

APPENDIX 4D – HALF YEAR REPORT FOR THE HALF-YEAR ENDED 4 JULY 2021

1. Company Details

Name of entity: Revasum, Inc.
ARBN: 629 268 533
Reporting Period: Half-year ended 4 July 2021
Previous Corresponding Period: Half-year ended 5 July 2020

2. Results for Announcement to the Market

	4 Jul 2021 US\$'000	5 Jul 2020 US\$'000	Movement Up/(Down) US\$'000	%
Revenue from ordinary activities	4,612	6,516	(1,904)	(29.22%)
Gross profit	2,234	852	1,382	162.21%
Operating loss	(2,398)	(8,164)	5,766	70.63%
Loss from ordinary activities after tax attributable to members of the parent entity	(248)	(8,313)	8,065	97.02%

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 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 2021 (2020: \$Nil).

5. Net Tangible Assets per share:

	4 Jul 2021	5 Jul 2020
Net tangible assets per share (US\$ per share)	0.12	0.08

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 4 July 2021 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.



Rebecca Shooter-Dodd (Company Secretary)

25 August 2021

San Luis Obispo, California, USA

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REVASUM, INC.

A DELAWARE CORPORATION
ARBN 629 268 533

HALF YEAR REPORT

4 JULY 2021

R E V A S U M

TABLE OF CONTENTS

Corporate Directory	2
Directors' Report	3
Consolidated Statement of Profit or Loss and Other Comprehensive Income	5
Consolidated Statement of Financial Position	6
Consolidated Statement of Changes in Equity	7
Consolidated Statement of Cash Flows	8
Notes to the Consolidated Financial Statements	9
Directors' Declaration	18
Independent Auditor's Review Report	19

CORPORATE DIRECTORY

Company

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

Directors

Vivek Rao	Chairman, Independent Non-Executive Director
Ryan Benton	Independent Non-Executive Director
Kevin Landis	Non-Executive Director
Paul Mirabelle	Independent Non-Executive Director

Company Secretary

Rebecca Shooter-Dodd

Australian Securities Exchange Representative

Danny Davies

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
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United States Legal Adviser

Troutman Pepper Hamilton Sanders LLP
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Suite 1400
Irvine, CA, 92614 USA

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123 Pitt Street
Sydney, NSW 2000 Australia

Share Registries

Link Market Services Level 12, 680 George Street Sydney, NSW 2000 Australia Telephone: +61 1300 554 474	American Stock Transfer and Trust Company, LLC 6201, 15 th Avenue Brooklyn, NY 11219 USA Telephone: +1 (718) 921 8386
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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 4 July 2021 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:

Vivek Rao	Chairman, Independent Non-Executive Director
Ryan Benton	Independent Non-Executive Director
Kevin Landis	Non-Executive Director
Paul Mirabelle	Independent Non-Executive Director

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 \$4.6 million for 1H FY21 which represents a 29% decrease from the same period a year ago (1H FY20). This amount includes \$1.8 million of system sales (a decrease of 57% from 1H FY20). System revenue decreased principally as a result of a decreased number of shipments – 3 units shipped in 1H FY21 compared to 7 units shipped in 1H FY20. The decrease in shipments of tools is purely a timing issue – the Company closed 1H FY21 with an equipment backlog (defined as confirmed purchase orders that have not yet shipped) of \$6.8 million and a spares, service and other revenue backlog of \$2.9 million.

For the half-year ended 4 July 2021, the net operating loss was \$2.40 million (2020: \$8.16 million), a significant improvement in spite of lower revenues. This was driven by improved gross margins of 48.4% (2020: 13.1%) and reduced OPEX of \$4.6 million (2020: \$9.0 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 4 July 2021 was \$0.25 million (5 July 2020: \$8.31 million) and the Group's net cash outflows from operating activities for the period ended 4 July 2021 were \$0.82 million (5 July 2020: \$3.37 million). As at the period end date, the Group has net current assets of \$11.44 million (3 January 2021: \$5.29 million) and total net assets of \$17.52 million (3 January 2021: \$12.00 million).

