APPENDIX 4E – PRELIMINARY FINAL REPORT FOR THE PERIOD ENDED 5 JANUARY 2020

1. Company Details

Name of entity: Revasum, Inc.
ARBN: 629 268 533
Reporting Period: Fiscal period ended 5 January 2020
Previous Corresponding Period: Fiscal year ended 31 December 2018

The Company changed its fiscal year end date from 31 December 2019 to 5 January 2020 as a result of the adoption of a 5-4-4 manufacturing calendar.

2. Results for Announcement to the Market

	5 Jan 2020 US$'000	31 Dec 2018 US$'000	Movement Up/(Down) US$'000	%
Revenue from ordinary activities	20,507	27,277	(6,770)	(25%)
Gross profit	2,291	10,155	(7,864)	(77%)
Operating loss	(14,919)	(1,020)	(13,899)	(1,363%)
Loss from ordinary activities after tax attributable to members of the parent entity	(14,946)	(4,355)	(10,591)	(243%)

3. Review of Operations and Financial Results

Refer to the accompanying Annual 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 Operational Update and Directors' Report in the accompanying Annual Financial Report and accompanying announcement for further details and commentary on the results.

4. Dividends

No dividends have been paid or are proposed to be paid by Revasum, Inc. for the fiscal period ended 5 January 2020 (2018: $Nil).

5. Net Tangible Assets per share:

	5 Jan 2020	31 Dec 2018
Net tangible assets per share (US$ per share)	0.19	0.44

6. Control Gained or Lost over Entities

During the fiscal 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 annual 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. annual financial report for the fiscal period ended 5 January 2020 has been subject to audit by our external auditors, BDO East Coast Partnership. A copy of the independent audit report to the members of Revasum, Inc. is included in the accompanying annual report.

Ryan Benton ***(Company Secretary)***
28 February 2020

Revasum™

A DELAWARE CORPORATION

ARBN 629 268 533

ANNUAL FINANCIAL REPORT FOR THE PERIOD ENDED 5 JANUARY 2020

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Corporate Directory

COMPANY

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

DIRECTORS

Jerry Cutini	Executive Chairman, President and Chief Executive Officer
Ryan Benton	Executive Director, Senior Vice President and Chief Financial Officer
Kevin Landis	Non-Executive Director
Paul Mirabelle	Independent Non-Executive Director
Vivek Rao	Independent Non-Executive Director

COMPANY SECRETARY

Ryan Benton

AUSTRALIAN SECURITIES EXCHANGE REPRESENTATIVE

Naomi Dolmatoff

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
Level 12, 680 George Street
Sydney, NSW 2000 Australia

UNITED STATES LEGAL ADVISER

Troutman Sanders LLP
5 Park Plaza
Suite 1400
Irvine, CA, 92614 USA

AUSTRALIAN LEGAL ADVISER

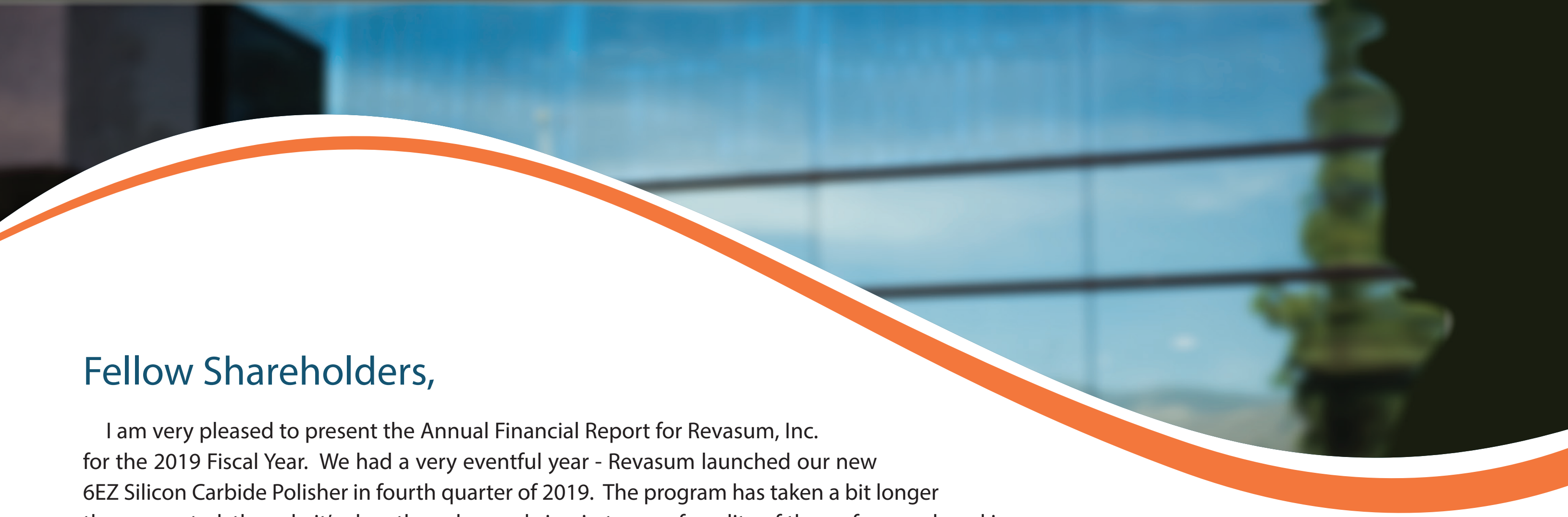
Maddocks
Angel Place Level 27
123 Pitt Street
Sydney, NSW 2000 Australia

SHARE REGISTRIES

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

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.



Fellow Shareholders,

I am very pleased to present the Annual Financial Report for Revasum, Inc. for the 2019 Fiscal Year. We had a very eventful year - Revasum launched our new 6EZ Silicon Carbide Polisher in fourth quarter of 2019. The program has taken a bit longer than expected; though, it's clear the value we bring in terms of quality of the wafers produced is now demonstrable to the customers.

Since the official launch, we have been able to demonstrate impressive process results to many of the world's leading wafer and device manufacturers. The quality of the wafers being produced are compelling. In addition to lowering the cost per wafer to produce, many of those customers are excited about the prospect of device yield improvements from employing the 6EZ advanced process technology, thus lowering the payback time of our machines even further. We anticipate shipments for the 6EZ in the first half of 2020.

While bringing this new polisher technology to market has taken a bit longer than originally planned, we remain confident, backed by process data delivered on actual customer wafers, that this is the right machine to help Revasum secure a dominant position in the fast-growing silicon carbide equipment market.

The 6EZ Silicon Carbide Polisher can work independently or as a complement to our unquestioned market leading 7AF-HMG Silicon Carbide Grinder.

Why silicon carbide? Unlike traditional semiconductor devices which use Silicon wafers, the revolutions in the electrification of vehicles and emerging 5G communications is only enabled by the utilization of Silicon Carbide wafers. Silicon Carbide is the answer to many of the shortcomings of traditional Silicon. Silicon carbide withstands higher voltage and can operate at higher temperatures. This means simpler, more compact, and more reliable power systems, as well as lower costs for manufacturers thanks to a reduced number of components.

The physical properties which make Silicon Carbide the standard for electric and hybrid electric vehicles, makes manufacturing Silicon Carbide wafers and power devices a challenge. Revasum leverages our more than twenty years of experience to develop process tools specifically optimized for the processing of Silicon Carbide. The unique crystal structure formed on silicon carbide wafers result each side of the wafer having a different structure – one silicon and the opposite, carbon. Traditional silicon processing tools, which typically only process a single side or both sides at the same time of the wafer, are challenged to process each side separately and deal with substantial logistical complications as a result.

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"We and our potential customers continue to be impressed with the performance results off the 6EZ polisher "

Because it's designed specifically for silicon carbide, the 6EZ efficiently processes both sides in sequence, and utilizes an integrated cleaner as a final processing step. The result is that both sides of the wafer are polished and exit the tool as clean, chemical and particle free wafers. This innovative design, along with Revasum's leading edge process technology recipes, enables the 6EZ to remove material at incredibly high rates and while using less consumables – all of which lead to what we are convinced is a demonstrably lower cost per wafer to process than the alternatives offered by the competition.

In reviewing 2019, whilst we made great strides on the product development front, it was a challenging macro environment in the second half for our legacy products. Fortunately, we see 2H19 as a low water mark. We see business conditions improving during the first half of 2020, evidenced by our increased customer order backlog. We expect our backlog to grow significantly as we book additional orders which are in the pipeline, including our first 6EZ orders.

In addition to launching the 6EZ, we achieved numerous major milestones in 2019, several of which are worth noting. Most importantly, we closed out the last quarter of 2019 with positive operating cashflows for the quarter of $1.2 million dollars. This was a nice milestone, although the launch of a new product will create some lumpy results in 2020 as we will stay focused on delivering profitable, sustainable growth. Additionally, we successfully deployed our new Enterprise Resource Planning system, which the team has worked hard to implement over the last year. Having modern infrastructure will enable Revasum to compete more efficiently with our world-class competitors.

Looking ahead, I have great confidence in the future of Revasum. Our target markets remain strong, and we expect to gain the benefits from actions taken in 2019 to focus on the exciting growth taking place in the Silicon Carbide market.

Finally, to our shareholders, thank you for your continued support. We are committed to delivering value to you, both today and long into the future.

Very Sincerely,

Revasum's 6EZ produces higher quality wafers more efficiently than conventional systems.

OPERATIONAL UPDATE

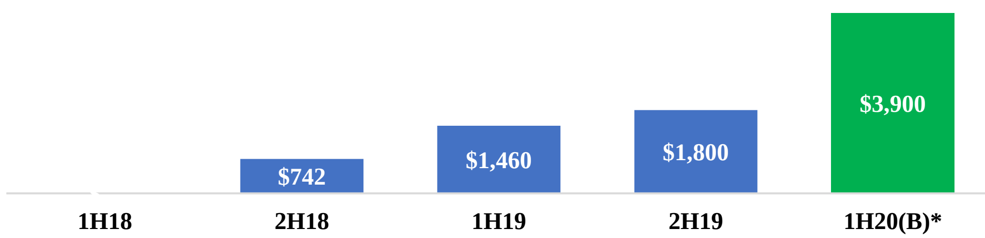
FISCAL PERIOD ENDED 5 JANUARY 2020 HEADLINES

- **Silicon Carbide (SiC) grinder sales grows to $3.26 million for the fiscal period ended 5 January 2020, an increase of 439% from the prior fiscal year.**
- **Release of the 6EZ Silicon Carbide (SiC) polisher. This is the first fully-automated, single wafer polisher to be designed specifically for Silicon Carbide substrates.**
- **1H20 Silicon Carbide system sales shipments and confirmed backlog of $3.90 million.**

SUMMARY OF RESULTS

(in thousands)

Silicon Carbide System Sales



* 1H20 includes SiC systems which have either shipped or have confirmed customer purchase order in backlog with requested ship date within the reporting period.

		Proforma[1] FY 2019 Amount	% Sales		Actual FY 2019 Amount	% Sales		Actual FY 2018 Amount	% Sales
Revenue	$	20,507	100%	$	20,507	100%	$	27,277	100%
Cost of Sales		16,061	78%		18,216	89%		17,122	63%
Gross Margin	$	4,446	22%	$	2,291	11%	$	10,155	37%
Research & Dev.		6,052	30%		6,052	30%		3,857	14%
Selling & Marketing		5,302	26%		5,302	26%		3,405	12%
General & Admin.		4,618	23%		4,618	23%		2,382	9%
IPO Costs		-	-%		-	-%		1,264	5%
Stock Based Comp.		1,238	6%		1,238	6%		267	1%
Total Expenses	$	17,210	85%	$	17,210	85%	$	11,175	41%
Operating Loss	$	(12,764)	(62%)	$	(14,919)	(73%)	$	(1,020)	(4%)
Adjusted EBITDA[2]	$	(8,382)	(41%)	$	(10,537)	(51%)	$	830	3%

[1] FY2019 Proforma - excludes one-time charges for obsolescence charge related to legacy inventory product purchases of $2,155K.

[2] Adjusted EBITDA - Earnings before Interest, Taxes, Depreciation & Amortization, non-cash Stock-based compensation expense, IPO Costs, and certain non-operating items (e.g. gains & losses, valuation loss on common warrant). Management uses adjusted EBITDA to evaluate the operating performance of the business prior to the impact of significant items, the non-cash impact of depreciation and amortisation and interest and tax charges.

