



Revasum, Inc. Q4 2019 Quarterly Update

- 2H FY19 preliminary unaudited revenue of US\$5.3 million (within the previously guided range of US\$5.0 to US\$6.0 million), of which US\$2.6 million is systems revenue.
- Preliminary unaudited revenue for the year ended 5 January 2020 of US\$20.5 million, of which US\$14.4 million is systems revenue.
- First customer demos performed on the 6EZ, Revasum's fully automated single-wafer silicon carbide polisher.
- Positive cash flows from Operating Activities for the 5 January 2020 quarter of US\$1.2 million.
- US\$0.5 million bank debt repaid during the quarter, leaving US\$2.0 million of bank debt drawn.
- Cash receipts (unaudited) from Customers for the quarter of US\$8.6 million.
- 5 January 2020 cash balance (unaudited) of US\$6.8 million (compares to US\$7.7 million 30 September 2019).

San Luis Obispo, California – 27 January, 2020: Leading semiconductor equipment company, Revasum, Inc. (ASX: RVS, 'Revasum' or the 'Company') is pleased to release a quarterly update for the period ending 5 January 2020 ('Q419'). The Appendix 4C is prepared for the period 1 October 2019 to 5 January 2020 as a result of the Company changing its fiscal year end date from 31 December 2019 to 5 January 2020 upon the adoption of a 5-4-4 manufacturing calendar.

Commercial and Operational Update

Preliminary unaudited revenue is US\$5.3 million for 2H FY19, which is within the previously announced range of US\$5.0 to US\$6.0 million. This amount includes US\$2.6 million of system sales, of which US\$1.8 million related to silicon carbide systems. This brings the preliminary unaudited revenue for the year ended 5 January 2020 to US\$20.5 million, of which US\$14.4 million is systems revenue. As mentioned in previous releases, the Company has experienced a slowdown in demand for certain lower margin legacy Silicon processing systems (consistent with an industry wide capital expenditure slowdown in 2019). As a result, the Company has made a strategic decision to reduce investment in these legacy systems and concentrate resources towards its new Silicon Carbide products.

Following the fiscal year end, the Company 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 6 January 2020, the Company successfully deployed its new Enterprise Resource Planning (ERP) system which has been implemented over the last 12 months. The new system supports our long-term growth strategy and will enable the Company to work more efficiently, including improved resource planning and productivity.

During Q419, the Company released the 6EZ Silicon Carbide (SiC) polisher to the market. "Since the release of the 6EZ polisher, our internal development team has met all advertised expectations and exceeded this bar in multiple regards." Noted Jerry Cutini, President and Chief Executive Officer. "The new 6EZ is delivering leading process technology developed specifically to take advantage of the rapidly growing SiC market. On the back of the impressive demo results, the Company is in advanced discussions with key strategic customers. In addition to continuing to execute on our strategic transition to new products, I am pleased we were able to deliver a positive cashflow from operating activities in Q419. The Company has, and continues to take necessary steps to improve our financial performance."

Q419 Cash Flow (Unaudited)

Revasum's receipts from customers for the 5 January 2020 quarter totaled US\$8.6 million. Revasum's net operating cash inflow for the quarter was US\$1.2 million. Outflows for product manufacturing and



operating costs for the quarter decreased US\$1.7 million from US\$6.2 million in Q319 to US\$4.5 million in Q419.

Net investing cash outflows for the 5 January 2020 quarter were US\$1.4 million, a significant reduction from US\$3.3 million in Q319. This amount includes:

- capitalized product development costs of US\$0.86 million, relating to our new 6EZ SiC polishing tool – given the development of the 6EZ was substantially completed in 2019, we expect capitalized development costs to further decrease over the next two quarters;
- capitalized costs associated with the implementation of a new ERP system of US\$0.28 million, as the ERP system was deployed on 6 January 2020, investment in this will reduce to zero next quarter; and
- the purchase of property, plant, and equipment of US\$0.27 million, a portion of which was costs associated to build one of the first 6EZ SiC tools which will not be sold to a customer, but instead will stay here in our labs for our internal use.

Net financing cash outflows for the 5 January 2020 quarter were US\$0.7 million. This included a US\$0.5 million repayment of the working capital revolving credit line with Bridge Bank. Given the operating cash inflows this quarter, the Company repaid a portion of the debt, minimizing unnecessary interest costs.

As a result of the cash flows listed above, Revasum finished the 5 January 2020 quarter with a cash balance (unaudited) of US\$6.8 million (compares to US\$7.7 million statutory cash balance as at 30 September 2019), with US\$2.0 million debt drawn.