The Directors believe that there are reasonable grounds to conclude that the consolidated entity will continue as a going concern, after consideration of the following factors:

- The Company closed the first half of the year with a total backlog (defined as confirmed purchase orders not yet shipped) of \$9.7 million, comprised of \$6.8 million equipment backlog and \$2.9 million spares, service and other backlog;
- Operating cash outflows for the half year were reduced to \$0.82 million, and the Company closed the half year with a cash balance of \$6.1 million; and
- The ongoing expansion of market opportunities as a result of the development and production of new products.

Accordingly, the directors believe the consolidated entity will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the consolidated financial report.

DIRECTORS' REPORT

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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

DIVIDENDS

No dividends were paid or proposed during the half-year ended 4 July 2021 and the Company does not intend to pay any dividends for the half-year 2021 (2020: \$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

No matter or circumstance has arisen since 4 July 2021 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; and
3. Expanding the product portfolio which in turn increases the addressable market size.

On behalf of the directors



Vivek Rao
Chairman and Independent Non-Executive Director
25 August 2021
San Jose, California, USA

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 4 JULY 2021**

(in thousands, except share and per share amounts)

	Note	4 Jul 2021	5 Jul 2020
Revenue	2	\$ 4,612	\$ 6,516
Cost of goods sold		(2,378)	(5,664)
Gross profit		2,234	852
Gross margin		48.4%	13.1%
Expenses			
Research & development		(1,873)	(2,305)
Selling & marketing		(1,022)	(1,784)
General & administrative		(1,866)	(2,200)
Intangibles impairment charge		-	(2,977)
Stock based compensation	9	129	250
Total expenses		(4,632)	(9,016)
Operating loss		(2,398)	(8,164)
Finance income		5	10
Finance expenses		(68)	(159)
Other Income	7	2,213	-
Net loss before income tax expense		(248)	(8,313)
Income tax expense		-	-
Net loss for the period		\$ (248)	\$ (8,313)
Other comprehensive income for the period, net of tax		-	-
Total comprehensive loss for the period attributable to the members of Revasum, Inc.		\$ (248)	\$ (8,313)
Loss per share attributable to the members of Revasum, Inc.:			
Basic and diluted loss per share	3	\$ (0.00)	\$ (0.11)

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 4 JULY 2021**

(in thousands, except share and per share amounts)

	Note	4 Jul 2021	3 Jan 2021
Assets			
Current assets			
Cash and cash equivalents	4	\$ 6,129	\$ 1,364
Trade and other receivables		2,465	2,765
Inventories - net	5	7,882	6,798
Other current assets		1,376	390
Total current assets		17,852	11,317
Non-current assets			
Property, plant and equipment – net		3,008	3,079
Right-of-use asset		1,619	1,943
Intangible assets - net	6	3,479	3,792
Other non-current assets		38	59
Total non-current assets		8,144	8,873
Total assets		\$ 25,996	\$ 20,190
Liabilities			
Current liabilities			
Trade and other payables		\$ 2,787	\$ 2,237
Customer deposits		2,247	113
Deferred revenue		73	71
Employee benefits		209	214
Warranty provision		222	256
Borrowings, current	7	184	2,500
Lease liabilities, current	11	688	668
Total current liabilities		\$ 6,410	\$ 6,059
Non-current liabilities			
Borrowings, non-current	7	987	723
Lease liabilities, non-current	11	1,082	1,418
Total non-current liabilities		2,069	2,141
Total liabilities		\$ 8,479	\$ 8,200
Net assets		\$ 17,517	\$ 11,990
Equity			
Contributed equity	8	\$ 49,642	\$ 43,610
Share-based payment reserve	9	765	1,022
Accumulated losses		(32,890)	(32,642)
Total equity		\$ 17,517	\$ 11,990

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 4 JULY 2021

(in thousands, except share and per share amounts)