OPERATIONAL UPDATE

KEY OPERATING HIGHLIGHTS

- Revenue of $20.51 million decreased 25% compared to prior fiscal year. This amount includes system revenue of $14.40 million which represents a decrease of 33% from the same period a year ago. Systems revenue decreased principally as a result of a decreased number of shipments of legacy Silicon system sales.
- Gross margin of 11.2% decreased from the 37.2% the prior year. FY19 gross margin includes a $2.16 million obsolescence charge related to legacy product purchases. Excluding this charge pro-forma gross margin for FY19 was 22%.
- Operating expenses of $17.21 million increased $6.04 million from the previous year's expenses of $11.18 million. FY19 operating expenses increased as a result of an inclusion a $1.89 million charge related to the impairment of capitalized product development, increased public company costs as the Company was publicly listed for the entire year, and increased sales and marketing costs incurred to promote the launch of the Company's new product. Excluding the charge related of the impairment of capitalized product development, operating expenses for FY19 were $15.32 million.
- For the full year 2019, the Company made an operating loss of $14.92 million which compares to the operating loss of $1.02 million in the prior year.
- Net loss of $14.95 million compared to the previous year's net loss of $4.36 million.

CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 5 JANUARY 2020

(in thousands)

		5 Jan 2020		31 Dec 2018
Cash and cash equivalents	$	6,838	$	24,469
Trade and other receivables		1,821		8,189
Inventories - net		10,168		8,378
Property, plant and equipment - net		3,688		1,034
Right of Use Asset		2,590		-
Intangible assets - net		6,770		1,536
Other assets		752		600
Total assets	**$**	**32,627**	**$**	**44,206**
Trade and other payables	$	3,053	$	5,911
Customer deposits		2,077		2,742
Borrowings		1,931		-
Lease liabilities		2,708		27
Other liabilities		1,530		533
Total liabilities	**$**	**11,299**	**$**	**9,213**
Total equity	**$**	**21,328**	**$**	**34,993**

CONDENSED STATEMENT OF FINANCIAL POSITION HIGHLIGHTS

- Cash and cash equivalents at 5 January 2020 decreased $17.63 million to $6.84 million as the Company experienced a slow-down in its legacy Silicon (Si) equipment sales while it simultaneously invested significantly in new product development.
- As of 5 January 2020, trade and other receivables decreased to $1.82 million (from $8.19 million as at 31 December 2018) as a result of the slow-down in legacy Silicon (Si) equipment sales and improved credit and collection efforts.
- Intangible assets increased to $6.77 million (up from $1.54 million as at 31 December 2018) as a result of new product development costs associated with the Company's new 6EZ Silicon Carbide (SiC) polisher.
- Fixed assets increased to $3.69 million (up from $1.03 million as at 31 December 2018) largely due to costs incurred to build first articles of the new 6EZ SiC Polisher for internal use in our demonstration and research lab.
- Trade and other payables decreased to $3.05 million (down from $5.91 million as at 31 December 2019) all due to lower materials purchases associated with the legacy Silicon equipment.
- Borrowings as of 5 January 2020 were $1.93 million compared to 31 December 2018 $Nil balance.
- Right of use asset and corresponding lease liabilities were $2.59 million and $2.71 million respectively as of 5 January 2020.

DIRECTORS' REPORT

The directors present their report for Revasum, Inc. ("Revasum" or "Company") together with the financial statements on the Consolidated Entity (referred to hereafter as the "Consolidated Entity" or "Group") consisting of the Company and its subsidiary for the fiscal period ended 5 January 2020 and the auditor's report thereon.

DIRECTORS

The following persons were directors of the Company during the whole of the fiscal period and up to the date of this report, unless otherwise stated:

Jerry Cutini	Executive Chairman, President and Chief Executive Officer ("CEO")
Ryan Benton	Executive Director, Senior Vice President ("SVP") and Chief Financial Officer ("CFO")
Kevin Landis	Non-Executive Director
Paul Mirabelle	Independent Non-Executive Director
Vivek Rao	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 connected IoT devices, cellphones, wearables, automotive, 5G and industrial applications.

No significant change in the nature of these activities occurred during the fiscal period.

REVIEW OF OPERATIONS AND FINANCIAL RESULTS

Revenue for the period ended 5 January 2020 decreased by 25% to $20.51 million (31 Dec 2018: $27.28 million), including systems revenue of $14.40 million (31 Dec 2018: $21.62 million).

For the period ended 5 January 2020, the net operating loss was $14.95 million (31 Dec 2018: $4.36 million).

GOING CONCERN

The consolidated 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 consolidated financial statements, the consolidated entity's loss after income tax for the period ended 5 January 2020 was $14.95 million (31 Dec 2018: $4.36 million) and the consolidated entity's net cash outflows from operating activities for the period ended 5 January 2020 were $8.50 million (31 Dec 2018: $7.93 million). As at the fiscal period end date, the consolidated entity has net current assets of $11.68 million (31 Dec 2018: $32.34 million) and total net assets of $21.33 million (31 Dec 2018: $34.99 million).

During the fiscal period, the Group has been undertaking a significant development project for the new 6EZ Silicon Carbide Polisher. As at the fiscal period end date, there are capitalized development costs of $5.52 million (31 December 2018: $1.34 million) in non-current assets. The timeline for the program has pushed out beyond initial expectations, and as such, as at the date of signing of the financial report, the Group does not have a confirmed PO for the new system. This, combined with the challenging macro environment seen in the second half of the fiscal period with regards to the legacy products, has resulted in a lower systems backlog than anticipated.

As a result of these matters, there is a material uncertainty related to events or conditions that may cast significant doubt on whether the consolidated entity will continue as a going concern and, therefore, the Group may be unable to realize its assets and discharge its liabilities and commitments in the normal course of business and at the amount stated in the financial report.

At the date of this report, the Directors are of the opinion that there are reasonable grounds to expect that the Group's operational and financial performance will improve and will be able to continue as a going concern. As such, the financial report has been prepared on a going concern basis. In arriving at this conclusion, the Directors considered a number of factors which are described below.

DIRECTORS' REPORT

During the financial period, the Company closed a $10.00 million business financing agreement with Bridge Bank, a division of Western Alliance Bank (NYSE: WAL), comprised of a $8.00 million working capital revolving credit line ("Revolving Credit Line") and a $2.00 million term loan line of credit ("Term Loan"). As at the fiscal period end date, the Company has drawn the full $2.00 million term loan. The Company is making interest only payments against the term loan, with principal repayments commencing on 1 May 2020. No balance was drawn on the $8.00 million revolving credit line as at 5 January 2020. Subsequent to the period-end date, the Company has drawn $0.50 million down on the revolving credit line. The Company has met the minimum adjusted current ratio covenant of 1.25 throughout the fiscal period and also post fiscal period end. At the end of November 2019, the Company breached the adjusted current ratio covenant of 1.4, however this was subsequently waived by Bridge Bank. Given there was no balance drawn down on the line as at the date of the breach, there was no impact on the financial report. The Company continues to have access to the working capital revolving credit line and has the ability to draw down on this if needed.

With regards to the new 6EZ Silicon Carbide Polisher, since the official launch of the tool in the fourth quarter of 2019, the Company has been able to demonstrate impressive process results to many of the world's leading wafer and device manufacturers. The Directors note that process results achieved clearly evidence the value of the system. The quality of the wafers being produced will result in a lower cost per wafer for customers, along with the prospect of device yield improvements. The Company is in advanced discussions with a number of customers and has provided detailed proposals as at the date of signing of the annual report, and the Company expects the first shipments for the 6EZ in the first half of 2020.

Following the fiscal period end, the Company has also 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.

If the Directors are unsuccessful in achieving the above plan, or additional funds are required, alternative measures would be pursued which would include:

- Raising additional funds via either equity or debt. The Group has a successful track record of being able to raise both equity and debt financing and is in advanced discussions with debt providers as at the date of signing; and
- Curtailing materially, if necessary, the Groups ongoing operating costs, in addition to the re-organization already undertaken subsequently to the fiscal period end.

The Directors are of the opinion that the Group will be successful in managing the above matters and accordingly, they have prepared the financial report on a going concern basis. At this time, the Directors are of the opinion that no asset is likely to be realized for an amount less than the amount at which it is recorded in the consolidated annual financial report as at 5 January 2020.

Accordingly, no adjustments have been made to the financial report relating to the recoverability and classification of the asset carrying amounts or the amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes in the state of affairs of the Group during the fiscal period.

DIVIDENDS

No dividends were paid or proposed during the period ended 5 January 2020 and the Company does not intend to pay any dividends for the fiscal period (31 Dec 2018: $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.

DELAWARE LAW, CERTIFICATE OF INCORPORATION AND BYLAWS

As a foreign Company registered in Australia, the Company will not be subject to Chapters 6, 6A, 6B and 6C of the Corporations Act dealing with the acquisition of shares (including substantial shareholdings and takeovers). Under the provisions of Delaware General Corporation Law ("DGCL"), shares are freely transferable subject to restrictions imposed by US federal or state securities laws, by the Company's certificate of incorporation or bylaws, or by an agreement signed with the holders of the shares at issue. The Company's amended and restated certificate of incorporation and bylaws do not impose any specific restrictions on transfer. However, provisions of the DGCL, the Company's Certificate of Incorporation and the Company's Bylaws could make it more difficult to acquire the Company by means of a tender offer (takeover), a proxy contest or otherwise, or to remove incumbent officers and Directors of the Company. These provisions could discourage certain types of coercive takeover practices and takeover bids that the Board may consider inadequate and to encourage persons seeking to acquire control of the Company to first negotiate with the Board. The Company believes that the benefits of increased protection of its ability to negotiate with the proponent of an unfriendly or unsolicited proposal to acquire or restructure the Company outweigh the disadvantages of discouraging takeover or acquisition proposals because, among other things, negotiation of these proposals could result in an improvement of their terms.

MATTERS SUBSEQUENT TO THE END OF THE FISCAL PERIOD

No other matter or circumstance has arisen since 5 January 2020 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.

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. Expanding the product portfolio which in turn increases the addressable market size; and
3. Continuing two customer-led product development projects, which are expected to add incremental sales and further enable Revasum to capitalize on key market trends.

CORPORATE GOVERNANCE

The Company, as a Delaware incorporated corporation, seeks to achieve substantive compliance with the governance recommendations set out in the 'Corporate Governance Principles and Recommendations 3rd Edition', published by the ASX Corporate Governance Council (the ASX Principles). The Company's Corporate Governance Statement can be viewed at https://investors.revasum.com/investor-centre/.

ENVIRONMENTAL REGULATION

The Group is not subject to any significant environmental regulation under United States of America legislation. The Group is committed to the sustainable management of environmental, health, and safety (EHS) concerns as a core business principle. This includes ensuring compliance with all applicable government standards and regulations and providing a safe and healthy workplace, while reducing our environmental footprint. We integrate health, safety, and environmental considerations into all aspects of our business, including product design and services, to provide productive and responsible solutions by:

- Striving for zero accidents through the application of an EHS Management System;
- Implementing pollution prevention control strategies; and
- Committing to continual improvement for our customers, Company, and personnel of the Group.

The Board of Directors considers that adequate systems are in place to manage the Group's obligations and is not aware of any breach of environmental requirements as they relate to the Group.

SHARE OPTIONS AND RESTRICTED STOCK UNITS

Share options and restricted stock units ("RSUs") over issued shares in the Company were granted both during the period, and also subsequent to the fiscal year end. The number of options and RSUs outstanding as at the date of this report, and all other movements in share options and RSUs, are disclosed in Note 21 to the financial statements.

SECURITIES ON ISSUE

The Company has the following securities on issue as at 5 January 2020:

Shares of common stock	78,008,441 (of which 32,006,088 are held as CDIs)
Options over shares of common stock	13,617,605
Restricted Stock Units	2,401,087

DIRECTORS' REPORT

INFORMATION ON DIRECTORS

Jerry Cutini
Executive Chairman, President and Chief Executive Officer

Experience and expertise: Jerry has over 35 years' experience in the semiconductor equipment industry with roles at Applied Materials (NASDAQ: AMAT), Silicon Valley Group (NASDAQ: SVGI), OnTrak Systems (NASDAQ: ONTK), Lam Research (NASDAQ: LRCX), Gasonics International (NASDAQ: GSNX) and Aviza Technology (NASDAQ: AVZA), among others. Currently Jerry is involved with the Global Trade Association, of Semiconductor Equipment and Materials International (SEMI), North American Advisory Board (NAAB), Public Policy Committee.

Special responsibilities: Chairman of the Board.

Other directorships: None.

Ryan Benton
Executive Director, Senior Vice President and Chief Financial Officer

Experience and expertise: Ryan joined Revasum as CFO in September 2018 bringing over 25 years of finance, operations, and transaction experience. Prior to this role, he served as CFO of BrainChip Holdings Ltd (ASX: BRN) and CEO and Board Member at Exar Corporation (NYSE: EXAR), which was acquired by MaxLinear Corporation (NASDAQ: MXL) in May 2017. Previous roles included senior and consulting positions at ASM International NV (NASDAQ: ASMI), and eFunds Corporation (NASDAQ: EFDS).

Special responsibilities: Chief Financial Officer.

Other directorships: Non-executive director and Audit Committee Chairman of Pivotal Systems Corporation (ASX: PVS).

Kevin Landis
Non-Executive Director

Experience and expertise: Kevin joined the Board in 2016 and is the CEO and CIO of Firsthand Capital Management, an investment management firm he founded in 1994. Firsthand Capital Management is the investment adviser to Firsthand Technology Value Fund, Inc. (NASDAQ: SVVC), a publicly traded venture capital fund. Kevin has over two decades of experience in engineering, market research, product management and investing in the technology sector. Kevin is Firsthand's nominee director to the board of Revasum, Inc.

