APPENDIX 4E – PRELIMINARY FINAL REPORT FOR THE PERIOD ENDED 3 JANUARY 2021

1. Company Details

Name of entity: Revasum, Inc.
ARBN: 629 268 533
Reporting Period: Fiscal period ended 3 January 2021
Previous Corresponding Period: Fiscal period ended 5 January 2020

2. Results for Announcement to the Market

	3 Jan 2021 US$'000	5 Jan 2020 US$'000	Movement Up/(Down) US$'000	%
Revenue from ordinary activities	15,368	20,507	(5,139)	(25%)
Gross profit	4,888	2,291	2,597	113%
Operating loss	(8,927)	(14,919)	5,992	40%
Loss from ordinary activities after tax attributable to members of the parent entity	(9,156)	(14,946)	5,790	39%

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 3 January 2021 (2020: $Nil).

5. Net Tangible Assets per share:

	3 Jan 2021	5 Jan 2020
Net tangible assets per share (US$ per share)	0.08	0.15

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 3 January 2021 has been subject to audit by our external auditors, BDO Audit Pty Ltd. A copy of the independent audit report to the members of Revasum, Inc. is included in the accompanying annual report.

Ryan Benton ***(Company Secretary)***
1 March 2021

REVASUM, INC.

A DELAWARE CORPORATION
ARBN 629 268 533

ANNUAL FINANCIAL REPORT
FOR THE PERIOD ENDED
3 JANUARY 2021

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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

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

Company Secretary

Ryan Benton

Australian Securities Exchange Representative

Danny Davies

United States Registered Office

c/o Incorporating Services Ltd
3500 South Dupont Highway
Dover, Delaware 19901 USA

Australian Registered Office

c/o Company Matters Pty Limited
Level 12, 680 George Street
Sydney, NSW 2000 Australia

United States Legal Adviser

Troutman Pepper Hamilton 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.

CHAIRMAN'S LETTER

Fellow Shareholders,

The past fiscal year has shown just how quickly the world can change. Twelve months ago, when the last Annual Report was presented, no one could have predicted just how disruptive the COVID-19 virus would be to our day to day lives, or the impact the pandemic would have on the global economy.

Companies were forced to act rapidly to ensure the health and safety of their employees, while trying to maintain business continuity. I would like to acknowledge the efforts and professionalism of everyone at Revasum in dealing with the challenges faced this year to ensure the wellbeing of our colleagues and the company.

I am proud and buoyed about the year of progress Revasum has had. For Revasum, the disruptions to global supply chains resulted in delays in receipt of critical components for our products. Despite the challenges, the Revasum team delivered all equipment on time in the second half of the year.

The extensive design and engineering work we have delivered over the year has placed the Company in good stead for a new phase of growth and to capitalise on the unprecedented demand we are now seeing in the global silicon carbide market.

The biggest milestone in the year was the first shipment of our flagship 6EZ Silicon Carbide (SiC) Single-Wafer Polisher ("6EZ") to a major global semiconductor wafer manufacturer for a 6-month evaluation program. The polisher was shipped to the manufacturer's US location.

Demand for SiC products is experiencing exponential growth due to SIC's superior semiconductor properties. The 6EZ grinds and polishes SiC wafers of up to 200mm – a wafer size increasingly in demand by the SIC market for its improved performance. Our technology is a critical part of the supply chain for the manufacture of electric vehicles, 5G and solar products. Those end markets are currently some of the highest growth markets globally. In 2019, the global silicon carbide market was valued at US$2.52 billion, and is expected to post a compound annual growth rate of nearly 16.1% from 2020 to 2027[1].

We are one of the only companies in the world with grinding and polishing technology designed specifically for silicon carbide. We believe we have brought our ground-breaking technology to market at the optimum time to capitalize on this demand. To that end, we expect an increase in orders for the 6EZ, and its qualification and commercialisation is a significant focus for us in the current year.