	Contributed equity	Share-based payment reserve	Accumulated losses	Total equity
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)
<i>Transactions with owners in their capacity as owners:</i>				
Shares issued on vesting of RSUs	154	(154)	-	-
Shares issued on exercise of options	35	(17)	-	18
Share-based payments	-	(250)	-	(250)
Balance at 5 July 2020	\$ 43,596	\$ 986	\$ (31,799)	\$ 12,783
Balance at 4 January 2021	\$ 43,610	\$ 1,022	\$ (32,642)	\$ 11,990
Loss after income tax expense for the period	-	-	(248)	(248)
Other comprehensive loss for the period, net of tax	-	-	-	-
Total comprehensive loss for the period	\$ -	\$ -	\$ (248)	\$ (248)
<i>Transactions with owners in their capacity as owners:</i>				
Issue of share capital – Note 8	6,122	-	-	6,122
Share issue costs – Note 8	(393)	-	-	(393)
Shares issued on exercise of options – Note 9	303	(128)	-	175
Share-based payments – Note 9	-	(129)	-	(129)
Balance at 4 July 2021	\$ 49,642	\$ 765	\$ (32,890)	\$ 17,517

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 4 JULY 2021**

(in thousands, except share and per share amounts)

	Note	4 Jul 2021	5 Jul 2020
<i>Cash flows used in operating activities</i>			
Receipts from customers		\$ 7,048	\$ 6,396
Payments to suppliers and employees		(7,807)	(9,672)
Interest received		5	17
Interest paid		(63)	(112)
Net cash used in operating activities		\$ (817)	\$ (3,371)
<i>Cash flows used in investing activities</i>			
Payments for property, plant and equipment		(110)	(19)
Payments for capitalized development costs		-	(433)
Net cash used in investing activities		\$ (110)	\$ (452)
<i>Cash flows from financing activities</i>			
Proceeds from the exercise of share options		176	19
Proceeds from borrowings	7	1,165	3,413
Proceeds from equity raise	8	6,122	-
Transaction costs related to equity raise	8	(393)	-
Repayment of borrowings	7	(1,000)	(1,422)
Lease principal repayments		(378)	(379)
Net cash from financing activities		\$ 5,692	\$ 1,631
Net increase/(decrease) in cash and cash equivalents		4,765	(2,192)
Cash and cash equivalents at the beginning of the period		1,364	6,838
Cash and cash equivalents at the end of the period	4	\$ 6,129	\$ 4,646

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.

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 3 January 2021.

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 4 July 2021 was \$0.25 million (5 July 2020: \$8.31 million) and the Group’s net cash outflows from operating activities for the period ended 4 July 2021 were \$0.82 million (5 July 2020: \$3.37 million). As at the period end date, the Group has net current assets of \$11.44 million (3 January 2021: \$5.29 million) and total net assets of \$17.52 million (3 January 2021: \$12.00 million).

The Directors believe that there are reasonable grounds to conclude that the consolidated entity will continue as a going concern, after consideration of the following factors:

- The Company closed the first half of the year with a total backlog (defined as confirmed purchase orders not yet shipped) of \$9.7 million, comprised of \$6.8 million equipment backlog and \$2.9 million spares, service and other backlog;
- Operating cash outflows for the half were reduced to \$0.82 million, and the Company closed the half with a cash balance of \$6.1 million; and
- The ongoing expansion of market opportunities as a result of the development and production of new products.

Accordingly, the directors believe the consolidated entity will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the consolidated financial report.

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.

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 4 January 2020. There was no material impact on the group’s financial statements on the adoption of these Standards and Interpretations.

Revised or amending Accounting Standards or Interpretations that are not yet mandatory for the year commencing 5 January 2021 have not been early adopted.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2. REVENUE

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

	4 Jul 2021	5 Jul 2020
Systems and installation revenue	\$ 1,757	\$ 4,101
Service, spares and other revenue	2,855	2,415
	\$ 4,612	\$ 6,516

Disaggregation of revenue

The Group derives its revenue from the transfer of goods and services at a point in time. The table above provides a breakdown of revenue by major business line. The categories above depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic data. As disclosed in note 14, the Group has one operating segment.

