

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

Revasum, Inc.

ARBN

629 268 533

Quarter ended ("current quarter")

3 April 2022

Consolidated statement of cash flows	Current quarter \$US'000	Year to date (3 months) \$US'000
1. Cash flows from operating activities		
1.1 Receipts from customers	2,169	2,169
1.2 Payments for		
(a) research and development	(748)	(748)
(b) product manufacturing and operating costs	(4,354)	(4,354)
(c) advertising and marketing	(222)	(222)
(d) leased assets	-	-
(e) staff costs	(295)	(295)
(f) administration and corporate costs	(600)	(600)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	1
1.5 Interest and other costs of finance paid	(114)	(114)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(4,163)	(4,163)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(162)	(162)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$US'000	Year to date (3 months) \$US'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(162)	(162)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	5,000	5,000
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	(118)	(118)
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	(217)	(217)
3.10	Net cash from / (used in) financing activities	4,665	4,665

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	4,310	4,310
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(4,163)	(4,163)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(162)	(162)

Consolidated statement of cash flows		Current quarter \$US'000	Year to date (3 months) \$US'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	4,665	4,665
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	4,649	4,649

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$US'000	Previous quarter \$US'000
5.1	Bank balances	393	905
5.2	Call deposits	4,256	3,405
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	4,649	4,310

**6. Payments to related parties of the entity and their
associates**

- 6.1 Aggregate amount of payments to related parties and their
associates included in item 1*
- 6.2 Aggregate amount of payments to related parties and their
associates included in item 2

Current quarter \$US'000
61
-

*Cash payment of CEO salary, along with payments to Non-Executive Directors for their services as Directors.

7. Financing facilities

Note: the term "facility" includes all forms of financing arrangements available to the entity.

Add notes as necessary for an understanding of the sources of finance available to the entity.

	Total facility amount at quarter end \$US'000	Amount drawn at quarter end \$US'000
7.1 Loan facilities	5,000	5,000
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	5,000	5,000

7.5 Unused financing facilities available at quarter end	-
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7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

The Company entered into a loan with SQN Venture Income Fund II, LP on the 18th of February 2022 for the principal amount US\$5.0 million. The loan has a term of 3.5 years with a 9.75% interest rate. It features 12 months of interest only repayments and has granted the lender warrants to purchase shares of the Company's common stock equal to 10% of the total loan amount with an exercise price of US\$0.01/share. An additional US\$3.0 million is available upon the Company achieving YTD purchase orders of US\$12.0 million for 7AF-HMG SiC Grinder and 6EZ SiC Polishers by 30 September 2022.

8. Estimated cash available for future operating activities	\$US'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	(4,163)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	4,649
8.3 Unused finance facilities available at quarter end (Item 7.5)	-
8.4 Total available funding (Item 8.2 + Item 8.3)	4,649
8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	1.12

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

- Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer:

The current level of net operating cash outflows have exceeded normal levels due to a reduced amount of cash receipts, largely due to a delay in the shipment of equipment to customers as a result of supply chain delays for critical components. There are currently \$US8.2 million in confirmed backlog orders being processed, that have experienced delays in shipment of final product, as a result of such critical component delivery delays.

Upon shipment of the equipment, the majority of which is expected to occur the coming quarter, the Company anticipates a significant increase in cash receipts from customers.

The net cash outflows have been further exacerbated by inventory purchases (in advance) required to fund the build of new equipment ordered by customers, which has led to an increased outflow that is not an operation expense but a cost of product to be sold.

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer:

As above, the Company expects to receive a larger amount of cash receipts for the delivery of final product to customers in the current June 2022 quarter, than would ordinarily be delivered due to delays in despatch of final product (and therefore payment being received from customers).

Whilst the timing of cash receipts has been delayed by a later than expected receipt of open orders (\$US8.2 million), the Company notes that it has access to an additional \$US3 million in working capital from its SQN Venture ("SQN") facility, upon the Company achieving YTD purchase orders of \$US12 million, for 7AF-HMG SiC Grinder and 6EZ SiC Polishers by 30 September 2022.

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer:

Yes, as noted in the quarterly activities statements lodged this day, the Company has experienced elevated revenues on a Year on Year basis, which is indicative of the growth in both demand and volume of the Company's core product offering.

Based on this increased level of sales and general sales activity across its product line, the Company is confident that it has the required operational demand to convert its open orders of \$US8.2 million into cash, and on the basis of ongoing sales activity have access to additional working capital under its SQN debt facility as above.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 29 April 2022

Authorised by: Rebecca Shooter-Dodd, President & Chief Executive Officer, with Board Approval
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.