Our business performed well in the second half of FY2020, driven by margin improvements and significant cuts in discretionary spending. The global pandemic resulted in some delays in capital spend by customers, which had a negative influence on Revasum's overall revenue. In 2H20, we reported a 37% increase in revenues to US$8.9 million, up from US$6.5M in 1H20. Overall, total revenue for the financial year was US$15.4 million, while gross margins increased to 31.8%, up from 11.2% in FY19. The EBITDA outcome for FY20 was a loss of US$7.4 million, compared to a US$13.7 million loss in FY19, while we delivered an EBITDA loss of just US$0.1 million in the second half.

We finished the financial year with US$1.4 million in the bank, and cash outflows were cut to US$5.5 million from US$17.6 million the year before.

We have started 2021 with a stronger balance sheet and ready to provide working capital courtesy of a US$6.1 million fully underwritten Entitlement Offer, launched in early February.

It was pleasing to see our two major shareholders, Firsthand Venture Investors and Perennial, take up their full entitlements, while we also welcome several new institutional investors to our register.

The strong show of support enables us to execute on our growth plan to commercialize and drive further sales of the 6EZ, and to invest in the development of the next generation SiC grinder.

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[1] Grand View Research https://www.grandviewresearch.com/

CHAIRMAN’S LETTER

We have a strong leadership in place to enable us to meet our business goals and we are going to continue to build our executive team in the months ahead.

Finally, I would like to take this opportunity to thank the Board and management team, our staff, and our suppliers for their continued hard work throughout the year. We look forward to updating you on further progress.

Vivek. M. Rao

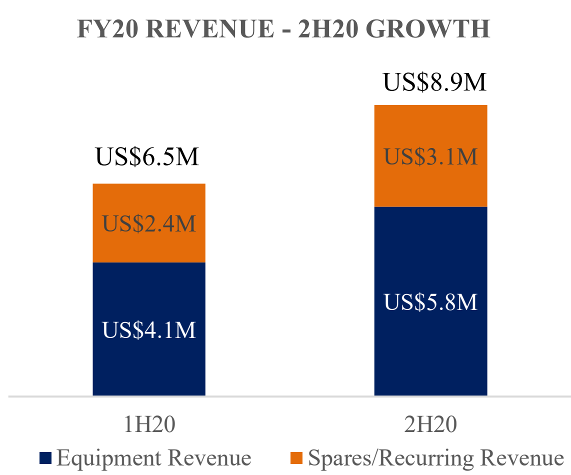
Vivek Rao
Chairman and Independent Non-Executive Director
1 March 2021
San Jose, California, USA

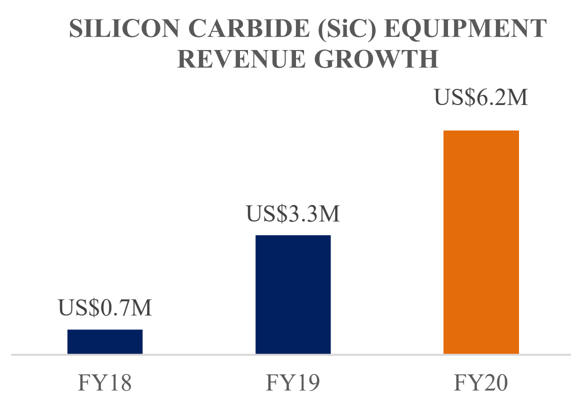
OPERATIONAL UPDATE

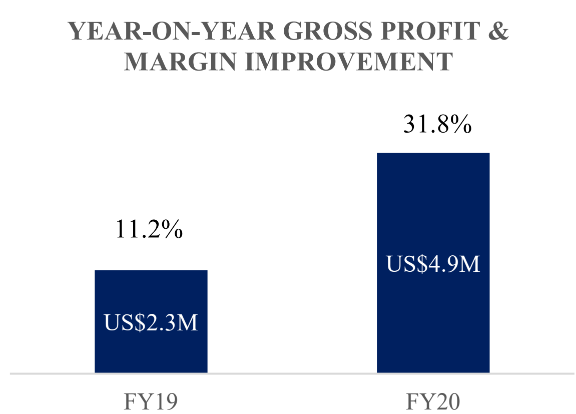
FISCAL PERIOD ENDED 3 JANUARY 2021 HEADLINES