NOTE 3. 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*):

	4 Jul 2021	5 Jul 2020
Reconciliation of earnings used in calculating earnings per share		
Loss attributable to ordinary equity holders of Revasum, Inc.	\$ (248)	\$ (8,313)

	No. of shares	No. of shares
Reconciliation of shares used in calculating earnings per share		
Opening balance	78,998,473	78,008,441
Shares issued on vesting of RSUs (29-May-2020)	-	153,217
Shares issued on exercise of options (29-May-2020)	-	636,815
Shares issued on exercise of options (01-Feb-2021)	568,365	-
Shares issued on equity raise – institutional (11-Feb-2021)	19,773,273	-
Shares issued on exercise of options (12-Feb-2021)	646,510	-
Shares issued on equity raise – retail (23-Feb-2021)	2,797,719	-
Shares issued on exercise of options (24-Mar-2021)	2,391,275	-
Shares issued on exercise of options (1-Apr-2021)	450,000	-
	105,625,615	78,798,473
Weighted average number of ordinary shares	99,366,907	78,172,491
Basic and diluted loss per share	\$ (0.00)	\$ (0.11)

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.

NOTE 4. CASH AND CASH EQUIVALENTS

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

	4 Jul 2021	3 Jan 2021
Cash at bank	\$ 788	\$ 652
Call deposits	5,341	712
	\$ 6,129	\$ 1,364

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 5. INVENTORIES - NET

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

	4 Jul 2021	3 Jan 2021
Raw materials	\$ 5,505	\$ 6,268
Work in progress	3,415	1,985
Finished goods	1,138	1,138
Inventories - gross	\$ 10,058	\$ 9,391
Less: Provision for impairment of inventories	(2,176)	(2,593)
Inventories - net	\$ 7,882	\$ 6,798

NOTE 6. INTANGIBLE ASSETS - NET

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

	4 Jul 2021	3 Jan 2021
Capitalized development costs – at cost	\$ 9,123	\$ 9,123
Less: Accumulated amortization	(781)	(468)
Less: Impairment	(4,863)	(4,863)
Capitalized development costs – net	\$ 3,479	\$ 3,792

Capitalized development costs (*in thousands*)

	Capitalized development costs
Balance at 4 January 2021	\$ 3,792
Additions	-
Amortization	(313)
Impairment	-
Balance at 4 July 2021	\$ 3,479

Impairment of intangible assets

The Group assesses the impairment of intangible assets other than goodwill at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate several key estimates and assumptions. At the end of the half-year, the Group has considered indicators of impairment of the intangible assets and determined there were none.

NOTE 7. BORROWINGS

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

	4 Jul 2021	3 Jan 2021
Current		
Bridge Bank Loan (a)	\$ -	\$ 1,000
Paycheck Protection Plan Loan (b)	184	1,500
	184	2,500
Non-current		
Paycheck Protection Plan Loan (b)	987	723
	\$ 1,171	\$ 3,223

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 7. BORROWINGS (CONTINUED)

(a) Bridge Bank Loan

Movements in borrowings (in thousands):

	4 Jul 2021
Opening Balance	\$ 1,000
Interest accrued on facility	8
Interest paid on facility	(8)
Repayment of Bridge Bank Loan Principal	(1,000)
Closing Balance	\$ -

During the period the Company had a US\$8.0 million working capital revolving credit line (“**Revolving Credit Line**”) with Bridge Bank, a division of Western Alliance Bank (NYSE: WAL). 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.

Subsequent to the period-end date, the Company closed the Revolving Credit Line.

(b) Paycheck Protection Plan Loan

Movements in borrowings (in thousands):

	4 Jul 2021
Opening Balance	\$ 2,223
Proceeds from Paycheck Protection Loan	1,165
Interest accrued on facility	6
Loan principal forgiveness	(2,213)
Interest accrued forgiveness	(10)
Closing Balance	\$ 1,171

On 21 April 2020, the Company received loan proceeds of US\$2,213,100 under the Paycheck Protection Program (“PPP”) provisions of the CARES Act. On 27 January 2021, the Company received further loan proceeds of US\$1,165,370 under the PPP provisions of the CARES Act.

