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Q3 2020 Quarterly Update and Appendix 4C

San Luis Obispo, California – 15 October 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 4 October 2020, together with an Update. The Appendix 4C is prepared in US dollars and is unaudited.

Q320 Quarter Highlights

- On 4 August 2020, the Company repaid the Bridge Bank Term Loan of US$1.8M in its entirety. As at the end of Q3 2020, the only outstanding debt financing was the PPP Loan of US$2.2M. The Company is in the process of filing its forgiveness application and anticipates that a high percentage, if not all, of the PPP loan will be forgiven.
- On 20 August 2020, Dr. Robert Rhoades was promoted to CTO and General Manager of Advanced Products with the primary objective of successfully bringing new products to market, including the commercialization of the 6EZ Silicon Carbide Polisher.
- During the quarter the Company shipped out the first two 7AF-HMGs with the Recipe Control Head Angle (RCHA) feature that has been under development.
- Revasum continues to operate as an essential business during the COVID-19 pandemic supporting critical industries.
- As of 4 October 2020, unaudited cash balance of US$1.4M (5 July 2020: US$4.6M), with no debt drawn excluding the PPP Loan (5 July 2020: US$1.8M).
- As of 16 October 2020, the company has a system backlog of US$3.0M consisting of tools scheduled to ship during Q420.

Business Update

Revasum continues to operate as an essential business during the COVID-19 global pandemic, supporting critical infrastructure industries. The Company 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 and extending into fiscal year 2021, 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 16 October 2020, the Company has a system backlog of US$3.0M consisting of tools scheduled to ship during Q420. 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 diligently to pull in ship dates where possible.

During the quarter, management 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.

On 20 August 2020, Dr. Robert Rhoades was promoted to CTO and General Manager of Advanced Products with the primary objective of successfully bringing new products to market, including the commercialization of the 6EZ Silicon Carbide (SiC) Polisher. The 6EZ SiC Polisher continues to produce and demonstrate excellent process results. The Company is in negotiations with multiple key strategic customers for the sale of the 6EZ. Although the market for SiC polishers has not transitioned from batch to single-wafer processing as quickly as expected, the Company believes that this transition is inevitable and that the Company is well positioned to capitalize when it does.

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Bridge Bank & PPP Loan Debt

The Company currently has an $8.0M working capital revolving credit line ("Revolving Credit Line") in place with Bridge Bank. As at the quarter end, the Company had availability on the revolving credit line of $1.4M, with no balance drawn down. Post quarter end, the Company has drawn US$750k on the Revolving Credit Line.

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.
- 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 remain 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.

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. Originally, payments were to begin following six months of receipt of the loan. Subsequently, payments have been deferred to up to 10 months after the twenty-four-week period to enable Company's time to seek forgiveness of the loan. The Company's initial estimate is that the majority, if not all, of the loan will be eligible for forgiveness. During Q320 the Company commenced the application for forgiveness.

7AF-HMG - Recipe Control Head Angle (RCHA) Feature

Revasum's 7AF-HMG (Hard Materials Grinder) provides superior process performance for the most challenging materials, including sapphire and silicon carbide. Over the last 12 months the Company has been in the process of developing enhanced features for the 7AF-HMG, further improving the value and competitive differentiation of this flagship product. One of these enhancements is the RCHA, which combined with advanced software features, enables repeatable machine control of the critical alignment between grind wheel and wafer.

During Q320, the first two 7AF-HMGs with this enhancement shipped to customer sites, with extremely positive feedback to date, including one tool being signed off by the customer.

Q320 Cash Flow (Unaudited)

Revasum's receipts from customers for the 4 October 2020 quarter totaled US$2.9M (Q220: US$4.4M), the decrease is due to the timing of tool shipments during the period. Payments for operating activities reduced by US$0.3M to US$4.2M (Q220: US$4.5M). This is a direct result of the ongoing cost reductions implemented during 2020.

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Included in operating cash outflows are payments to Revasum's related parties and their associates totalling US$98,486 comprising of payments of Executive Director (CEO & CFO) salaries, along with payments of to Non-Executive Directors for their services as Directors.

Net investing cash outflows for the 4 October 2020 quarter were US$36K (Q220: US$8k), the expenditure relates to hardware for the 6EZ Silicon Carbide Polishers held in fixed assets.

Net financing cash outflows for the 4 October 2020 quarter were US$1.9M. As noted above, the Bridge Bank Term Loan was fully repaid during the quarter, resulting in an outflow of US$1.7M.

As a result of the cash flows listed above, Revasum finished Q320 ending on 4 October 2020 with a cash balance (unaudited) of US$1.4M (compared to US$4.6M audited cash balance as at 5 July 2020).

THIS ANNOUNCEMENT IS AUTHORIZED FOR RELEASE BY THE BOARD OF DIRECTORS

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.

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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