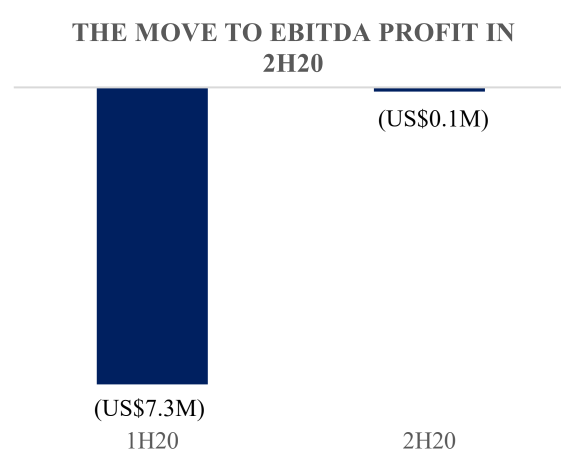
- **Total revenue US$15.4M (2019: US$20.5M)**
- **Gross margin improvement to 31.8% (2019: 11.2%)**
- **EBITDA loss of US$7.4M (2019: US$13.7M loss) following aggressive reduction in discretionary spend**
- **First 6EZ Silicon Carbide (SiC) Wafer Polisher (“6EZ”) shipped to major global semiconductor wafer manufacturer for a 6-month evaluation program**
- **COVID-19 caused delays in customer capital deployment in FY20**
- **Company saw strong improvement in performance in 2H20**
- **Company buoyed by renewed customer interest and demand for SiC Equipment**
- **SiC market poised for exponential growth in 2021 with significant capital investments**

KEY METRICS









OPERATIONAL UPDATE

Ongoing Innovation in Cutting-Edge Technology

During FY20 the Company's strategic focus was on bringing its new flagship 6EZ Silicon Carbide (SiC) Wafer Polisher ("6EZ") to market. The first 6EZ was shipped to a major global semiconductor wafer manufacturer in the United States in Q420 for a 6-month evaluation program. The customer evaluation represents the next major step in commercialization of the 6EZ. The first shipment of the cutting-edge technology has led to further customer interest as the industry transitions from 150mm to 200m wafers, necessitating the industry's move away from batch polishing.

Revasum is one of only two companies in the world with this technology and Management believes the timing of the release of this ground-breaking technology will be transformative for the Company. Silicon Carbide demand is growing exponentially around the globe, and Revasum has the perfect opportunity to capitalize on this trend. Per YOLE estimates, SiC Device Market Revenue is estimated to grow from US$420M in 2018 to US$1.93B in 2024.

Alongside the development on the 6EZ, the Company has also continued to invest in enhanced features for its 7AF-HMG Grinder ("7AF"). The 7AF provides superior performance for the most challenging materials, including Sapphire and Silicon Carbide. One key enhancement developed during FY20 is the Recipe Controlled Head Angle ("RCHA"), which combined with advanced software features, enables repeatable machine control of the critical alignment between grind wheel and wafer. The first two 7AF-HMGs with this patented technology shipped to customer sites during 2020.

Impact of COVID-19 Global Pandemic

The year was impacted by events beyond Revasum's control. COVID-19 impacted the overall global supply chain, with delays in delivery of critical components. The team at Revasum worked diligently to compensate for these delays and still achieved on-time deliveries for all equipment in 2H20. The global pandemic also delayed commitment to capital spend by customers, which had a negative influence on Revasum's revenue. The Company has seen a shift in this as we have entered the new year, with an increase in customer activity.

During the year, Revasum received loan proceeds of US$2.2M under the Paycheck Protection Program ("PPP"). The PPP was established as part of the US Coronavirus Aid, Relief and Economic Security Act ("CARES Act"). The Company has applied for full forgiveness of the loan and is awaiting a response from the SBA on this matter.