The PPP provides a mechanism for forgiveness of up to the full amount borrowed, as long as the borrower uses the loan proceeds for eligible purposes, including payroll costs, certain benefits costs, rent and utilities costs or other permitted purposes, and maintains its payroll levels, subject to certain other requirements and limitations. The amount of loan forgiveness is subject to reduction for numerous reasons, including if the borrower has recently terminated employees or reduce salaries.

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 seven months from the date of the Note. The Company is permitted to prepay the Note at any time without payment of any premium.

The Company received full forgiveness of the first-round loan in the amount of US\$2,213,000 on June 17, 2021. The Company also expects to receive full forgiveness for the second round loan, and will apply for such forgiveness as soon as practicable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 8. CONTRIBUTED EQUITY

Contributed equity consisted of the following:

	4 Jul 2021		3 Jan 2021	
	Shares	US\$'000	Shares	US\$'000
Shares of Common Stock	105,625,615	\$ 49,642	78,998,473	\$ 43,610
	105,625,615	\$ 49,642	78,998,473	\$ 43,610

(a) Movements in common stock:

	Shares	US\$'000
Balance as at 3 January 2021	78,998,473	43,610
Shares of Common Stock issued on equity capital raise	22,570,992	6,122
Issuance costs of equity capital raise	-	(393)
Shares issued on exercise of options	4,056,150	303
Balance as at 4 July 2021	105,625,615	49,642

Equity Capital Raise

During the half-year, the Company undertook a pro rata accelerated non-renounceable entitlement offer of new shares of common stock ("New Shares") and CHESS Depositary Interests ("New CDIs") ("New Securities") to raise A\$7.9 million (US\$6.1 million) ("Entitlement Offer").

Under the Entitlement Offer, Revasum issued 22,570,992 New Securities at an offer price of A\$0.35 per New Security. Eligible security holders were entitled to subscribe for 1 New Share (for eligible security holders in the United States) or 1 New CDI (for eligible security holders outside the United States) for every 3.5 Shares or CDIs held at the record date for the Entitlement Offer.

19,773,273 shares were issued on 11 February 2021, with a further 2,797,719 shares issued on 23 February 2021. The New Shares rank equally with the shares of common stock already on issue in all respects.

Costs of US\$0.4 million were incurred as a result of the equity capital raise.

NOTE 9. 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 non-forfeitable 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 9. SHARE BASED PAYMENTS (*CONTINUED*)

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):

	4 Jul 2021	5 Jul 2020
Options issued to directors, employee and consultants (a)	\$ (23)	\$ (31)
Restricted stock units ('RSUs') issued to employees and consultants (b)	(106)	(219)
Total share-based payment expense:	\$ (129)	\$ (250)

(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 4 January 2021	0.19	11,207,805	\$ 448
Expense in the period	-	-	102
Granted	0.27	1,700,000	-
Exercised	0.03	(4,056,150)	(127)
Forfeited	0.90	(873,450)	(125)
Expired	-	-	-
Closing balance as at 4 July 2021	0.20	7,978,205	\$ 298

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						
	01-Mar-21	01-Mar-21	01-May-21	01-May-21	01-May-21	01-May-21	20-May-21
Number of options issued	300,000	300,000	250,000	250,000	100,000	100,000	400,000
Fair value at measurement date US\$	0.265	0.265	0.212	0.212	0.212	0.212	0.114
Share price at Grant date US\$	0.35	0.35	0.28	0.28	0.28	0.28	0.15
Exercise price US\$	0.35	0.35	0.28	0.28	0.28	0.28	0.15
Expected volatility %	133	133	133	133	133	133	133
Risk free interest rate %	2.24	2.24	2.24	2.24	2.24	2.24	2.24
Expected life of options in years	3	3	3	3	3	3	3
Vesting conditions	Type 1	Type 2	Type 3	Type 4	Type 1	Type 5	Type 6

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 9. SHARE BASED PAYMENTS (*CONTINUED*)