Timing of Q419 4C Cash Flow and Conference Call Details

The Company will host an investor conference call on 29 January 2020 at 10.00am AEDT (28 January 2020 at 3.00pm PDT) with Mr. Jerry Cutini, Chairman and CEO and Mr. Ryan Benton, CFO.

To join live, participants can use the details as set out below. A replay of the conference call will be available on the Company's website following the conference call.

At the time of the conference, participants can dial one of the numbers below to join the call. They will need to provide the operator the conference ID 8764818. To ask a question, participants will need to dial “*1” (star, 1) on their telephone keypad.

Participant toll: +61 2 8038 5221 | Participant toll-free: 1 800 123 296

If you are dialing from outside of Australia, please use one of the below international numbers. For countries not listed below, the Australian Participant Toll number listed above can be dialed.

Canada	1 855 5616 766 (toll free)
China	4001 203 085 (toll free)
Hong Kong	30082034 (toll free)
New Zealand	0800 452 782 (toll free)
Singapore	800 616 2288 (toll free)
United Kingdom	0808 234 0757 (toll free)
United States	1855 293 1544 (toll free)



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.

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Authorised for release by the Chief Executive Officer.

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Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Name of entity

Revasum, Inc.

ARBN

629 268 533

Quarter ended ("current quarter")

5 January 2020

Consolidated statement of cash flows	Current quarter \$US'000	Year to date (12 months) \$US'000
1. Cash flows from operating activities		
1.1 Receipts from customers	8,559	26,423
1.2 Payments for		
(a) research and development	(248)	(668)
(b) product manufacturing and operating costs	(4,496)	(24,372)
(c) advertising and marketing	(705)	(2,599)
(d) leased assets	(1)	(28)
(e) staff costs	(783)	(3,373)
(f) administration and corporate costs	(1,037)	(4,242)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	14	194
1.5 Interest and other costs of finance paid	(77)	(96)
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	1,226	(8,761)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(270)	(2,556)
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets (capitalized development costs & ERP project) ⁽¹⁾	(1,139)	(7,529)

Consolidated statement of cash flows		Current quarter \$US'000	Year to date (12 months) \$US'000
2.2	Proceeds from disposal of:		
	(a) property, plant and equipment	-	-
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other	-	-
2.6	Net cash from / (used in) investing activities	(1,409)	(10,085)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	8	30
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	-	2,500
3.6	Repayment of borrowings	(500)	(500)
3.7	Transaction costs related to loans and borrowings	-	(60)
3.8	Dividends paid	-	-
3.9	Other (lease principal repayments)	(190)	(755)
3.10	Net cash from / (used in) financing activities	(682)	1,215

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of quarter/year to date	7,703	24,469
4.2	Net cash from / (used in) operating activities (item 1.9 above)	1,226	(8,761)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1,409)	(10,085)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(682)	1,215
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of quarter	6,838	6,838

(1) Of the total spend on other non-current assets during Q419 of US\$1.14 million, US\$0.86 million of this related to expenditure on product development, with the remaining US\$0.28 million relating to the ERP Project.

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	2,789	667
5.2 Call deposits	4,049	7,036
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)	6,838	7,703

6. Payments to directors of the entity and their associates	Current quarter \$US'000
6.1 Aggregate amount of payments to these parties included in item 1.2	120
6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

Payment of executive director (CEO and CFO) salaries and independent director fees.

7. Payments to related entities of the entity and their associates	Current quarter \$US'000
7.1 Aggregate amount of payments to these parties included in item 1.2	-
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$US'000	Amount drawn at quarter end \$US'000
8.1 Loan facilities	10,000	2,000
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

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 new \$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.

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 facility is secured by all the assets of the Company.

9. Estimated cash outflows for next quarter	\$US'000
9.1 Research and development	100
9.2 Product manufacturing and operating costs	4,500
9.3 Advertising and marketing	500
9.4 Leased assets	1
9.5 Staff costs	750
9.6 Administration and corporate costs	1,000
9.7 Other (incl. capitalized development costs)	300
9.8 Total estimated cash outflows	7,151

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity	-	-
10.2 Place of incorporation or registration	-	-
10.3 Consideration for acquisition or disposal	-	-
10.4 Total net assets/(liabilities)	-	-
10.5 Nature of business	-	-

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.

Sign here: 

(Director/Company secretary)

Date: 27th January 2020

Print name: Ryan Benton

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly 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 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.