Financial Results

Revasum's results for FY20 show total revenue of US$15.4M, a decrease of 25% compared to US$20.5M in FY19. This was primarily as a result of weaker customer demand during the early months of COVID-19. The Company saw a 37% increase in 2H20 revenues to US$8.9M, from US$6.5M in 1H20. This was due to an increase in both equipment revenue and spares/other recurring revenue. During the second half of the year, the Company shipped 9 tools, up from 7 tools during the first half. Spares and other recurring revenue increased by 23% during the second half of the year as customers look to build their spare parts inventory in anticipation of a ramp-up in activity during 2021.

The Company results show a 31.8% gross margin for FY20, increased from 11.2% in FY19. One key factor increasing the margin in the year was the movement of the Company's supply chain to more domestic vendors, resulting in a significant decrease in export duties incurred. The improvements are also due to a drive to utilize slow-moving inventory purchased in the prior financial year, where the value had been written down, and the product mix for the year.

Revasum's results show an FY20 EBITDA loss of US$4.4M (2019: US$11.8M loss). This is a US$7.4M or 63% improvement year-on-year. The Company delivered an EBITDA profit of US$0.2M in the second half of 2020, driven by the improvement in gross margins and an aggressive reduction in discretionary spend.

The Company closed the financial year with a cash balance of US$1.4M (2019: US$6.8M), with debt drawn on the Bridge Bank working capital line of US$1.0M (2019: US$1.9M drawn on the Bridge Bank Term Loan). Total cash outflows for the year were reduced to US$5.5M, from US$17.6M in the previous financial year.

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 3 January 2021 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:

Ryan Benton Non-Executive Director (CFO, SVP & Executive Director 4 Jan 2020 – 31 Oct 2020)

Kevin Landis Non-Executive Director

Paul Mirabelle Independent Non-Executive Director

Vivek Rao Chairman & Independent Non-Executive Director (Appointed Chairman 18 August 2020)

Jerry Cutini Chairman, CEO & Executive Director (Removed as Chairman 18 August 2020, resigned as CEO and Executive Director on 29 December 2020)

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 3 January 2021 decreased by 25% to $15.37 million (5 Jan 2020: $20.51 million), including systems revenue of $9.88 million (5 Jan 2020: $14.40 million).

For the period ended 3 January 2021, the net operating loss was $9.16 million (5 Jan 2020: $14.95 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 3 January 2021 was $9.16 million (5 January 2020: $14.95 million) and the consolidated entity's net cash outflows from operating activities for the period ended 3 January 2021 were $5.49 million (5 January 2020: $8.50 million). As at the fiscal period end date, the consolidated entity has net current assets of $5.26 million (5 January 2020: $11.68 million) and total net assets of $11.99 million (5 January 2020: $21.33 million).

On 4 March 2020, Governor Newsom declared a State of Emergency in California in response to the COVID-19 pandemic. Whilst the Company was designated as an essential business, allowing it to continue to operate, the pandemic has impacted the Company's global supply chain, resulting in delays in delivery of critical parts. COVID-19 has also resulted in Companies delaying their capital spend which has impacted the timing of bookings for equipment sales.

Since the Company's IPO and ASX listing in 2018, the Group has been undertaking a significant development project for the new 6EZ Silicon Carbide Polisher. 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 purchase order for the new system, despite having one placed for a 6 month evaluation period.

Despite the consolidated entity's loss after income tax and net cash outflows from operating activities for the period, at the date of this report, the Directors are of the opinion that there are reasonable grounds to expect that the Group 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.

On 26 January 2021, the Company received loan proceeds of US$1,165,370 ("PPP Loan") under the Paycheck Protection Program ("PPP"). This is in addition to the US$2,213,000 received during fiscal year 2020. The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), provides for loans to qualifying businesses for amounts up to 2.5 times the average monthly payroll expenses of the qualifying business, calculated as provided under the PPP.