<i>Vesting conditions</i>	
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.
Type 2	20,000 each upon receipt of first ten (10) customer Purchase Orders for a 6EZ Polisher at prices and terms agreed by the Board of Directors.
Type 3	Cliff vesting upon achieving the following performance criteria: customer acceptance of the 7AF-HMG tool with the new air bearing on or before June 30, 2022.
Type 4	1/4th of the Shares will become vested on the first anniversary of grant, 1/4th of the Shares will become vested on the second anniversary of grant, 1/4th of the Shares will become vested on the third anniversary of grant (vesting will be accelerated to end of year 1 if the Company's revenue is at least 95% of the revenue forecast as provided in the Company's 2021 Annual Operating Plan), and 1/4th of the Shares will become vested on the fourth anniversary of grant (vesting will be accelerated to end of year 2 if the Company's revenue is at least 95% of the revenue forecast as provided in the Company's 2022 Annual Operating Plan).
Type 5	Cliff vest upon achieving the following performance criteria: -25,000 upon clean auditor sign off of 1H21 half year review -50,000 upon clean auditor sign off of FY21 full year financial statements -25,000 upon clean auditor sign off of 1H22 half year review
Type 6	30,000 options will vest and become exercisable upon grant, with the remainder vesting evenly over 41 months from the date of grant.

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 4 January 2021	1,596,639	\$ 573
Expense in the period	-	51
Forfeited during the period	(211,838)	(157)
Closing balance as at 4 July 2021	1,384,801	\$ 467

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.

NOTE 10. COMMITMENTS AND CONTINGENCIES

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 11. LEASE LIABILITIES

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

	5 Jul 2021	3 Jan 2021
Current	\$ 688	\$ 668
Non-current	1,082	1,418
	\$ 1,770	\$ 2,086

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	\$ 390	\$ 1,123	\$ 1,891
Finance charges	(45)	(35)	(41)	(121)
	\$ 333	\$ 355	\$ 1,082	\$ 1,770

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	
		2021	2020
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 4 July 2021:

Ryan Benton	Independent Non-Executive Director
Kevin Landis	Non-Executive Director
Paul Mirabelle	Independent Non-Executive Director
Vivek Rao	Chairman, Independent Non-Executive Director
Rebecca Shooter-Dodd	Chief Financial and Operating Officer

Compensation

The compensation paid to directors and key management personnel for the half-year ended 4 July 2021 is as follows:

	Base Salary (Gross) \$	401 (K) \$	Directors' Fees \$	2021 \$
Rebecca Shooter-Dodd	121,154	-	-	121,154
Ryan Benton	-	-	30,000	30,000
Paul Mirabelle	-	-	30,000	30,000
Vivek Rao	-	-	30,000	30,000
	121,154	-	90,000	211,154

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 12. RELATED PARTY TRANSACTIONS (CONTINUED)

Transactions with related parties

Receivable from and payable to related parties

Within Trade & Other Payables an amount owed to a former related party, Mr. Jerry Cutini, has been accrued in relation to claims against the Company with respect to his employment. The amount has not been separately disclosed as the matter is confidential and a signed agreement is yet to be reached. Ongoing negotiations are taking place with respect to settlement of Mr. Cutini's restricted stock units (RSU's).

There were no other 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. EVENTS AFTER THE REPORTING PERIOD

No matter or circumstance has arisen since 4 July 2021 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 14. 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*):

	4 Jul 2021	5 Jul 2020
Asia	\$ 936	\$ 2,183
North America	3,196	3,731
Europe	480	602
	\$ 4,612	\$ 6,516

DIRECTORS' DECLARATION FOR THE HALF YEAR ENDED 4 JULY 2021

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 Standard AASB 134 'Interim Financial Reporting';
2. The interim financial statements and notes thereto, give a true and fair view of the Group's financial position as at 4 July 2021 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



Vivek Rao
Chairman and Independent Non-Executive Director
25 August 2021
San Jose, California

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 4 July 2021, 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 ended on that date, and notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not present fairly, in all material respects, the financial position of the Group as at 4 July 2021, 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 Entity*. 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.

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 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 4 July 2021 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*.



A review of a half-year 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


Martin Coyle
Director

Sydney, 25 August 2021