

REVASUM

Q4 2021 Quarterly Activities Report

San Luis Obispo, California – 18 January 2022: Global semiconductor technology and equipment firm, **Revasum, Inc. (ASX: RVS, 'Revasum' or the 'Company')** is pleased to release a quarterly update for the period ending 2 January 2022 ('Q421'). The Appendix 4C is prepared in US dollars and is unaudited.

Q421 QUARTER HIGHLIGHTS

- Customer cash receipts of US\$5.1 million, an increase of 12% on Q321 and 70% on prior corresponding period (pcp)
- FY21 preliminary unaudited total revenue of US\$13.7 million (FY20: US\$15.4 million)
- FY21 preliminary unaudited other revenue of US\$6.2 million (FY20: US\$5.5 million), an increase of 13% year on year (YOY)
- FY21 preliminary unaudited gross margin of 35.3% (FY20: 31.8%)
- Total backlog of US\$8.7 million as of 18 January 2022 (US\$8.4 million as of 13 October 2021)
- Equipment backlog of US\$6.3 million as of 18 January 2022 (US\$6.3 million as of 13 October 2021)
- Other revenue backlog of US\$2.4 million as of 18 January 2022 (US\$2.1 million as of 13 October 2021)
- Q421 unaudited cash balance of US\$4.3 million, with no debt drawn
- Q421 Operating cash outflows reduced to US\$300k, a decrease of 72% on Q321 (US\$1.1 million), with operating cash inflows of US\$300k during December 2021
- Total FY22 revenue guidance of US\$25 million – US\$35 million
- Engaging with contract manufacturers to support capacity expansion and meet customer demand
- Appointment of Chief Operating Officer (COO) Alejandro Garcia to lead capacity expansion efforts
- Second round PPP loan of US\$1.2 million fully forgiven
- Installation and process acceptance achieved for first 6EZ shipped to Europe
- Global fab equipment spending for front-end facilities expected to increase 10% YOY in 2022 to an all-time high of over US\$98 billion

Revasum President and Chief Executive Officer, Rebecca Shooter-Dodd said:

"This quarter saw Revasum start to take advantage of three trends that set it up very well for 2022: growing demand for our products in several industries; our position in the sector as one of the leading specialist providers of silicon carbide (SiC) wafer processing technology; and our more diversified strategy to provide additional revenue streams such as servicing and consumables that support our equipment sales.

"This quarter we received strong cash receipts of US\$5.1 million, an increase of 70% on the prior corresponding period and 12% on the previous quarter. This reflects our growing order backlog and increased deposits collected upon purchase order placements as global fab equipment investment gains momentum - a trend we expect to see continue throughout this year.

"While FY21 unaudited total revenue of US\$13.7 million was slightly lower than the previous year, this was due to supply chain delays and our product transition. However, pleasingly our other revenue, including spare parts, upgrades and consumables, increased 13% percent. This encouraging result shows these revenue streams provide more consistent cash flow on an ongoing basis and will increasingly become a more important part of our revenue mix as we take advantage of increasing demand globally for 6-inch and 8-inch SiC wafers which are expected to grow rapidly over the next three years.

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"To further ensure we are well placed to take advantage of these macro trends we have worked hard to strengthen the balance sheet by decreasing operating cash outflows by more than 70% in a quarter and improving gross margins to more than 35%. This will support the expansion of our manufacturing lines to meet new and expected orders for our equipment as global demand rapidly increases. As a result, we expect FY22 revenue to increase to between US\$25 million and US\$35 million."

COMMERCIAL AND OPERATIONAL UPDATE

Revenue, Gross Margin Expansion and Robust Sales Order Backlog

Preliminary unaudited revenue for FY21 is US\$13.7 million (FY20: US\$15.4 million), of which US\$7.9 million (FY20: US\$9.9 million) is equipment revenue and US\$6.2 million (FY20: US\$5.5 million) is other revenues – including spares, service and other revenue streams. While equipment revenues were down slightly on FY20 due to supply chain delays and product transition, other revenues increased 13% YOY. This reflects the strategic focus to expand other revenues to provide more consistent cash flow on an ongoing basis. Importantly, FY21 equipment revenues also included the first shipment for revenue of the 6EZ SiC Polisher.

Revasum improved gross margin – now 35.3%, up 10% on FY20. This was achieved through list prices reviews across all product lines and the increase in other revenues which attract a higher gross margin.

The total sales order backlog of US\$8.7 million as of 18 January 2022 (US\$8.4 million as of 13 October 2021) reflects the increased demand in the SiC industry. We continued to take orders for our 6DZ Si Polisher and 7AF-HMG Grinder during the quarter and saw strong evaluation activity on the 6EZ SiC Polisher.

FY22 Revenue Guidance

During the quarter the Company announced total FY22 revenue guidance of US\$25 million – US\$35 million in light of increased customer demand and strong market dynamics for the SiC industry. This is comprised of US\$18 million – US\$25 million of equipment revenue, and US\$7 million – US\$10 million for other revenues.

Revasum anticipates it will ship 40 to 50 tools over FY22 and FY23 across all product lines.