GOING CONCERN *(CONTINUED)*

The PPP Loan is evidenced by a promissory note ("Note") given by the Company as borrower to Western Alliance Bank, an Arizona Corporation, as the lender. The PPP Loan is unsecured and is guaranteed by the U.S. Small Business Administration. The interest rate on the Note is 1.0% per annum. Any unforgiven portion of the PPP Loan is repayable in accordance with PPP rules. The Company is permitted to prepay the Note at any time without payment of any premium.

Prior to year-end the Company has applied to the U.S. Small Business Administration for forgiveness of the $2.2m PPP Loan proceeds received during the financial year. The Company has complied with all requirements of the CARES Act and the Directors are of the opinion the loan will be forgiven.

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

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

During the second half of the year, the Group undertook significant operational cost reduction activities, including a reduction in headcount which resulted in improved operating cash outflows. These cost reductions are expected to continue in the subsequent financial period.

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 3 January 2021 and the Company does not intend to pay any dividends for the fiscal period (5 Jan 2020: $Nil).

PRESENTATION CURRENCY

The functional and presentation currency of the Group is United States Dollars. The financial report is presented in United States Dollars with all references to dollars, cents or $'s in these financial statements presented in US currency, unless otherwise stated.

ROUNDING OF AMOUNTS

Unless otherwise stated, amounts have been rounded to the nearest thousand United States Dollars.

JURISDICTION OF INCORPORATION

The Company is incorporated in the State of Delaware, United States of America and is a registered foreign entity in Australia. As a foreign company registered in Australia, the Company is subject to different reporting and regulatory regimes than Australian companies.

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

On 26 January 2021, the Company received loan proceeds of US$1,165,370 ("PPP Loan") under the Paycheck Protection Program ("PPP"). This is in addition to the US$2,213,000 received during fiscal year 2020. The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), provides for loans to qualifying businesses for amounts up to 2.5 times the average monthly payroll expenses of the qualifying business, calculated as provided under the PPP

The PPP Loan is evidenced by a promissory note ("Note") given by the Company as borrower to Western Alliance Bank, an Arizona Corporation, as the lender. The PPP Loan is unsecured and is guaranteed by the U.S. Small Business Administration. The interest rate on the Note is 1.0% per annum. Any unforgiven portion of the PPP Loan is repayable in accordance with PPP rules. The Company is permitted to prepay the Note at any time without payment of any premium.

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

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

No other matter or circumstance has arisen since 3 January 2021 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future fiscal years.

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 listed on the ASX, seeks to achieve substantive compliance with the governance recommendations set out in the 'Corporate Governance Principles and Recommendations 4th 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

Options to acquire shares and restricted stock units to be issued shares ("RSUs") 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 20 to the financial statements.

DIRECTORS' REPORT

SECURITIES ON ISSUE

The Company has the following securities on issue as at 3 January 2021:

Shares of common stock	78,998,473 (of which 32,823,693 are held as CDIs)
Options to acquire shares of common stock	11,132,805
Restricted Stock Units	1,596,639

INFORMATION ON DIRECTORS

Ryan Benton
Non-Executive Director

Experience and expertise: Ryan joined Revasum as CFO in September 2018 bringing over 25 years of finance, operations, and transaction experience. Ryan resigned from this role in November 2020, and now serves as CFO of Tempo Automation. 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: None.

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

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
Chairman and 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: Chairman of the Board.
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, options and RSUs, held directly or indirectly:

	Direct		Indirect	
	Common Stock	**Options/RSUs**	**Common Stock**	**Options/RSUs**
Ryan Benton	276,795	2,290,614	-	-
Kevin Landis	-	-	-	-
Paul Mirabelle	30,000	75,000	-	-
Vivek Rao	22,605	75,000	-	-
	329,400	**2,440,614**	**-**	**-**

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 3 January 2021 were:

- Jerry Cutini Chief Executive Officer *(resigned 29 Dec 2020);*
- Ryan Benton Chief Financial Officer (*resigned 31 Oct 2020*); and
- Rebecca Shooter-Dodd Chief Financial Officer (*appointed 1 Nov 2020 – present*).