Special responsibilities: Member of the Audit and Risk Committee.
Member of the Remuneration and Nomination Committee.

Other directorships: Non-executive director of Pivotal Systems Corporation (ASX: PVS).

Paul Mirabelle
Independent Non-Executive Director

Experience and expertise: Paul is a business executive based in Australia with extensive leadership experience across both private and public companies, specializing in strategy, international growth, mergers and acquisitions, and private equity-backed ventures. Paul has extensive commercial experience, most recently as Asia Pacific Regional Director at Amplifon, the global leader in audiology, a role he has held since 2010.

Special responsibilities: Chairman of the Audit and Risk Committee.
Member of the Remuneration and Nomination Committee.

Other directorships: Independent non-executive director of Vita Group Limited (ASX: VTG).

DIRECTORS' REPORT

INFORMATION ON DIRECTORS *(CONTINUED)*

Vivek Rao
Independent Non-Executive Director

Experience and expertise: Vivek Rao is a semiconductor capital equipment specialist with more than 23 years' experience in the global industry. Vivek has held a number of technology leadership and managerial roles in the Silicon Valley and is presently the President and Chief Operations Officer of SPT Microtechnologies. He is also the Managing Director of international subsidiaries in Germany, Taiwan, Singapore and Malaysia for SPT Microtechnologies a division of Sumitomo Precision Products. Vivek is currently a Non-Executive Director of BluGlass Limited (ASX: BLG).

Special responsibilities: Member of the Audit and Risk Committee.
Chairman of the Remuneration and Nomination Committee.

Other directorships: Non-Executive Director of BluGlass Limited (ASX: BLG).

DIRECTORS' INTEREST IN EQUITY INSTRUMENTS OF THE COMPANY

The directors of the Group are shown together with their holdings of common stock and options, held directly or indirectly:

	Direct		Indirect	
	Common Stock	**Options/RSUs**	**Common Stock**	**Options/RSUs**
Jerry Cutini	220,000	4,105,100	267,625	-
Ryan Benton	276,795	2,941,845	-	-
Kevin Landis	-	-	-	-
Paul Mirabelle	30,000	75,000	-	-
Vivek Rao	22,605	75,000	-	-
	549,400	**7,196,945**	**267,625**	**-**

REMUNERATION REPORT

EXECUTIVE COMPENSATION

This section discusses the principles underlying our policies and decisions with respect to the compensation of our named executive officers, and all material factors relevant to an analysis of these policies and decisions. Our named executive officers for the fiscal period ended 5 January 2020 were:

- Jerry Cutini Executive Chairman, President and Chief Executive Officer; and
- Ryan Benton Executive Director, Senior Vice President and Chief Financial Officer.

COMPONENTS OF EXECUTIVE COMPENSATION

The principal components of our executive compensation are base salary, cash bonuses and long-term incentives. Our Remuneration and Nomination Committee consider that each component of executive compensation must be evaluated and determined with reference to competitive market data, individual and corporate performance, our recruiting and retention goals and other information we deem relevant.

Our executive officers are also eligible to participate in our 401(k) retirement plan.

The terms of each named executive officer's compensation are derived from the employment agreements the Company has entered into with them.

The components of the executive compensation packages for our named executive officers for the fiscal period were as follows:

Jerry Cutini – Executive Chairman, President and Chief Executive Officer

Mr. Cutini received a fixed remuneration package US$275,000 per annum. Mr. Cutini is also eligible to participate in various customary employee benefit programs maintained by Revasum and is eligible for an annual discretionary bonus as determined by the Board or the Remuneration and Nomination Committee.

DIRECTORS' REPORT

COMPONENTS OF EXECUTIVE COMPENSATION *(CONTINUED)*

Pursuant to Mr. Cutini's Cash Bonus Incentive Award Agreement, Mr. Cutini has been granted a cash incentive bonus in the amount of US$550,000 payable upon the occurrence of certain events, including the Company completing an initial public offering of its common stock in the U.S. or in Australia and the Company's Shares or CDIs (as applicable) trading at or above defined share price targets on a volume-weighted average selling price basis, for a period of at least thirty (30) consecutive trading days.

Pursuant to Mr. Cutini's Employment Agreement, if Mr. Cutini is terminated by the Company without cause or if he resigns for good reason and Mr. Cutini signs a general release of claims in favour of the Company and complies with certain other requirements, the Company must pay Mr. Cutini severance in an amount equal to twelve months of his base salary, twelve months of health insurance coverage and 100% of his annual target bonus for the period in which termination occurs. All of Mr. Cutini's unvested Options and Restricted Stock Units are subject to acceleration of vesting upon a change of control of the Company, certain of his Options vest only subject to achievement of a time-based vesting schedule and his Restricted Stock Units vest subject to both the achievement of a performance-based vesting schedule as well as time-based vesting schedule.

Ryan Benton – Executive Director, Senior Vice President and Chief Financial Officer

Mr. Benton received a fixed remuneration package US$250,000 per annum. Mr. Benton is also eligible to participate in various customary employee benefit programs maintained by Revasum and is eligible for an annual discretionary bonus as determined by the Board or the Remuneration and Nomination Committee.

Pursuant to Mr. Benton's Cash Bonus Incentive Award Agreement, Mr. Benton has been granted a cash incentive bonus in the amount of US$500,000 payable upon the occurrence of certain events, including the Company completing an initial public offering of its common stock in the U.S. or in Australia and the Company's Shares or CDIs trading at or above defined share price targets on a volume-weighted average selling price basis, for a period of at least thirty (30) consecutive trading days.

Pursuant to Mr. Benton's Employment Agreement, if Mr. Benton is terminated by the Company without cause or if he resigns for good reason and Mr. Benton signs a general release of claims in favour of the Company and complies with certain other requirements, the Company must pay Mr. Benton severance in an amount equal to twelve months of his base salary, twelve months of health insurance coverage and 100% of his annual target bonus for the period in which termination occurs. All of Mr. Benton's unvested Options and Restricted Stock Units ("RSUs") are subject to acceleration of vesting upon a change of control of the Company, certain of his Options vest only subject to achievement of a time-based vesting schedule and his RSUs vest subject to both the achievement of a performance-based vesting schedule as well as time-based vesting schedule.

The following table sets out the executive compensation (excluding share options and RSUs issued) paid to our named executive officers under the above employment contracts during the fiscal period ended 5 January 2020:

Executive Officer	Base Salary (Gross $)	Cash Bonus $	401(K) $	Total $
Jerry Cutini	$ 279,595	-	$ 7,421	$ 287,016
Ryan Benton	252,161	-	7,788	259,949
	$ 531,756	**-**	**$ 15,209**	**$ 546,965**

NON-EXECUTIVE DIRECTORS' COMPENSATION

The non-executive directors for the fiscal period ended 5 January 2020 were as follows:

- Kevin Landis Non-Executive Director;
- Paul Mirabelle Independent Non-Executive Director; and
- Vivek Rao Independent Non-Executive Director.

The following table sets out the compensation (excluding share options and RSUs issued) paid to each of our non-executive directors during the fiscal period ended 5 January 2020, which does not include Mr. Landis, who did not receive compensation for his service as a director:

Non-Executive Director	Directors' Fees ($)
Paul Mirabelle	$ 60,000
Vivek Rao	60,000
	$ 120,000

NON-EXECUTIVE DIRECTORS' COMPENSATION *(CONTINUED)*

The Company has entered into non-executive director agreements with Mr. Mirabelle and Mr. Rao whereby they are entitled to receive US$50,000 per annum for their role as a non-executive director, and a further US$10,000 per annum as chair of the Audit and Risk Committee and the chair of the Remuneration and Nomination Committee respectively.

INDEMNITY AND INSURANCE OF DIRECTORS AND OFFICERS

The Company has indemnified directors and executives of the Company for costs incurred, in their capacity as a director or officer, for which they may be held personally liable, except where there is a lack of good faith.

INDEMNITY AND INSURANCE OF AUDITOR

The Company has not, during or since the end of the fiscal year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the fiscal year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

NON-AUDIT SERVICES

Details of amounts paid or payable to the auditor for non-audit services provided during the fiscal year by the auditor are outlined in Note 29 to the financial statements.

PROCEEDINGS ON BEHALF OF THE COMPANY

No proceedings have been brought or intervened in on behalf of the Company.

On behalf of the directors

Jerry Cutini
Executive Chairman, President and Chief Executive Officer
28 February 2020
San Luis Obispo, California, USA

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FISCAL PERIOD ENDED 5 JANUARY 2020

(in thousands, except share and per share amounts)

	Note	5 Jan 2020	31 Dec 2018
Revenue	3	$ 20,507	$ 27,277
Cost of goods sold		(18,216)	(17,122)
Gross profit		**2,291**	**10,155**
Gross margin		**11.2%**	**37.2%**
Expenses			
Research & development	4	(6,052)	(3,857)
Selling & marketing	4	(5,302)	(3,405)
General & administrative	4	(4,618)	(2,382)
Initial public offering costs		-	(1,264)
Stock based compensation	21	(1,238)	(267)
Total expenses		**(17,210)**	**(11,175)**
Operating loss		**(14,919)**	**(1,020)**
Finance income		194	15
Finance expenses		(215)	(275)
Revaluation of warrants		-	(3,075)
Net loss before income tax expense		**(14,940)**	**(4,355)**
Income tax expense	5	(6)	-
Net loss for the period		**$ (14,946)**	**$ (4,355)**
Other comprehensive income for the period, net of tax		-	-
Total comprehensive loss for the period attributable to the members of Revasum, Inc.		**$ (14,946)**	**$ (4,355)**
Loss per share attributable to the members of Revasum, Inc.:			
Basic and diluted loss per share	6	$ (0.19)	$ (0.67)

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 5 JANUARY 2020

(in thousands)

	Note	5 Jan 2020	31 Dec 2018
Assets			
Current assets			
Cash and cash equivalents	7	$ 6,838	$ 24,469
Trade and other receivables	8	1,821	8,189
Inventories - net	9	10,168	8,378
Other current assets	10	694	498
Total current assets		**19,521**	**41,534**
Non-current assets			
Property, plant and equipment – net	11	3,688	1,034
Right-of-use asset	2	2,590	-
Intangible assets - net	12	6,770	1,536
Other non-current assets		58	102
Total non-current assets		**13,106**	**2,672**
Total assets		**$ 32,627**	**$ 44,206**
Liabilities			
Current liabilities			
Trade and other payables	13	$ 3,053	$ 5,911
Customer deposits	14	2,077	2,742
Deferred revenue		273	60
Employee benefits	15	296	290
Warranty provision	16	290	183
Other provisions	17	671	-
Borrowings, current	18	559	-
Lease liabilities, current	22	622	9
Total current liabilities		**$ 7,841**	**$ 9,195**
Non-current liabilities			
Borrowings, non-current	18	1,372	-
Lease liabilities, non-current	22	2,086	18
Total non-current liabilities		**3,458**	**18**
Total liabilities		**$ 11,299**	**$ 9,213**
Net assets		**$ 21,328**	**$ 34,993**
Contributed equity	19	$ 43,407	$ 43,154
Share-based payment reserve	21	1,407	379
Accumulated losses		(23,486)	(8,540)
Total equity		**$ 21,328**	**$ 34,993**

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FISCAL PERIOD ENDED 5 JANUARY 2020

(in thousands)

	Contributed equity	Share-based payment reserve	Accumulated losses	Total equity
Balance at 1 January 2018	**$ 7,019**	**$ 112**	**$ (4,185)**	**$ 2,946**
Loss after income tax expense for the year	-	-	(4,355)	(4,355)
Other comprehensive loss for the year, net of tax	-	-	-	-
Total comprehensive loss for the year	**$ -**	**$ -**	**$ (4,355)**	**$ (4,355)**
Transactions with owners in their capacity as owners:				
Shares issued on conversion of convertible notes	8,799	-	-	8,799
Shares issued on exercise of warrants	6,825	-	-	6,825
Preferred stock issued	200	-	-	200
Issue of listed ordinary share capital	22,544	-	-	22,544
Share issue costs	(2,233)	-	-	(2,233)
Share-based payments	-	267	-	267
Balance at 31 December 2018	**$ 43,154**	**$ 379**	**$ (8,540)**	**$ 34,993**
Loss after income tax expense for the period	-	-	(14,946)	(14,946)
Other comprehensive loss for the period, net of tax	-	-	-	-
Total comprehensive loss for the period	**$ -**	**$ -**	**$ (14,946)**	**$ (14,946)**
Transactions with owners in their capacity as owners:				
Shares issued on vesting of RSUs (Note 21)	175	(175)	-	-
Shares issued on the exercise of options (Note 21)	78	(35)	-	43
Share-based payments (Note 21)	-	1,238	-	1,238
Balance at 5 January 2020	**$ 43,407**	**$ 1,407**	**$ (23,486)**	**$ 21,328**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FISCAL PERIOD ENDED 5 JANUARY 2020

(in thousands)

	Note		5 Jan 2020		31 Dec 2018
Cash flows used in operating activities					
Receipts from customers		$	26,423	$	20,936
Payments to suppliers and employees			(35,070)		(28,850)
Interest received			194		15
Interest paid			(43)		(26)
Taxes paid			(7)		-
Net cash used in operating activities	**7**	**$**	**(8,503)**	**$**	**(7,925)**
Cash flows used in investing activities					
Payments for property, plant and equipment			(3,085)		(384)
Payments for capitalized development costs			(7,262)		(1,362)
Net cash used in investing activities		**$**	**(10,347)**	**$**	**(1,746)**
Cash flows from financing activities					
Proceeds from the issue of common stock			-		21,343
Proceeds from the issue of preferred stock			-		200
Repayment of secured promissory note			-		(160)
Proceeds from the issue and exercise of warrant			-		3,750
Proceeds from the issue of unsecured convertible promissory note			-		7,089
Payment of issue cost related to convertible promissory notes and common stock			-		(407)
Proceeds from the exercise of share options			42		-
Proceeds from borrowings	18		2,500		-
Transaction costs related to borrowings			(68)		-
Repayment of borrowings	18		(500)		-
Lease principal repayments			(755)		(81)
Net cash from financing activities		**$**	**1,219**	**$**	**31,734**
Net (decrease)/increase in cash and cash equivalents			**(17,631)**		**22,063**
Cash and cash equivalents at the beginning of the fiscal period			24,469		2,406
Cash and cash equivalents at the end of the period	**7**	**$**	**6,838**	**$**	**24,469**

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FISCAL PERIOD ENDED 5 JANUARY 2020

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the consolidated financial statements are set out either in the respective notes or below. These policies have been consistently applied to all the periods presented, unless otherwise stated. The financial statements are for the Group including Revasum, Inc. and its subsidiary.