The Company is partnering with industry-leading contract manufacturers to support the capacity expansion required to achieve rapid revenue growth. Management is implementing processes to meet the increased demand.

Executive Leadership Appointment

Mr. Alejandro Garcia was appointed Chief Operating Officer (COO), commencing 3 January 2022.

Mr. Garcia will lead Revasum's operational processes and manufacturing systems and guide the infrastructure scale-up of the Company's silicon and SiC wafer grinding and polishing equipment technology.

Mr. Garcia is a highly skilled COO and project manager with more than 30 years' experience in ISO 9001 quality systems, manufacturing process systems, supply-chain logistics and business development in the semiconductor capital equipment, engineering and healthcare industries. He has technical expertise in high purity gas and liquid distribution modules, electro-mechanical wafer substrate cleaning and metrology platforms.

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Process Development Update

During the quarter Revasum achieved process acceptance (meeting agreed process criteria for the tool) on the first 6EZ SiC Polisher shipped to Europe. This significant achievement confirmed that the technology works to its advanced specifications, and solidified Revasum's market leading position for SiC CMP equipment.

The Company continues to focus on Continuous Improvement Programs (CIP) in partnership with strategic customers to continually improve the process results achieved on the 6EZ.

Revasum Chief Technology Officer, Dr. Karey Holland said:

"I'm pleased to announce that we received signed process acceptance from a major silicon carbide wafer manufacturer for our 6EZ SiC Polisher. This is a significant achievement for a brand new piece of CMP equipment – with CMP being one of the most complex process steps in the device manufacturing process. This is a reflection of our superior CMP technology, and over 15 years' experience in processing SiC wafers.

"We have an aggressive roadmap to continually improve performance during FY22 in partnership with our strategic customers. We are focused on developing new processes to reduce overall cost of ownership for our customers, working with industry leading consumables suppliers to achieve optimal results.

"I am excited by the exceptional quality of the wafers being produced by both the 6EZ and the 7AF-HMG and look forward to working with our strategic partners this year to continue to improve process results and cement our position as a market leader for SiC wafer processing equipment."

Semiconductor Capital Equipment & SiC Market Update

Global fab equipment spending for front-end facilities is expected to Increase 10% YOY in 2022 to an all-time high of over US\$98 billion. This is the third consecutive year of substantial growth following increases of 39% in 2021 and 17% in 2020. The industry last saw three consecutive years of growth from 2016 to 2018, more than 20 years after a three-year run in the mid-1990s.¹

This provides an exceptional market opportunity for Revasum, with demand for capital equipment at unprecedented levels, reflected in the increasing sales order backlog over the last six months.

Carmakers and automotive suppliers are embracing 800-V drive systems to reduce electric vehicle (EV) weight, achieve much faster charging, and ensure longer driving ranges. That is pushing SiC semiconductors to the forefront in EV powertrains and other applications where power density, energy efficiency, and reliability are critical design considerations.

Most recently Vitesco Technologies announced a huge order for 800 V SiC inverters from an undisclosed major US automaker. The order is worth more than €1 billion euro (\$1.13 billion) and will result in the supply of "millions" of inverters.²

As more automakers switch to SiC inverters for electric vehicles, demand for SiC is expected to increase exponentially. Demand for 6-inch SiC wafers is growing rapidly, with a forecast CAGR of 33% between 2020 and 2025, while CAGR of 183% is expected for 8-inch SiC wafers during the same period.³

Revasum is a part of the rapidly growing SiC industry with incredible opportunity over the coming years.

¹ <https://www.semi.org/en/news-media-press-releases/global-fab-equipment-spending-projected-to-log-record-high-in-2022-to-mark-third-consecutive-year-of-growth-semi-reports>

² <https://www.vitesco-technologies.com/en-us/press/22-01-10>

³ YOLE Power SiC Market & Technology Report 2020

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Q421 FINANCIAL UPDATE

Q421 Cash Flow Statement

Q421 was a positive quarter for customer cash receipts, with US\$5.1 million received, an increase of 12% on Q321 and 70% pcp. This reflects the growing order backlog and deposits collected upon purchase order placement.

Revasum continued improving operating efficiencies to reduce Q421 operating cash outflows to only US\$300k, a 72% decrease (US\$800k) from the US\$1.1 million in Q321.

Payments to suppliers and employees were steady quarter-on-quarter, totaling US\$5.4 million (Q321: US\$5.6 million).

Included in payments for operating activities are payments to Revasum's related parties and their associates totaling US\$106K, comprising of CEO salary, along with payments to Non-Executive Directors for their services as Directors.

At the end of Q421, Revasum's unaudited cash balance was US\$4.3M (Q321: US\$4.8M), with no debt drawn.

Second Round PPP Loan Forgiveness

During the quarter, the Company's Paycheck Protection Program ("PPP") loan of nearly US\$1.2 million was fully forgiven by the Small Business Administration ("SBA"). Additional accrued interest was also fully forgiven by the SBA. Payment was remitted by the SBA to Revasum's lender, Bridge Bank, on 22 December 2021.

THIS ANNOUNCEMENT WAS AUTHORIZED FOR RELEASE BY THE PRESIDENT AND CEO

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Safe Harbor Statement

This announcement contains 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.

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About Revasum

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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