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:

COMPONENTS OF EXECUTIVE COMPENSATION *(CONTINUED)*

Jerry Cutini – Chief Executive Officer (resigned 29 December 2020)

Mr. Cutini received a fixed remuneration package US$275,000 per annum. Mr. Cutini was 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. 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.

On 29 December 2020, Mr. Jerry Cutini resigned his employment with the Company as President and Chief Executive Officer. Mr. Cutini continues to assert that he resigned for "Good Reason," as defined in his employment agreement. In line with his employment contract, upon resignation, Mr. Cutini automatically relinquished his position as a director of the Company.

Following Jerry Cutini's resignation as President and CEO, the Company received a Demand for Arbitration from Mr. Cutini. Notwithstanding that Mr. Cutini signed a release of claims against the Company, he asserts various claims against the Company with respect to his employment and is seeking certain severance benefits together with unspecified amounts of damages and associated costs.

Whilst the Company has disputed and continues to dispute the basis of all claims and intends to defend these in full, such proceedings could cause Revasum to incur unforeseen expenses, occupy a significant amount of Management's time and attention and could negatively affect the Company's business operations and financial position.

Ryan Benton – Senior Vice President & Chief Financial Officer (resigned 31 October 2020)

Mr. Benton received a fixed remuneration package US$250,000 per annum. Mr. Benton was 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.

On 31 October 2020, Mr. Ryan Benton resigned as Senior Vice President and Chief Financial Officer. He has maintained his Board position as a Non-Executive Director. On transition to Non-Executive Director, the Company entered into an agreement with Mr. Benton whereby he is entitled to receive US$60,000 per annum for his role as a non-executive director.

COMPONENTS OF EXECUTIVE COMPENSATION *(CONTINUED)*

Rebecca Shooter-Dodd – Chief Financial Officer (appointed 1 November 2020)

Ms. Shooter-Dodd received a fixed remuneration package US$200,000 per annum. Ms. Shooter-Dodd was 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.

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 3 January 2021:

Executive Officer	Base Salary (Gross $)	Cash Bonus $	401(K) $	Total $
Jerry Cutini	$ 154,120	-	$ 1,503	$ 155,623
Ryan Benton	128,231	-	1,583	129,814
Rebecca Shooter-Dodd	43,461	27,000	-	70,461
	$ 325,812	**27,000**	**$ 3,086**	**$ 355,898**

NON-EXECUTIVE DIRECTORS' COMPENSATION

The non-executive directors for the fiscal period ended 3 January 2021 were as follows:

- Ryan Benton Non-Executive Director (effective 1 November 2020);
- Kevin Landis Non-Executive Director;
- Paul Mirabelle Independent Non-Executive Director; and
- Vivek Rao Chairman & 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 3 January 2021, which does not include Mr. Landis, who did not receive compensation for his service as a director:

Non-Executive Director	Directors' Fees ($)
Ryan Benton	$ 10,000
Paul Mirabelle	60,000
Vivek Rao	60,000
	$ 130,000

The Company has entered into non-executive director agreements with Mr. Benton, Mr. Mirabelle and Mr. Rao whereby they are entitled to receive US$60,000 per annum for their role as a non-executive director.

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

The external auditor did not provide non-audit services to the Company during the period ended 3 January 2021.

DIRECTORS' REPORT

PROCEEDINGS ON BEHALF OF THE COMPANY

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

On behalf of the directors

Vivek. M. Rao

Vivek Rao
Chairman and Independent Non-Executive Director
1 March 2021
San Jose, California, USA

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FISCAL PERIOD ENDED 3 JANUARY 2021

(in thousands, except share and per share amounts)