BASIS OF PREPARATION

These general-purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB"). The financial statements also comply with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. The financial statements comprise the consolidated financial statements of the Group which is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

Historical cost convention

The consolidated financial statements, except for the cash flow information, have been prepared on an accruals 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

The preparation of the consolidated financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed throughout the financial statements.

GOING CONCERN

The consolidated 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 consolidated financial statements, the consolidated entity's loss after income tax for the period ended 5 January 2020 was $14.95 million (31 Dec 2018: $4.36 million) and the consolidated entity's net cash outflows from operating activities for the period ended 5 January 2020 were $8.50 million (31 Dec 2018: $7.93 million). As at the fiscal period end date, the consolidated entity has net current assets of $11.68 million (31 Dec 2018: $32.34 million) and total net assets of $21.33 million (31 Dec 2018: $34.99 million).

During the fiscal period, the Group has been undertaking a significant development project for the new 6EZ Silicon Carbide Polisher. As at the fiscal period end date, there are capitalized development costs of $5.52 million (31 December 2018: $1.34 million) in non-current assets. The timeline for the program has pushed out beyond initial expectations, and as such, as at the date of signing of the financial report, the Group does not have a confirmed PO for the new system. This, combined with the challenging macro environment seen in the second half of the fiscal period with regards to the legacy products, has resulted in a lower systems backlog than anticipated.

As a result of these matters, there is a material uncertainty related to events or conditions that may cast significant doubt on whether the consolidated entity will continue as a going concern and, therefore, the Group may be unable to realize its assets and discharge its liabilities and commitments in the normal course of business and at the amount stated in the financial report.

At the date of this report, the Directors are of the opinion that there are reasonable grounds to expect that the Group's operational and financial performance will improve and will be able to continue as a going concern. As such, the financial report has been prepared on a going concern basis. In arriving at this conclusion, the Directors considered a number of factors which are described below.

During the financial period, the Company closed a $10.00 million business financing agreement with Bridge Bank, a division of Western Alliance Bank (NYSE: WAL), comprised of a $8.00 million working capital revolving credit line ("Revolving Credit Line") and a $2.00 million term loan line of credit ("Term Loan"). As at the fiscal period end date, the Company has drawn the full $2.00 million term loan. The Company is making interest only payments against the term loan, with principal repayments commencing on 1 May 2020. No balance was drawn on the $8.00 million revolving credit line as at 5 January 2020. Subsequent to the period-end date, the Company has drawn $0.50 million down on the revolving credit line. The Company has met the minimum adjusted current ratio covenant of 1.25 throughout the fiscal period and also post fiscal period end. At the end of November 2019, the Company breached the adjusted current ratio covenant of 1.4, however this was subsequently waived by Bridge Bank. Given there was no balance drawn down on the line as at the date of the breach, there was no impact on the financial report. The Company continues to have access to the working capital revolving credit line and has the ability to draw down on this if needed.

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

GOING CONCERN *(CONTINUED)*

With regards to the new 6EZ Silicon Carbide Polisher, since the official launch of the tool in the fourth quarter of 2019, the Company has been able to demonstrate impressive process results to many of the world's leading wafer and device manufacturers. The Directors note that process results achieved clearly evidence the value of the system. The quality of the wafers being produced will result in a lower cost per wafer for customers, along with the prospect of device yield improvements. The Company is in advanced discussions with a number of customers and has provided detailed proposals as at the date of signing of the annual report, and the Company expects the first shipments for the 6EZ in the first half of 2020.

Following the fiscal period end, the Company has also 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.

If the Directors are unsuccessful in achieving the above plan, or additional funds are required, alternative measures would be pursued which would include:

- Raising additional funds via either equity or debt. The Group has a successful track record of being able to raise both equity and debt financing and is in advanced discussions with debt providers as at the date of signing; and

- Curtailing materially, if necessary, the Groups ongoing operating costs, in addition to the re-organization already undertaken subsequently to the fiscal period end.

The Directors are of the opinion that the Group will be successful in managing the above matters and accordingly, they have prepared the financial report on a going concern basis. At this time, the Directors are of the opinion that no asset is likely to be realized for an amount less than the amount at which it is recorded in the consolidated annual financial report as at 5 January 2020.

Accordingly, no adjustments have been made to the financial report relating to the recoverability and classification of the asset carrying amounts or the amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.

BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Group as at the end of the reporting period. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of profit and loss and other comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-Group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

ROUNDING OF AMOUNTS

Amounts in this report have been rounded off to the nearest thousand United States dollars, except share and per share amounts.

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

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.

FOREIGN CURRENCY TRANSACTIONS

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items held at fair value are reported at the exchange rate at the date when the fair values were determined.

Exchange differences arising on the translation of monetary items are recognized in profit or loss.

Exchange differences arising on the translation of non-monetary items are recognized directly in other comprehensive income to the extent that the underlying gain or loss is directly recognized in other comprehensive income; otherwise the exchange difference is recognized in profit or loss.

CURRENT AND NON-CURRENT CLASSIFICATION

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is current when it is expected to be realized or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realized within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is current when it is expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

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 year commencing 1 January 2019.

Revised or amending Accounting Standards or Interpretations that are not yet mandatory for the year commencing 1 January 2020 have not been early adopted.

NOTE 2: CHANGES IN ACCOUNTING POLICIES

AASB 16 – Leases

Revasum has adopted AASB 16 from 1 January 2019, resulting in the Group's lease for its headquarters in San Luis Obispo, CA being recognized on the statement of financial position as a right-of-use asset. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognized in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognized lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortization) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities.

The Group has applied AASB 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under the preceding standard, AASB 117.

Where a lease is identified at inception, the Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

NOTE 2: CHANGES IN ACCOUNTING POLICIES *(CONTINUED)*

AASB 16 – Leases *(continued)*

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

On initial recognition, the carrying value of the lease liability also includes:

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the group if it is reasonably certain to assess that option; and
- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Variable lease payments are only included in measuring the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term.

Subsequently, the lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group used the following practical expedients when applying AASB 16 to leases previously classified as operating leases under AASB 117.

- Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term;
- Excluded initial direct costs from measuring the right-of-use asset at the date of initial application; and
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

Impacts on financial statements

On transition to AASB 16 on 1 January 2019, the Group recognized a right-of-use asset of $3,238,003 and a lease liability of $3,273,163, recognizing the expense of $35,160 in the current year P&L due to the immaterial value. The Group has recognized an additional depreciation charge during the period of $647,601 in relation to depreciation of the right-of-use asset, and additional finance costs of $171,988 due to interest expense on the lease liability. When measuring the lease liabilities, the Group discounted these lease payments using its incremental borrowing rate at the date of initial application of AASB 16. The rate applied was 6.0%.

	FY 5 JAN 2020 Applying AASB 16 $'000	FY 5 JAN 2020 Applying AASB 117 $'000	Movement $'000
Consolidated Statement of Profit or Loss			
Total expenses	17,210	17,101	(109)
Finance expenses	215	43	172
Depreciation	1,078	395	683
Consolidated Statement of Financial Position			
Right-of-use asset	2,590	-	2,590
Lease liabilities, current	622	3	619
Lease liabilities, non-current	2,086	26	2,060
Accumulated losses	(23,486)	(23,423)	(63)
Consolidated Statement of Cash Flows			
Cash flows used in operating activities	(8,503)	(9,260)	757
Cash flows used in financing activities	1,219	1,976	(757)

NOTE 2: CHANGES IN ACCOUNTING POLICIES *(CONTINUED)*

AASB 16 – Leases *(continued)*

Impact of adoption

AASB 16 was adopted using the modified retrospective approach and as such the comparatives have not been restated. The impact of adoption on the net loss for the period ended 5 January 2020 would have been as follows:

		1 January 2019
Operating lease commitments as at 1 January 2019 (AASB 117)	$	3,721
Operating lease commitments discount based on weighted average incremental borrowing rate of 6% (AASB 16)		(483)
Right-of-use assets (AASB 16)	**$**	**3,238**
Lease liabilities – current (AASB 16)	$	585
Lease liabilities – non-current (AASB 16)		2,688
Lease liabilities (AASB 16)	**$**	**3,273**
Increase in net loss for the period	**$**	**35**

NOTE 3. REVENUE

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

		5 Jan 2020		31 Dec 2018
Systems revenue	$	14,402	$	21,624
Service, spares and other revenue		6,105		5,653
	$	**20,507**	**$**	**27,277**

Accounting policy for revenue recognition

The Group has disaggregated revenue recognized from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

Revasum recognizes revenue from systems and spares when the Customer obtains control of the Group's product, which occurs at a point in time, typically upon leaving the Group's factory. Taxes collected from customers relating to this revenue and remitted to governmental authorities are excluded from revenues. The Group expenses incremental costs of obtaining a contract as and when incurred because the expected amortization period of the asset that the Group would have recognized is one year or less and the commission rate on the future orders, if any, is commensurate with the commission rate on the initial sale.

Revenues from systems and spares are recorded at the net sales price (transaction price), which includes estimates of variable consideration for which reserves are established and which result from discounts, returns, and other allowances that are offered within contracts between the Group and its customers.

Other revenue is recognized when the related services are performed or when the revenue is earned.

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 27, the Group has one operating segment.

NOTE 4. EXPENSES

Net loss before income tax expense includes the following specific expenses (*in thousands*):

	5 Jan 2020	31 Dec 2018
Research & development		
Salary and benefits	$ 1,335	$ 2,369
Travel	228	230
Amortization of capitalized development (Note 12)	35	-
Impairment of capitalized development (Note 12)	1,886	-
Other	2,568	1,258
	$ 6,052	**$ 3,857**
Selling & marketing		
Salary and benefits	$ 1,717	$ 1,807
Commissions and bonuses	425	448
Travel	225	328
Amortization of identified intangibles (Note 12)	108	129
Other	2,827	693
	$ 5,302	**$ 3,405**
General & administrative		
Salary and benefits	$ 2,125	$ 1,729
TSA expense	-	247
Other	2,493	406
	$ 4,618	**$ 2,382**

Accounting policy for expenses

Research costs

Expenditure on research activities, undertaken with the prospect of obtaining new technical knowledge and understanding, is recognized in the statement of profit or loss and other comprehensive income as an expense when it is incurred.

Other expenses

Other expenses are classified according to their function, as selling & marketing or general & administrative, include expenses mainly related with facilities, materials and depreciation.

NOTE 5. INCOME TAX EXPENSE

Income tax expense consists of the following (*in thousands*):

	5 Jan 2020	31 Dec 2018
Deferred tax expense	$ -	$ -
Current tax expense	6	-
Aggregate income tax expense	**$ 6**	**$ -**

NOTE 5. INCOME TAX EXPENSE *(CONTINUED)*

Effective tax rate reconciliation ***(in thousands):***

	5 Jan 2020	31 Dec 2018
Loss before income tax expense	$ (14,940)	$ (4,355)
Tax at the statutory tax rate of 21% (2018: 21%)	(3,137)	(915)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Temporary differences	(924)	(90)
Permanent differences	(45)	668
Unutilized losses carried forward	4,107	337
Income tax expense	**$** -	**$** -

Based on historical losses and the expectation of future losses, management cannot conclude that it is more likely than not that the net deferred tax assets will be fully realizable. Accordingly, the Group has provided a full valuation allowance against its net deferred tax assets for the fiscal years ended 5 January 2020 and 31 December 2018.

