
Revasum Australia, Inc.	United States of America	100%	100%

Key management personnel

The following persons were identified as key management personnel of Revasum during the half-year ended 5 July 2020:

Jerry Cutini	Executive Chairman, President and CEO
Kevin Landis	Non-Executive Director
Ryan Benton	Executive Director, Senior Vice President and CFO
Paul Mirabelle	Independent Non-Executive Director
Vivek Rao	Independent Non-Executive Director

Compensation

The compensation paid to directors and key management personnel for the half-year ended 5 July 2020 is as follows:

	Base Salary (Gross) $	401 (K) $	Directors' Fees $	2020 $
Jerry Cutini	102,140	2,000	-	**104,140**
Ryan Benton	96,364	3,846	-	**100,210**
Paul Mirabelle	-	-	30,000	**30,000**
Vivek Rao	-	-	30,000	**30,000**
	198,504	**5,846**	**60,000**	**264,350**

Transactions with related parties

Receivable from and payable to related parties

There were no trade receivables from or trade payables to related parties at the current and previous reporting dates.

Loans to and from related parties

There were no loans to or from related parties at the current and previous reporting dates.

NOTE 13. LEASE LIABILITIES

Lease liabilities consisted of the following *(in thousands)*:

	5 Jul 2020	5 Jan 2020
Current	$ 669	$ 622
Non-current	1,732	2,086
	$ 2,401	**$ 2,708**

Net present value of lease liabilities (*in thousands*):

	Less than 6 months	6 to 12 months	Between 1 and 5 years	Total
Lease payments	$ 378	$ 378	$ 1,892	**$ 2,648**
Finance charges	(64)	(55)	(128)	**(247)**
	$ 314	**$ 323**	**$ 1,764**	**$ 2,401**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 14. EVENTS AFTER THE REPORTING PERIOD

Modification of Bridge Bank Financing Agreement & Repayment of Term Loan

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 in Note 8 (a) to the financial statements.
- 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 31 July 2022.
- The Company must at all times maintain unencumbered cash in a Pledge Account of 105% of the outstanding Term Loan.

On 4 August 2020, the Company repaid the Term Loan in its entirety.

CEO Exit & Executive Team Change

On 18 August 2020 the Company announced that it is in the process of negotiating the exit of Chief Executive Officer and Chairman of the Board, Jerry Cutini. Mr. Cutini's exit is still subject to further discussions and negotiations.

Vivek Rao was appointed as Chairman of the Board on the same date.

Dr Rob Rhoades was also promoted to CTO and General Manager of Advanced Products, reporting directly to the Board.

No other matter or circumstance has arisen since 5 July 2020 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future fiscal years.

NOTE 15. OPERATING SEGMENTS

For operating purposes, the Group is organized into one main operating segment, focused on the technological design, development, manufacture and sale of semiconductor processing equipment.

All the activities of the Group are interrelated, and each activity is dependent on the others. Accordingly, all significant operating disclosures are based upon analysis of the Group as one segment. The financial results from this segment are equivalent to the financial statements of the Group as a whole.

Geographically, the Group has the following revenue information based on the location of its customers *(in thousands):*

	5 Jul 2020	30 Jun 2019
Asia	$ 2,183	$ 8,405
North America	3,731	3,411
Europe	602	3,377
	$ 6,516	**$ 15,193**

DIRECTORS’ DECLARATION FOR THE HALF YEAR ENDED 5 JULY 2020

In accordance with a resolution of the directors of Revasum, Inc., the directors of the Company declare that:

1. The interim financial statements and notes thereto, are in accordance with Australian Accounting Standards;

2. The interim financial statements and notes thereto, give a true and fair view of the Group’s financial position as at 5 July 2020 and of the performance for the half-year ended on that date; and

3. In the directors’ opinion there are reasonable grounds to believe that Revasum, Inc. will be able to pay its debts as and when they become due and payable.

On behalf of the directors

Ryan Benton
Executive Director, Senior Vice President and CFO
31 August 2020
San Luis Obispo, California, USA

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Revasum, Inc.

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Revasum, Inc. (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 5 July 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year then ended, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the accompanying half-year financial report of the Group does not present, in all material respects, the financial position of the Group as at 5 July 2020, and of its financial performance and its cash flows for the half-year ended on that date, in accordance with Accounting Standard AASB 134 *Interim Financial Reporting*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Group*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Group in accordance with the ethical requirements of the Accounting Professional and 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 1 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our conclusion is not modified in respect of this matter.

Responsibility of the directors for the financial report

The directors of the Company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and for such internal control as the directors determine is necessary to enable the preparation and fair presentation of the 5 July 2020 half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility for the review of the 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 anything has come to our attention that causes us to believe that the half-year financial report does not present, in all material respects, the financial position of the Group as at 5 July 2020 and of its financial performance and its cash flows for the half-year ended on that date, accordance with Accounting Standard AASB 134 *Interim Financial Reporting*.

A review of a 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.

BDO Audit Pty Ltd

BDO

Gareth Few

Gareth Few
Director

Sydney, 31 August 2020