	Note	3 Jan 2021	5 Jan 2020
Revenue	2	$ 15,368	$ 20,507
Cost of goods sold		(10,480)	(18,216)
Gross profit		**4,888**	**2,291**
Gross margin		**31.8%**	**11.2%**
Expenses			
Research & development	3	(4,173)	(4,166)
Selling & marketing	3	(2,857)	(5,302)
General & administrative	3	(4,016)	(4,618)
Intangibles impairment	11	(2,976)	(1,886)
Stock based compensation	20	207	(1,238)
Total expenses		**(13,815)**	**(17,210)**
Operating loss		**(8,927)**	**(14,919)**
Finance income		11	194
Finance expenses		(240)	(215)
Net loss before income tax expense		**(9,156)**	**(14,940)**
Income tax expense	4	-	(6)
Net loss for the period		**$ (9,156)**	**$ (14,946)**
Other comprehensive income for the period, net of tax		-	-
Total comprehensive loss for the period attributable to the members of Revasum, Inc.		**$ (9,156)**	**$ (14,946)**
Loss per share attributable to the members of Revasum, Inc.:			
Basic and diluted loss per share	5	$ (0.12)	$ (0.19)

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 3 JANUARY 2021

(in thousands)

	Note	3 Jan 2021	5 Jan 2020
Assets			
Current assets			
Cash and cash equivalents	6	$ 1,364	$ 6,838
Trade and other receivables	7	2,765	1,821
Inventories - net	8	6,798	10,168
Other current assets	9	390	694
Total current assets		**11,317**	**19,521**
Non-current assets			
Property, plant and equipment – net	10	3,079	3,688
Right-of-use asset		1,943	2,590
Intangible assets - net	11	3,792	6,770
Other non-current assets		59	58
Total non-current assets		**8,873**	**13,106**
Total assets		**$ 20,190**	**$ 32,627**
Liabilities			
Current liabilities			
Trade and other payables	12	$ 2,237	$ 3,053
Customer deposits	13	113	2,077
Deferred revenue		71	273
Employee benefits	14	214	296
Warranty provision	15	256	290
Other provisions	16	-	671
Borrowings, current	17	2,500	559
Lease liabilities, current	21	668	622
Total current liabilities		**$ 6,059**	**$ 7,841**
Non-current liabilities			
Borrowings, non-current	17	723	1,372
Lease liabilities, non-current	21	1,418	2,086
Total non-current liabilities		**2,141**	**3,458**
Total liabilities		**$ 8,200**	**$ 11,299**
Net assets		**$ 11,990**	**$ 21,328**
Contributed equity	18	$ 43,610	$ 43,407
Share-based payment reserve	20	1,022	1,407
Accumulated losses		(32,642)	(23,486)
Total equity		**$ 11,990**	**$ 21,328**

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 3 JANUARY 2021

(in thousands)

		Contributed equity		Share-based payment reserve		Accumulated losses		Total equity
Balance at 1 January 2019	**$**	**43,154**	**$**	**379**	**$**	**(8,540)**	**$**	**34,993**
Loss after income tax expense for the year		-		-		(14,946)		(14,946)
Other comprehensive loss for the year, net of tax		-		-		-		-
Total comprehensive loss for the year	**$**	**-**	**$**	**-**	**$**	**(14,946)**	**$**	**(14,946)**
Transactions with owners in their capacity as owners:								
Shares issued on vesting of RSUs (Note 20)		175		(175)		-		-
Shares issued on the exercise of options (Note 20)		78		(35)		-		43
Share-based payments (Note 20)		-		1,238		-		1,238
Balance at 5 January 2020	**$**	**43,407**	**$**	**1,407**	**$**	**(23,486)**	**$**	**21,328**
Loss after income tax expense for the period		-		-		(9,156)		(9,156)
Other comprehensive loss for the period, net of tax		-		-		-		-
Total comprehensive loss for the period	**$**	**-**	**$**	**-**	**$**	**(9,156)**	**$**	**(9,156)**
Transactions with owners in their capacity as owners:								
Shares issued on vesting of RSUs (Note 20)		154		(154)		-		-
Shares issued on the exercise of options (Note 20)		49		(24)		-		25
Share-based payments (Note 20)		-		(207)		-		(207)
Balance at 3 January 2021	**$**	**43,610**	**$**	**1,022**	**$**	**(32,642)**	**$**	**11,990**

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 3 JANUARY 2021

(in thousands)