As of 5 January 2020, the Group had federal and state net operating loss carry forwards of approximately $24.3 million and $18.0 million (2018: federal $4.4 million and state $3.8 million), respectively, available to reduce future taxable income, if any. The net operating loss carry forwards will expire beginning 2036 for both federal and California income tax purposes.Beginning in 2018, federal net operating losses are carried forward indefinitely.

As of 5 January 2020, the Group had federal and state research credit carry forwards of $0.2 million (2018: $0.07 million) and $0.2 million (2018: $0.07 million). Federal tax credits begin to expire in 2037. The state tax credits have no expiration date.

Utilization of the net operating loss carry forwards and credits may be subject to a substantial annual limitation due to the ownership change limitations provided by the Internal Revenue Code of 1986, as amended and similar state provisions. The annual limitation may result in the expiration of net operating losses and credits before utilization.

Accounting policy for income tax

The income tax expense for the year comprises current income tax expenses and deferred tax expenses.

Current income tax expense charged to the profit or loss in the tax payable on taxable income for the current period. Current tax liabilities are measured as the amounts expected to be paid to the relevant tax authority using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realized, or the liability is settled, and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are only recognized to the extent that it is probably that future taxable profit will be available against which the benefits of the deferred tax asset can be utilized.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Critical accounting judgements, estimates and assumptions

The Group is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group recognizes liabilities for anticipated tax audit issues based on the Group's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

NOTE 6. 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):*

	5 Jan 2020	31 Dec 2018
Reconciliation of earnings used in calculating earnings per share		
Loss attributable to ordinary equity holders of Revasum, Inc.	$ (14,946)	$ (4,355)

	No. of shares	No. of shares
Reconciliation of shares used in calculating earnings per share		
Opening balance	76,508,678	727,500
Shares issued on conversion of preferred stock on IPO (4-Dec-2018)	-	45,166,110
Shares issued on exercise of warrants on IPO (4-Dec-2018)	-	7,428,570
Shares issued on conversion of promissory notes on IPO (4-Dec-2018)	-	7,829,355
Shares issued on IPO (4-Dec-2018)	-	15,357,143
Shares issued on vesting of RSUs (9-Apr-2019)	37,500	-
Shares issued on vesting of RSUs (1-Aug-2019)	37,500	-
Shares issued on vesting of RSUs (1-Nov-2019)	73,180	-
Shares issued on vesting of RSUs (27-Dec-2019)	2,893	-
Shares issued on exercise of options (16-Sep-2019)	717,390	-
Shares issued on exercise of options (18-Nov-2019)	381,300	-
Shares issued on exercise of options (27-Dec-2019)	250,000	-
	78,008,441	**76,508,678**
Weighted average number of ordinary shares	**76,839,800**	**6,540,851**
Basic and diluted loss per share	**$ (0.19)**	**$ (0.67)**

Preferred stock and 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 7. CASH AND CASH EQUIVALENTS

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

	5 Jan 2020	31 Dec 2018
Cash at bank	$ 2,789	$ 4,455
Call deposits	4,049	20,014
	$ 6,838	**$ 24,469**

The Group must keep $2.50 million liquidity at all times as per the covenants of the Bridge Bank Loan. See Note 18 for more detail.

There are no other restrictions or limitations on the use of cash and cash equivalents.

Accounting policy for cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less or that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

NOTE 7. CASH AND CASH EQUIVALENTS *(CONTINUED)*

Reconciliation of Cash Flow from Operations with net loss for the period (in thousands):

	5 Jan 2020	31 Dec 2018
Net loss for the year	**$ (14,946)**	**$ (4,355)**
Depreciation expense	430	190
Amortization expense	143	129
Impairment of intangible assets	1,886	-
Transfer of WIP to property, plant and equipment	-	(431)
Unpaid capitalized development costs	-	(59)
Share-based payment expense	1,238	267
Right of use asset – depreciation	673	-
Right of use asset – interest	172	-
Revaluation of warrants	-	3,075
Non-cash interest expense on convertible notes	-	143
Foreign exchange loss on convertible notes	-	96
Change in operating assets and liabilities		
Decrease/(increase) in trade and other receivables	6,368	(5,701)
Increase in inventories - net	(1,790)	(4,338)
(Increase)/decrease in other assets	(152)	59
(Decrease)/increase in trade and other payables	(2,186)	3,495
Increase/(decrease) in deferred revenue	213	(70)
Decrease in customer deposits	(665)	(570)
Increase in employee benefits	6	93
Increase in warranty provision	107	52
Net cash outflow from operating activities	**$ (8,503)**	**$ (7,925)**

NOTE 8. TRADE AND OTHER RECEIVABLES

Trade and other receivables consisted of the following (*in thousands*):

	5 Jan 2020	31 Dec 2018
Trade receivables	$ 712	$ 7,387
Accrued income	1,109	802
	$ 1,821	**$ 8,189**

Trade receivables past due but not impaired (*in thousands*):

Months overdue	5 Jan 2020	31 Dec 2018
1 to 3 months	$ 228	$ 1,815
4 to 6 months	-	267
7 to 9 months	16	420
Over 9 months	3	93
	$ 247	**$ 2,595**

NOTE 8. TRADE AND OTHER RECEIVABLES *(CONTINUED)*

Amounts are considered as ‘past due’ when the debt has not been settled within the terms and conditions agreed between the Group and the customer or counter party to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there are specific circumstance indicating that the debt may not be fully repaid to the Group. Trade receivables that were past due but not impaired relate to a number of independent customers for whom there is no history of default.

Accounting policy for trade and other receivables

Trade receivables are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method, less any provision for impairment. Trade receivables generally have 30 to 90 day payment terms.

Collectability of trade receivables is reviewed on an ongoing basis in accordance with the expected credit loss (“ECL”) model. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

The ECL assessment completed by the Group as at 5 January 2020 has resulted in an immaterial credit loss and no impairment allowance has been recognized by the Group (31 Dec 2018: $Nil).

Critical accounting judgements, estimates and assumptions

The provision for impairment of receivables and the ECL calculation assessment requires a degree of estimation and judgment. The level of provision is assessed by taking into account the recent sales experience, the ageing of receivables, historical collection rates and specific knowledge of the individual debtor’s financial position.

NOTE 9. INVENTORIES - NET

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

		5 Jan 2020		**31 Dec 2018**
Raw materials	$	8,510	$	7,498
Work in progress		4,196		1,682
Finished goods		-		576
Inventories - gross	**$**	**12,706**	**$**	**9,756**
Less: Provision for impairment of inventories		(2,538)		(1,378)
Inventories - net	**$**	**10,168**	**$**	**8,378**

Accounting policy for inventory

Raw materials, work in progress and finished goods are stated at the lower of cost and net realizable value on a 'first in first out' basis. Cost comprises of direct materials and delivery costs, direct labor, import duties and other taxes, an appropriate proportion of variable and fixed overhead expenditure based on normal operating capacity. Costs of purchased inventory are determined after deducting rebates and discounts received or receivable.

The Group’s inventories are concentrated in high-technology parts and components that may be specialized in nature or subject to rapid technological obsolescence. These factors are considered in estimating required reserves to state inventories at the lower of cost or net realizable value (“NRV”). NRV is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Critical accounting judgements, estimates and assumptions

The provision for impairment of inventories assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account the recent sales experience, the ageing of inventories and other factors that affect inventory obsolescence.

NOTE 10. OTHER CURRENT ASSETS

Other current assets consisted of the following (*in thousands*):

	5 Jan 2020	31 Dec 2018
Prepaid expenses	$ 392	$ 143
Advances on purchases	302	355
	$ 694	**$ 498**

NOTE 11. PROPERTY, PLANT AND EQUIPMENT - NET

Property, plant and equipment consisted of the following (*in thousands*):

	5 Jan 2020	31 Dec 2018
Leasehold improvements - at cost	$ 92	$ 46
Less: Accumulated depreciation	(25)	(6)
Leasehold improvements - net	**$ 67**	**$ 40**
Plant and equipment - at cost	$ 4,141	$ 1,114
Less: Accumulated depreciation	(574)	(178)
Plant and equipment - net	**$ 3,567**	**$ 936**
Leased equipment	$ 71	$ 126
Less: Accumulated depreciation	(17)	(68)
Leased equipment - net	**$ 54**	**$ 58**
Property, plant and equipment - net	**$ 3,688**	**$ 1,034**

Movements *(in thousands):*

	Leasehold improvements	Plant & equipment	Leased equipment	Total
Balance at 31 December 2017	**$ 11**	**$ 340**	**$ 31**	**$ 382**
Additions	33	341	58	432
Transfer to inventory – work in progress	-	(83)	-	(83)
Transfer from inventory	-	493	-	493
Depreciation expense	(4)	(155)	(31)	(190)
Balance at 31 December 2018	**$ 40**	**$ 936**	**$ 58**	**$ 1,034**
Additions	46	3,025	13	3,084
Disposals - net	-	-	-	-
Depreciation expense	(19)	(394)	(17)	(430)
Balance at 5 January 2020	**$ 67**	**$ 3,567**	**$ 54**	**$ 3,688**

Reconciliation of depreciation expense (in thousands):

	5 Jan 2020	31 Dec 2018
Depreciation allocated to research & development	$ 335	$ 174
Depreciation expensed to cost of goods sold	95	16
Total depreciation expense	**$ 430**	**$ 190**

NOTE 11. PROPERTY, PLANT AND EQUIPMENT – NET *(CONTINUED)*

Accounting policy for property, plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the assets carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Plant and equipment are depreciated, and leasehold improvements are amortized, over their estimated useful lives using the straight-line method.

The expected useful lives of the assets are as follows:

Plant & equipment	3-10 years
Leasehold improvements	over the shorter of the useful life and the remaining lease term
Leased equipment	over the shorter of the useful life and the remaining lease term

The residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date or when there is an indication that they have changed.

A carrying amount is written down immediately to its recoverable amount if the carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement profit or loss and other comprehensive income.

Critical accounting judgements, estimates and assumptions

Estimation of useful lives of assets

The Group determines the estimated useful lives and related depreciation and amortization charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortization charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

NOTE 12. INTANGIBLE ASSETS - NET

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

		5 Jan 2020		31 Dec 2018
Acquired intangible assets – at cost (a)	$	602	$	602
Less: Accumulated amortization (a)		(602)		(494)
Acquired intangible assets – net	**$**	**-**	**$**	**108**
Capitalized development costs – at cost (b)	$	8,691	$	1,428
Less: Accumulated amortization (b)		(35)		-
Less: Impairment (b)		(1,886)		-
Capitalized development costs – net	**$**	**6,770**	**$**	**1,428**
Intangible assets - net	**$**	**6,770**	**$**	**1,536**

NOTE 12. INTANGIBLE ASSETS – NET *(CONTINUED)*

(a) Acquired intangible assets (*in thousands*)

		Product Technology	Backlog	Customer Relationships	Commission Agreement	Total
Balance at 31 December 2017	**$**	**92**	**70**	**54**	**21**	**237**
Amortization expense		(24)	(70)	(14)	(21)	(129)
Balance at 31 December 2018		**68**	**$ -**	**$ 40**	**$ -**	**$ 108**
Amortization expense		(68)	-	(40)	-	(108)
Balance at 5 January 2020	**$**	**-**	**$ -**	**$ -**	**$ -**	**$ -**

Accounting policy for acquired intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangibles, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in the statement of profit or loss and other comprehensive income in the period in which the expenditure is incurred. The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

The useful economic life for each class of intangible asset disclosed above is as follows:

Product Technology	5 years
Backlog	1.5 years
Customer Relationships	5 years
Commission Agreement	1.5 years

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit or loss when the asset is de-recognized.

Critical accounting judgements, estimates and assumptions

Impairment of intangible assets

The Group assesses 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.

(b) Capitalized development costs (*in thousands*)

		Capitalized development costs
Balance at 31 December 2017	**$**	**-**
Additions		1,428
Balance at 31 December 2018		**1,428**
Additions		7,263
Amortization		(35)
Impairment		(1,886)
Balance at 5 January 2020	**$**	**6,770**

NOTE 12. INTANGIBLE ASSETS – NET *(CONTINUED)*

Accounting policy for capitalized development costs

Development costs on an individual project are recognized as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale.
- Its intention to complete and its ability and intention to use or sell the asset.
- How the asset will generate future economic benefits.
- The availability of resources to complete the asset.
- The ability to measure reliably the expenditure during the development.

Accounting policy for capitalized development costs (continued)

The costs that are eligible for capitalization of development costs are the following:

- Engineers' compensation for time directly attributable to developing the project.
- An allocated amount of direct costs, such as overhead related to the project and the facilities they occupy.
- Costs associated with testing of the product for market.
- Patents acquisition and registration costs (patents, application fees, and legal fees).
- Other direct developing costs that are incurred to bring the product to market.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. Development costs are amortized on a straight-line basis over the period of expected future sales from the related project which is 5 years. Amortization is recorded in profit or loss.

During the period of development, the asset is tested for impairment annually. At the end of the year, the Group has considered indicators of impairment of the intangible assets relating to capitalized development. The Group determined that the capitalized development costs relating to a development project which has since been postponed indefinitely should be impaired. This has resulted in an impairment charge of $1.89 million (2018: $Nil). The Group did not note any indicators of impairment relating to the other projects in progress.

Critical accounting judgements, estimates and assumptions

Capitalized development costs

The Group capitalizes development costs for a project in accordance with the accounting policy. Initial capitalization of cost is based on management's judgement that technological and economic feasibility is confirmed. In determining the amounts to be capitalized, management makes assumptions regarding the expected future cash generation of the project, discount rates to be applied and the expected period of the benefits.

NOTE 13. TRADE AND OTHER PAYABLES

Trade and other payables consisted of the following (*in thousands*):

	5 Jan 2020	31 Dec 2018
Trade payables	$ 2,112	$ 4,134
Accrued expenses	941	1,777
	$ 3,053	**$ 5,911**

Accounting policy for trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the fiscal year and which are unpaid. Due to their short-term nature they are measured at amortized cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

NOTE 14. CUSTOMER DEPOSITS

Customer deposits consisted of the following (*in thousands*):

	5 Jan 2020	31 Dec 2018
Customer deposits on sales	$ 2,077	$ 2,742
	$ 2,077	**$ 2,742**

Accounting policy for customer deposits

These amounts represent deposits for sales provided to the Group in accordance with contract terms. Due to their short-term nature they are measured at amortized cost.

NOTE 15. EMPLOYEE BENEFITS

Employee benefits consisted of the following (*in thousands*):

	5 Jan 2020	31 Dec 2018
Provision for annual leave	$ 296	$ 290
	$ 296	**$ 290**

Accounting policy for employee benefits

Provision for annual leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the balances are settled.

NOTE 16. WARRANTY PROVISION

Warranty provision consisted of the following (*in thousands*):

	5 Jan 2020	31 Dec 2018
Warranty provision	$ 290	$ 183
	$ 290	**$ 183**

Accounting policy for warranty provision

The provision represents the estimated warranty claims in respect of products sold which are still under warranty at the reporting date. The provision is estimated based on historical warranty claim information, sales levels and any recent trends that may suggest future claims could differ from historical amounts.

Critical accounting judgements, estimates and assumptions

In determining the level of provision required for warranties the Group has made judgements in respect of the expected performance of the products, the number of customers who will actually claim under the warranty and how often, and the costs of fulfilling the conditions of the warranty. The provision is based on estimates made from historical warranty data associated with similar products and services.

NOTE 17. OTHER PROVISIONS

Other provisions consisted of the following (*in thousands*):

	5 Jan 2020	31 Dec 2018
Other provisions	$ 671	$ -
	$ 671	**$ -**

Accounting policy for other provisions

The provision represents non-cancellable purchase orders for obsolete inventory that the Company has placed prior to the fiscal year end date. The inventory has not been received as at the fiscal year end date, but when received, it will be immediately written off as it relates to inventory for legacy tools for which the Company has no current demand.

NOTE 17. OTHER PROVISIONS *(CONTINUED)*

Critical accounting judgements, estimates and assumptions

In determining the level of provision required, management have performed a detailed review of the anticipated future demand for legacy tools, and where no demand was noted in the forecast, the corresponding inventory has been provided for. The provision is based on estimates of future demand for legacy tools following discussions with customers, review of the market and historical purchase orders placed by customers.

NOTE 18. BORROWINGS

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

	5 Jan 2020	31 Dec 2018
Current		
Bridge Bank Loan	$ 559	$ -
Non-current		
Bridge Bank Loan	1,372	-
	$ 1,931	**$ -**

Movements in borrowings *(in thousands):*

	5 Jan 2020	31 Dec 2018
Opening Balance	**$ -**	**$ -**
Proceeds from Bridge Bank Loan	2,500	-
Interest accrued on facility	47	-
Interest paid on facility	(47)	-
Repayment of Bridge Bank Loan Principal	(500)	-
Transaction costs of Bridge Bank Loan	(80)	-
Amortization of transaction costs	11	-
Closing Balance	**$ 1,931**	**$ -**

Bridge Bank Loan

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. As at the year end date, the Company did not have a balance drawn down on this facility.

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 of the assets of the Company.

The Company is subject to a financial covenant to maintain an Adjusted Current Ratio (ACR) of at least 1.25x at all times, to be measured monthly. ACR to be defined as unrestricted cash per balance sheet (which will be no lower than $2,500,000 at any point), plus unrestricted marketable securities, plus eligible accounts receivable per borrowing base, plus eligible inventory per borrowing base (capped at 50% of the numerator of this covenant), all divided by Current Liabilities. Current Liabilities to be defined as all liabilities denoted as current according to GAAP, excluding deferred revenue. Current liabilities also include any amounts drawn on both facility 1 & 2, whether or not denoted as a Current Liability. This covenant has been met for the whole financial period.

NOTE 18. BORROWINGS *(CONTINUED)*

The Company is also subject to a financial covenant to maintain an Adjusted Current Ratio (ACR) of at least 1.4x at all times, to be measured monthly, in order to avoid a sweep function being triggered on the working capital revolving credit line. As at the end of November 2019, the Company was not compliant with this covenant, but the ACR covenant was subsequently waived by the bank, there was also no amount drawn down on this line as at the period end date, and as such, there was no impact of non-compliance on the financial report.

Accounting policy for borrowings

Borrowings are initially valued at the fair value of consideration received net of transaction costs. They are subsequently measured at amortized cost using the effective interest method.

NOTE 19. CONTRIBUTED EQUITY

Contributed equity consisted of the following*:*

	5 Jan 2020			31 Dec 2018		
	Shares		US$'000	Shares		US$'000
Shares of Common Stock	78,008,441	$	43,407	76,508,678	$	43,154
	78,008,441	**$**	**43,407**	**76,508,678**	**$**	**43,154**

Issued capital

Shares of common stock are classified as equity.

Incremental costs directly attributable to the issue of new shares, warrants or options are shown in equity as a deduction, net of tax, from the proceeds.

Movements in common stock:

	Shares	US$'000
Balance as at 31 December 2017	**48,500**	**19**
Completion of 15:1 Share split	679,000	-
Conversion of preferred stock	45,166,110	7,200
Shares issued on conversion of warrant prior to IPO	7,428,570	6,825
Shares issued on conversion of Senior Unsecured Subordinated Convertible Promissory Note	7,829,355	8,799
Shares issued on 4 December 2018	15,357,143	22,544
Share issue costs	-	(2,233)
Balance as at 31 December 2018	**76,508,678**	**43,154**
Shares issued on vesting of RSUs (Note 21)	151,073	175
Shares issued on exercise of Options (Note 21)	1,348,690	78
Balance as at 5 January 2020	**78,008,441**	**43,407**

Terms and conditions of contributed equity

The holders of shares of common stock participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid shares of common stock have a par value of $0.0001 and the Company has a limited amount of authorized capital of 226,128,108 shares, 174,128,108 of which are designated "Common Stock" and 52,000,000 of which are designated "Common Prime Stock". As at the fiscal year end date, no Common Prime Stock was on issue.

The holders of Common Stock are entitled to one vote for each share of common stock held at the meetings of stockholders. There shall be no cumulative voting. They are also entitled to receive, when, as and if declared by the Board, out of any assets of the Company legally available therefore, any dividends as may be declared from time to time by the Board.

NOTE 19. CONTRIBUTED EQUITY *(CONTINUED)*

In connection with the Company's IPO of CHESS Depository Interests (CDIs), with each CDI representing an interest in one share of Common Stock, certain stockholders entered into an escrow agreement with the Company under which the stockholder agreed, among other things, to certain restrictions and prohibitions for a period of time (the "Lock-Up Period"), from engaging in transactions in the shares of Common Stock (including Common Stock in the form of CDIs), shares of Common Stock that may be acquired upon exercise of a stock option, warrant or other right, and shares of Common Stock that arise from such Common Stock (collectively, the "Restricted Securities").

The Restricted Securities shall automatically be converted into shares of Common Prime Stock, on a one for one basis if the Company determines, in its sole discretion, that the stockholder breached any term of the stockholder's escrow agreement or breached the official listing rules of the ASX relating to the Restricted Securities. Any shares of Common Stock converted to Common Prime Stock under these terms should be automatically converted back into shares of Common Stock, on a one for one basis, upon the earlier to occur of (i) the expiration of the Lock-Up Period in the escrow agreement or the (ii) breach of the listing rules being remedied, as applicable.

Terms and conditions of contributed equity

The holders of Preferred Stock are entitled to the number of voting rights equal to the number of shares of Common Stock into which such shares of Preferred Stock held by such holder could then be converted. The Preferred Stock holders are eligible to vote on all matters on which the Common Stock holder is entitled to vote.

NOTE 20. CAPITAL MANAGEMENT

Capital managed by the Board comprises contributed equity totaling $43.4 million (2018: $43.2 million). When managing capital, management's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity. Managed capital is disclosed on the face of the statement of financial position and comprises contributed equity and reserves.

Management may adjust the capital structure to take advantage of favorable costs of capital or higher returns on assets. As the market is constantly changing, management may issue new shares or sell assets to raise cash, change the amount of dividends to be paid to shareholders (if at all) or return capital to shareholders.

During the fiscal period ending 5 January 2020 management did not pay a dividend and does not expect to pay a dividend in the foreseeable future. The Group encourages employees to be shareholders through the 2017 Omnibus Incentive Plan (Note 21).

There were no changes in the Group's approach to capital management during the year. Risk management policies and procedures are established with regular monitoring and reporting.

Neither the Company nor its subsidiary are subject to externally imposed capital requirements.

NOTE 21. 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 nonforfeitable 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 applicable rules and regulations, including the ASX Listing Rules.

NOTE 21. 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 or replaced in the acquisition or combination will terminate, without accelerating vesting on the date of such acquisition or combination.

Subject to 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 reserve (in thousands):

		5 Jan 2020		31 Dec 2018
Options issued to directors, employee and consultants (a)	$	533	$	194
Restricted stock units ('RSUs') issued to employees and consultants (b)		874		185
Total share-based payment expense:	**$**	**1,407**	**$**	**379**

Share based payment expense (in thousands):

		5 Jan 2020		31 Dec 2018
Options issued to directors, employee and consultants (a)	$	374	$	82
Restricted stock units ('RSUs') issued to employees and consultants (b)		864		185
Total share-based payment expense:	**$**	**1,238**	**$**	**267**

(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 1 January 2018	**0.03**	**697,370**	**$**	**112**
Expense in the period		-		82
Effect of 15:1 Split on opening balance	0.44	9,763,180		-
Granted	0.24	2,760,000		-
Exercised		-		-
Forfeited		-		-
Expired		-		-
Closing balance as at 31 December 2018	**0.08**	**13,220,550**	**$**	**194**
Expense in the period		-		397
Granted	1.15	2,625,000		-
Exercised	0.03	(1,348,690)		(35)
Forfeited	0.30	(879,255)		(23)
Expired		-		-
Closing balance as at 5 January 2020	**0.28**	**13,617,605**	**$**	**533**

NOTE 21. SHARE BASED PAYMENTS *(CONTINUED)*

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 in the period ended 5 January 2020.

	Grant Date					
	3-Jan-19	**5-Feb-19**	**1-Apr-19**	**1-Apr-19**	**1-May-19**	**1-May-19**
Number of options issued	657,500	500,000	125,000	300,000	50,000	60,000
Fair value at measurement date US$	0.4883	0.5038	0.4534	0.4534	0.3682	0.3682
Share price at Grant date US$	1.26	1.30	1.17	1.17	0.95	0.95
Exercise price US$	1.26	1.30	1.17	1.17	0.95	0.95
Expected volatility %	55	55	55	55	55	55
Risk free interest rate %	2.24	2.24	2.24	2.24	2.24	2.24
Expected life of options in years	3	3	3	3	3	3
Vesting conditions	Type 1	Type 1	Type 1	Type 2	Type 1	Type 3

	Grant Date				
	1-Aug-19	**1-Aug-19**	**1-Sep-19**	**1-Sep-19**	**1-Sep-19**
Number of options issued	225,000	382,500	50,000	75,000	200,000
Fair value at measurement date US$	0.3992	0.3992	0.3876	0.3876	0.3876
Share price at Grant date US$	1.03	1.03	1.00	1.00	1.00
Exercise price US$	1.03	1.03	1.00	1.00	1.00
Expected volatility %	55	55	55	55	55
Risk free interest rate %	2.24	2.24	2.24	2.24	2.24
Expected life of options in years	3	3	3	3	3
Vesting conditions	Type 1	Type 4	Type 5	Type 1	Type 6

Vesting conditions	
Type 1	25% of the options vest on the one-year anniversary of the date of grant, with the remaining 75% vesting on a monthly basis in equal amounts over the following 36 months.
Type 2	(A) 50,000 of the shares of Common Stock on the one (1) year anniversary of the Date of Grant; (B) 145,845 shares of Common Stock monthly over the next thirty-five (35) months in equal 4,167 monthly amounts on the same day of the month as the Date of Grant; (C) 4,155 shares of Common Stock on the four (4) year anniversary the Date of Grant; (D) 50,000 of the shares of Common Stock on the date a customer pursuant to a purchase order issued by such customer to the Company formally accepts its first 200mm CMP; and (E) 50,000 of the shares of Common Stock on the date a customer pursuant to a purchase order issued by such customer to the Company formally accepts its first 300mm CMP tool.
Type 3	Options vest in equal amounts on the first four quarterly anniversaries of the date of grant.
Type 4	2/3 of the options vest on the one-year anniversary of the date of grant, with the remaining 1/3 vesting on the same date provided that certain performance criteria is met by 31 October 2019.
Type 5	(1) 50% of the Shares shall vest upon the issuance of the Company’s Fiscal Year 2019 Annual Report prior to March 31, 2020; and (2) 50% of the Shares shall vest upon the issuance of the Company’s 30 June 2020 Appendix 4D and Half Year Report prior to August 31, 2020.
Type 6	100% of the Shares shall vest upon meeting certain performance criteria prior to June 30, 2020.

NOTE 21. SHARE BASED PAYMENTS *(CONTINUED)*

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 1 January 2018	**-**	**$ -**
Expense in the period	-	185
Issued during the year	2,402,160	-
Converted during the year	-	-
Closing balance as at 31 December 2018	**2,402,160**	**$ 185**
Expense in the period	-	864
Issued during the year	150,000	-
Converted during the year	(151,073)	(175)
Closing balance as at 5 January 2020	**2,401,087**	**$ 874**

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.

Accounting policy for share-based payments

The Company provides benefits to directors, employees and consultants in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions) via the 2017 Omnibus Incentive Plan ("the Plan").

The terms of the share options are as determined by the Board. The cost of these equity-settled transactions to employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by using a Black & Scholes model.

In valuing equity-settled transactions, no account is taken of any vesting conditions, other than conditions linked to the price of the shares of the Company (market conditions) if applicable.

The cost of equity-settled transactions is recognized, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled (the vesting period), ending on the date on which the relevant employees become fully entitled to the award (the vesting date).

At each subsequent reporting date until vesting, the cumulative charge to the statement of comprehensive income is the product of (i) the grant date fair value of the award; (ii) the current best estimate of the number of awards that will vest, taking into account such factors as the likelihood of employee turnover during the vesting period and the likelihood of non-market performance conditions being met; and (iii) the expired portion of the vesting period.

The charge to the statement of comprehensive income for the period is the cumulative amount as calculated above less the amounts already charged in previous periods. There is a corresponding credit to equity.

Until an award has vested, any amounts recorded are contingent and will be adjusted if more or fewer awards vest than were originally anticipated to do so. Any award subject to a market condition is considered to vest irrespective of whether or not the market condition is fulfilled, provided that all other conditions are satisfied.

If a non-vesting condition is within the control of the Company or the employee, the failure to satisfy the condition is treated as a cancellation. If a non-vesting condition within the control of neither the Company nor employee is not satisfied during the vesting period, any expense for the award not previously recognized is recognized over the remaining vesting period, unless the award is forfeited.

NOTE 22. LEASE LIABILITIES

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

	5 Jan 2020	31 Dec 2018
Current	$ 622	$ 9
Non-current	2,086	18
	$ 2,708	**$ 27**

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	$ 378	$ 2,270	**$ 3,026**
Finance charges	(75)	(64)	(179)	**(318)**
	$ 303	**$ 314**	**$ 2,091**	**$ 2,708**

Accounting policy for lease liabilities

Where a lease is identified at inception, the Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

On initial recognition, the carrying value of the lease liability also includes:

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the group if it is reasonably certain to assess that option; and
- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Variable lease payments are only included in measuring the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term.

Subsequently, the lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

NOTE 23. COMMITMENTS

(in thousands)

	5 Jan 2020	31 Dec 2018
Operating lease commitments		
Committed at the reporting date but not recognized as liabilities, payable:		
Within one year	$ -	$ 757
One to five years	-	2,964
	$ -	**$ 3,721**

The above operating lease is now accounted for according to AASB 16, and as such is presented in Note 22 to the financial statements. Operating leases in the comparative period were accounted for in accordance with AASB 117. Please see Note 2 to the financial statements for further detail on the transition to AASB 16.

NOTE 24. 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	
		5 Jan 2020	31 Dec 2018
Revasum Australia, Inc. (1)	United States of America	100%	100%

Key management personnel

The following persons were identified as key management personnel of Revasum during the fiscal period ended 5 January 2020:

Jerry Cutini	Executive Chairman, President and CEO
Ryan Benton	Executive Director, Senior Vice President and CFO
Kevin Landis	Non-Executive Director
Paul Mirabelle	Independent Non-Executive Director
Vivek Rao	Independent Non-Executive Director

Compensation

The compensation paid to directors and key management personnel for the fiscal year ended 5 January 2020 is as follows:

	Base Salary (Gross) $	401 (K) $	Directors' Fees $	Total 5 Jan 2020 $	Total 31 Dec 2018 $
Jerry Cutini	279,595	7,421	-	**287,016**	**280,288**
Ryan Benton	252,161	7,788	-	**259,949**	**70,192**
Kevin Landis	-	-	-	-	-
Paul Mirabelle	-	-	60,000	**60,000**	**12,164**
Vivek Rao	-	-	60,000	**60,000**	**11,178**
	531,756	**15,209**	**120,000**	**666,965**	**373,822**

Share options granted to directors and other key management personnel:

	Class of underlying shares	5 Jan 2020 Number	31 Dec 2018 Number
Jerry Cutini	Common Stock	-	-
Ryan Benton	Common Stock	-	1,965,000
Kevin Landis	Common Stock	-	-
Paul Mirabelle	Common Stock	-	75,000
Vivek Rao	Common Stock	-	75,000
		-	**2,115,000**

NOTE 24. RELATED PARTY TRANSACTIONS *(CONTINUED)*

Restricted Stock Units granted to directors and other key management personnel:

	Class of underlying shares	Number	
		5 Jan 2020	31 Dec 2018
Jerry Cutini	Common Stock	-	1,271,025
Ryan Benton	Common Stock	-	976,845
		-	**2,247,870**

Transactions with related parties

Receivable from and payable to related parties

There were no 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.

Financial instrument balances held with related parties

Related party name	Nature of related party relationship	Financial instrument type	Number of instruments held 5 Jan 2020	Number of instruments held 31 Dec 2018
Firsthand Funds	Nominee director	Common stock	53,948,136	53,834,340
Jerry Cutini	Director, CEO	Common stock	220,000	120,000
Cutini Investments Pty Ltd	Common director	Common stock	85,000	-
Cutini Family Living Trust	Trustee in common	Common stock	182,625	182,625
Ryan Benton	Director, SVP & CFO	Common stock	276,795	276,795
Paul Mirabelle	Director	Common stock	30,000	30,000
Vivek Rao	Director	Common stock	22,605	22,605
			54,765,161	**54,466,365**

Share options and Restricted Stock Units held by related parties

Related party name	Nature of related party relationship	Financial instrument type	Number of instruments held 5 Jan 2020	Number of instruments held 31 Dec 2018
Jerry Cutini	Director, CEO	Stock Options	2,834,075	2,934,075
Jerry Cutini	Director, CEO	RSUs	1,271,025	1,271,025
Ryan Benton	Director, SVP & CFO	Stock Options	1,965,000	1,965,000
Ryan Benton	Director, SVP & CFO	RSUs	976,845	976,845
Paul Mirabelle	Director	Stock Options	75,000	75,000
Vivek Rao	Director	Stock Options	75,000	75,000
			7,196,945	**7,296,945**

NOTE 25. EVENTS AFTER THE REPORTING PERIOD

No matter or circumstance has arisen since 5 January 2020 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 26. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Group. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and other price risks, ageing analysis for credit risk and liquidity risk.

Risk management is carried out by senior finance executives ("Finance"). Risk management includes identification and analysis of the risk exposure of the Group and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the Group's operating units. Finance reports to the Board on a quarterly basis.

The Group financial instruments consist mainly of deposits with banks, accounts receivables and payables, financial liabilities and borrowings via the issue of convertible notes. The directors consider that the fair value of financial assets and liabilities approximates their carrying amounts.

(in thousands)

	5 Jan 2020	31 Dec 2018
Financial assets		
Cash and cash equivalents	$ 6,838	$ 24,469
Trade and other receivables	1,821	8,189
	$ 8,659	**$ 32,658**
Financial liabilities		
Trade and other payables	3,724	5,911
Customer deposits	2,077	2,742
Borrowings	1,931	-
	$ 7,732	**$ 8,653**

Liquidity Risk

Liquidity Risk arises from the possibility that the Group may encounter difficulty in settling its debt or otherwise meeting its obligations related to financial liabilities. The Group manages liquidity by monitoring forecast cash flows and ensuring that adequate liquid cash balances are maintained.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements *(in thousands):*

5 Jan 2020	Less than 6 months	6 to 12 months	Between 1 and 2 years	Total contractual cashflow
Trade and other payables	$ 3,724	$ -	$ -	**$ 3,724**
Customer deposits	2,077	-	-	**2,077**
Borrowings	141	437	1,353	**1,931**
	$ 5,942	**$ 437**	**$ 1,353**	**$ 7,732**

31 Dec 2018	Less than 6 months	6 to 12 months	Between 1 and 2 years	Total contractual cashflow
Trade and other payables	$ 5,911	$ -	$ -	**$ 5,911**
Customer deposits	2,742	-	-	**2,742**
Borrowings	-	-	-	**-**
	$ 8,653	**$ -**	**$ -**	**$ 8,653**

Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's cash and cash equivalents and receivables from customers (refer to Note 7 for further disclosure on this matter).

NOTE 26. FINANCIAL RISK MANAGEMENT *(CONTINUED)*

Cash and cash equivalents

The Group limits its exposure to credit risk by only investing in liquid securities and only with counterparties that have an acceptable credit rating.

Trade and other receivables

The Group operates primarily in developing, manufacturing and selling a portfolio of semiconductor processing equipment and has trade receivables. There is risk that these receivables may not be recovered and the Group monitors its receivables balances and collections on a monthly basis to mitigate any risk. The Group monitors the expected credit loss model and values trade and other receivables accordingly.

Currency Risk

The Group is exposed to fluctuations in foreign currencies arising from the purchase of goods and services in currencies other than the transacting entity's functional currency.

Branch operations commenced in Taiwan near the end of the year resulting in transactions being incurred in Taiwan dollars. As a result, the Group's statement of financial position can be affected by movements in the USD/TWD exchange rate when translating to the USD functional currency, however this is considered negligible.

NOTE 27. 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):*

	5 Jan 2020	**31 Dec 2018**
Asia	$ 9,945	$ 17,047
North America	6,887	6,346
Europe	3,675	3,884
	$ 20,507	**$ 27,277**

The following customers accounted for more than 10% of revenues:

Customer A	35%	31%
Customer B	13%	4%
Customer C	12%	7%
Customer D	-%	18%
	60%	**60%**

NOTE 28. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The Group has no material contingent liabilities or contingent assets as at 5 January 2020 (31 Dec 2018: $Nil).

NOTE 29. AUDITOR'S REMUNERATION

During the fiscal year, the following fees were paid or payable for audit services provided by BDO:

	5 Jan 2020	31 Dec 2018
Audit services		
Audit or review of financial statements – BDO East Coast Partnership	$ 178,000	$ 152,980
Other services – BDO		
Taxation services	-	38,803
Due diligence services related to Initial Public Offering	-	232,658
	$ 178,000	**$ 424,441**

NOTE 30. PARENT ENTITY INFORMATION

(in thousands)

	Note	5 Jan 2020	31 Dec 2018
Current assets		$ 19,521	$ 41,534
Non-current assets		13,106	2,672
Total assets		**$ 32,627**	**$ 44,206**
Current liabilities		7,841	9,195
Non-Current liabilities		3,458	18
Total liabilities		**$ 11,299**	**$ 9,213**
Net Assets		**$ 21,328**	**$ 34,993**
Contributed equity	19	$ 43,407	$ 43,154
Share based payment reserve	21	1,407	379
Accumulated losses		(23,486)	(8,540)
Total shareholders' equity		**$ 21,328**	**$ 34,993**
Profit or loss of the parent entity		**$ (14,946)**	**$ (4,355)**
Total comprehensive income of the parent entity		**$ (14,946)**	**$ (4,355)**

Guarantees entered into by the parent entity

No guarantees have been entered into by the parent entity during FY2019 or FY2018.

Commitments and contingent liabilities of the parent entity

The parent entity did not have any commitments or contingent liabilities as at 31 December 2018 or 5 January 2020.

DIRECTORS' DECLARATION FOR THE FISCAL YEAR ENDED 31 DECEMBER 2018

In accordance with a resolution of the directors of Revasum, Inc., the directors of the Company declare that:

1. The financial statements and notes thereto, are in accordance with Australian Accounting Standards;

2. The financial statements and notes thereto, give a true and fair view of the Group's financial position as at 5 January 2020 and of the performance for the period 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

Jerry Cutini
Executive Chairman, President and Chief Executive Officer
28 February 2020
San Luis Obispo, California, USA

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INDEPENDENT AUDITOR'S REPORT

To the members of Revasum, Inc.

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Revasum, Inc. (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 5 January 2020, 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 period 1 January 2019 to 5 January 2020, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with Australian Accounting Standards, including:

(i) Giving a true and fair view of the Group's financial position as at 5 January 2020 and of its financial performance for the period ended on that date; and
(ii) Complying with Australian Accounting Standards.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit 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* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 1 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Revenue Recognition

Key audit matter	*How the matter was addressed in our audit*
As disclosed in Note 3, the Group recognised revenue of $20.5 million for the period ended 5 January 2020 (2018: $27.3 million). The recognition of revenue was considered as a key audit matter as it is a key performance measure; and there is significant judgement in recognising revenue in accordance with AASB 15: Revenue from Contracts with Customers, specifically, in determining when performance obligations are met.	We evaluated revenue recognition in accordance with AASB 15: Revenue from Contracts with Customers. Our procedures, included, amongst others: • Evaluating the revenue recognition policies for all material sources of revenue and ensured that revenue was being recognised appropriately, in line with Australian Accounting Standards and per the policies disclosed within Note 3; • Ensured that revenue was recognised in accordance with the requirements of AASB 15's 5 step model. Substantively tested a sample of revenue transactions throughout the financial period and evaluated whether performance obligations (shipment and installation) had been met and revenue recognised in the correct period; and • Testing revenue transactions immediately prior and subsequent to 5 January 2020 to goods delivered documentation to ensure transactions are recorded in the correct financial period.

Valuation of Inventory

Key audit matter	*How the matter was addressed in our audit*
As at 5 January 2020, the carrying value of the Group's inventory was $10.2 million (2018: $8.4 million) as disclosed in Note 9 of the financial report. Inventory was identified as a key audit matter due to the material value of the balance and critical estimates and judgements required by management in determining the provision for impairment of inventory.	In assessing the recoverable value of the Group's inventory, we undertook, amongst others, the following audit procedures: • Attended the period end stock-take in order to validate the quantity and condition of inventories held; • Agreed the unit cost for a sample of raw materials, work-in-progress and finished goods to supporting documentation; • Evaluated the inventory cost methodology for work-in-progress applied by management; • Selected a sample of inventory items to ensure inventory was recorded at the lower of cost and net realisable value, by reference to recent sales; and • Evaluated the inventory obsolescence provision through consideration of management's judgements and estimates based on recent stock movement, analysis of forward orders, composition of inventory on hand, historic sales and repair costs.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the period ended 5 January 2020, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (http://www.auasb.gov.au/Home.aspx) at:

http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf

This description forms part of our auditor's report.

BDO East Coast Partnership

BDO

Gareth Few

Gareth Few

Partner

Sydney, 28 February 2020

ADDITIONAL SHAREHOLDER INFORMATION

SHAREHOLDER INFORMATION AS AT 12 FEBRUARY 2020

Shareholder Information required by the Australian Securities Exchange Limited (ASX) Listing Rules and not disclosed elsewhere in the Report is set out below.

In accordance with the 3rd edition ASX Corporate Governance Council's Principles and Recommendations, the 2019 Corporate Governance Statement, as approved by the Board, is available on the Company's website at: www.investors.revasum.com/investor-centre/. The Corporate Governance Statement sets out the extent to which Revasum has followed the ASX Corporate Governance Council's 29 Recommendations during the 2019 financial year.

The Company has issued a total of 78,008,441 Shares of common stock (**Shares**) which equates to 78,008,441 Chess Depository Receipts (**CDIs**). 1 CDI represents the beneficial interest in 1 Share. As at the date of this report, 32,006,088 CDIs are issued and held by 509 CDI Holders which represents 32,006,088 Shares. 46,002,353 Shares are held by 17 shareholders who have not elected to hold Company securities in the form of CDIs.

1. Substantial shareholders

<u>Chess Depositary Interests</u>

The number of securities held by substantial shareholders and their associates as advised to the ASX are set out below:

Name	Number Shares	Number CDIs	%
Perennial Value Management Limited	10,274,207	10,274,207	13.29

<u>Fully Paid Ordinary Shares of Common Stock</u>

Name	Number Shares	%
Firsthand Venture Investors	43,094,735	93.68

2. Number of security holders and securities on issue

Revasum has issued the following securities:

(a) 46,002,353 fully paid ordinary shares held by 17 shareholders;
(b) 32,006,088 CDIs held by 509 CDI holders;
(c) 13,617,605 unquoted options held by 45 option holders; and
(d) 2,401,087 unquoted restricted stock units held by 5 restricted stock unit holders.

Details of the Top 20 Shareholders are set out in section 6 below.

3. Voting rights

<u>Ordinary shares</u>
At a meeting of the Company's stockholders, every stockholder present, in person or by proxy is entitled to one vote for each share held on the record date for the meeting on all matters submitted to a vote of stockholders.

<u>CDIs</u>
CDI holders will be entitled to one vote for every one CDI they hold on the record date for the meeting on all matters submitted to a vote of stockholders.

<u>Options</u>
Option holders do not have any voting rights on the options held by them.

Restricted stock units

Restricted stock unit holders do not have any voting rights on the restricted stock units held by them.

4. Distribution of security holders

Category	Fully Paid Shares of Common Stock		
	Total Shareholders	Number of Shares	%
1 - 1,000	-	-	-
1,001 - 5,000	-	-	-
5,001 - 10,000	-	-	-
10,001 - 100,000	9	624,588	1.36
100,001 and over	8	45,377,765	98.64
Total	**17**	**46,002,353**	**100.00**

Category	Chess Depositary Interests (CDIs)		
	Total CDI Holders	Number of CDIs	%
1 - 1,000	113	63,787	0.20
1,001 - 5,000	161	457,830	1.43
5,001 - 10,000	67	560,935	1.75
10,001 - 100,000	153	4,621,317	14.44
100,001 and over	15	26,302,219	82.18
Total	509	32,006,088	100.00

Category	Unquoted Options		
	Total Option Holders	Number of Options	%
1 - 1,000	-	-	-
1,001 - 5,000	-	-	-
5,001 - 10,000	-	-	-
10,001 - 100,000	32	1,187,500	8.72
100,001 and over	13	12,430,105	91.25
Total	**45**	**13,617,605**	**100.00**

Note that the Unlisted Options as stated above have various exercise prices and expiry dates.

Category	Restricted Stock Units		
	Total Option Holders	Number of Options	%
1 - 1,000	-	-	-
1,001 - 5,000	-	-	-
5,001 - 10,000	-	-	-
10,001 - 100,000	2	37,500	1.56
100,001 and over	3	2,363,587	98.44
Total	**5**	**2,401,087**	**100.00**

5. Unmarketable parcel of shares

The number of CDI Holders holding less than a marketable parcel of CDIs (being AU$500) is 70 based on the Company's closing CDI price of A$0.71, on 12 February 2020.

6. Twenty largest shareholders of quoted equity securities

<u>Chess Depositary Interests</u>

Details of the 20 largest CDI Holders by registered CDI holding are as follows.

	Name	No. of CDIs	% of CDIs on issue
1	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	12,301,881	38.44
2	BNP PARIBAS NOMS PTY LTD <DRP>	2,396,043	7.49
3	CITICORP NOMINEES PTY LIMITED <DOMESTIC HIN A/C>	2,318,735	7.24
4	NATIONAL NOMINEES LIMITED	1,930,791	6.03
5	FIRSTHAND VENTURE INVESTORS	1,673,295	5.23
6	WASHINGTON H SOUL PATTINSON AND COMPANY LIMITED	1,450,000	4.53
7	BNP PARIBAS NOMINEES PTY LTD	1,350,323	4.22
8	WASHINGTON H SOUL PATTINSON AND COMPANY LIMITED	946,935	2.96
9	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	849,566	2.65
10	TRIPLE IMAGE FILMS PTY LIMITED	312,250	0.98
11	APPWAM PTY LTD	225,000	0.70
12	MR PAUL MASI + MRS ANNE MASI	216,090	0.68
13	MR NISCHAL DINESH JEENA	124,000	0.39
14	EKE HOLDINGS PTY LTD	106,270	0.33
15	MORNINGSIDE HEIGHTS PTY LTD	101,040	0.32
16	JONROBBO PTY LIMITED	100,000	0.31
16	PROLL INVESTMENTS PTY LTD	100,000	0.31
17	JERRY CUTINI	90,435	0.28
18	TEALBERTH PTY LIMITED	87,500	0.27
19	CUTINI INVESTMENTS PTY LTD	85,000	0.27
19	MR WILLIAM BLAIR HEALY	85,000	0.27
19	LIBERTY INVESTING PTY LTD	85,000	0.27
20	THIRTY SIXTH KANCHING NOMINEES PTY LTD	80,000	0.25
	Total	**27,015,154**	**84.41**
	Balance of register	**4,990,934**	**15.59**
	Grand total	**32,006,088**	**100.00**

ADDITIONAL SHAREHOLDER INFORMATION

Fully Paid Ordinary Shares of Common Stock

Details of the Shareholders by registered shareholding are as follows.

	Name	No. of Shares	%
1	Firsthand Venture Investors	43,094,735	93.68
2	Pat O'Connor	793,890	1.73
3	Belinda Reyna	457,800	1.00
4	Ryan Benton	276,795	0.60
5	Wilbur Charles Krusell 2013 Supplemental Trust	223,515	0.49
6	Jerry Cutini	220,000	0.48
7	Kevin Crofton	184,530	0.40
8	Sarah Okada	126,500	0.27
9	Dennis Riccio	100,000	0.22
10	Rutgers Chow	92,265	0.20
10	Cutini Family Living Trust	92,265	0.20
11	Eric Jacobson	76,500	0.17
11	Bill Kalenian	76,500	0.17
12	Riya LLC	56,250	0.12
13	Bryan Benton	46,125	0.10
14	Oak Ventures L P	46,110	0.10
15	Keith Tainsky	38,573	0.07
	Total	**46,002,353**	**100.00**
	Balance of register	**-**	**-**
	Grand total	**46,002,353**	**100.00**

7. Ryan Benton is the Company Secretary appointed under Delaware General Corporation Law.

The Company has not formally appointed an Australian Company Secretary. Ms Naomi Dolmatoff has been appointed as the Company's ASX Representative pursuant to ASX Listing Rule 12.6.

8. The address and telephone number of the Company's registered office in Australia; and of its principal administrative office.

The Company's registered office in the USA is:
C/O Incorporating Services Ltd, 3500 South Dupont Highway, Dover, Delaware 19901 USA

The Company's Principal place of business is:
825 Buckley Road, San Luis Obispo, CA, 93401 United States.
T: +1 (805) 541 6424

The Company's registered Australian office is:
Company Matters Pty Ltd
Level 12, 680 George Street, Sydney NSW 2000
T: +61 (02) 8280 7355

9. The address and telephone number of each office at which a register of securities, register of depositary receipts or other facilities for registration of transfers is kept.

Link Market Services
Level 12, 680 George Street
Sydney NSW 2000 Australia
T: +61 1300 554 474

American Stock Transfer & Trust Company, LLC
6201, 15^{th} Avenue
Brooklyn, NY 11219
T: +1 (718) 921-8386

10. The Company's Securities are not traded on any other exchange other than the ASX.

11. The number and class of restricted securities or securities subject to voluntary escrow that are on issue and the date that the escrow period ends is set out as follows:

Class	**Number of Securities**	**Escrow Period**
ASX Restricted – shares	45,788,772	To be held in escrow for 24 months from the date of commencement of official quotation.
ASX Restricted – unquoted options	7,196,945	To be held in escrow for 24 months from the date of commencement of official quotation.
Voluntary Restricted - shares	417,820	To be held in escrow for 24 months from the date of commencement of official quotation.
Voluntary Restricted – unquoted options	5,519,932	To be held in escrow for 24 months from the date of commencement of official quotation.

Note: Official quotation of the Company's CDIs occurred on 4 December 2018

12. Review of operations and activities
A detailed review of operations and activities is reported in the Annual Report for the period ending 5 January 2020.

13. On market buy-back
There is no current on market buy-back.

14. Statement regarding use of cash and assets.
During the period between 1 January 2019 and 5 January 2020, the Company has used its cash and assets readily convertible to cash that it had at the time of ASX admission in a way consistent with its business objectives set out in the Prospectus dated 9 November 2018.

15. Other
Revasum is not subject to Chapters 6, 6A, 6B and 6C of the Corporations Act 2001 (Cth) dealing with the acquisition of its shares (including substantial holdings and takeovers).

Revasum™

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