	Note	3 Jan 2021	5 Jan 2020
Cash flows used in operating activities			
Receipts from customers		$ 12,258	$ 26,423
Payments to suppliers and employees		(17,592)	(35,070)
Interest received		18	194
Interest paid		(177)	(43)
Taxes paid		-	(7)
Net cash used in operating activities	**6**	**$ (5,493)**	**$ (8,503)**
Cash flows used in investing activities			
Payments for property, plant and equipment		(85)	(3,085)
Payments for capitalized development costs		(433)	(7,262)
Net cash used in investing activities		**$ (518)**	**$ (10,347)**
Cash flows from financing activities			
Proceeds from the exercise of share options		31	42
Proceeds from borrowings	17	4,413	2,500
Transaction costs related to borrowings		-	(68)
Repayment of borrowings	17	(3,148)	(500)
Lease principal repayments		(759)	(755)
Net cash from financing activities		**$ 537**	**$ 1,219**
Net decrease in cash and cash equivalents		**(5,474)**	**(17,631)**
Cash and cash equivalents at the beginning of the fiscal period		6,838	24,469
Cash and cash equivalents at the end of the period	**6**	**$ 1,364**	**$ 6,838**

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 3 JANUARY 2021

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.

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.

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 3 January 2021 was $9.16 million (5 January 2020: $14.95 million) and the consolidated entity’s net cash outflows from operating activities for the period ended 3 January 2021 were $5.49 million (5 January 2020: $8.50 million). As at the fiscal period end date, the consolidated entity has net current assets of $5.26 million (5 January 2020: $11.68 million) and total net assets of $11.99 million (5 January 2020: $21.33 million).

GOING CONCERN *(CONTINUED)*

On 4 March 2020, Governor Newsom declared a State of Emergency in California in response to the COVID-19 pandemic. Whilst the Company was designated as an essential business, allowing it to continue to operate, the pandemic has impacted the Company's global supply chain, resulting in delays in delivery of critical parts. COVID-19 has also resulted in Companies delaying their capital spend which has impacted the timing of bookings for equipment sales.

Since the Company's IPO and ASX listing in 2018, the Group has been undertaking a significant development project for the new 6EZ Silicon Carbide Polisher. 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 purchase order for the new system, despite having one placed for a 6 month evaluation period.

Despite the consolidated entity's loss after income tax and net cash outflows from operating activities for the period, at the date of this report, the Directors are of the opinion that there are reasonable grounds to expect that the Group 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.

On 26 January 2021, the Company received loan proceeds of US$1,165,370 ("PPP Loan") under the Paycheck Protection Program ("PPP"). This is in addition to the US$2,213,000 received during fiscal year 2020. The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), provides for loans to qualifying businesses for amounts up to 2.5 times the average monthly payroll expenses of the qualifying business, calculated as provided under the PPP.

The PPP Loan is evidenced by a promissory note ("Note") given by the Company as borrower to Western Alliance Bank, an Arizona Corporation, as the lender. The PPP Loan is unsecured and is guaranteed by the U.S. Small Business Administration. The interest rate on the Note is 1.0% per annum. Any unforgiven portion of the PPP Loan is repayable in accordance with PPP rules. The Company is permitted to prepay the Note at any time without payment of any premium.

Prior to year-end the Company has applied to the U.S. Small Business Administration for forgiveness of the $2.2m PPP Loan proceeds received during the financial year. The Company has complied with all requirements of the CARES Act and the Directors are of the opinion the loan will be forgiven.

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

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

During the second half of the year, the Group undertook significant operational cost reduction activities, including a reduction in headcount which resulted in improved operating cash outflows. These cost reductions are expected to continue in the subsequent financial period.

ROUNDING OF AMOUNTS

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

FUNCTIONAL CURRENCY

The financial statements are presented in US dollars, which is the functional and presentational currency of the Group. There has been no change in the functional and presentational currency of the Group.

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.

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

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 6 January 2020.

Revised or amending Accounting Standards or Interpretations that are not yet mandatory for the year ending 3 January 2021 have not been early adopted.

NOTE 2. REVENUE

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

		3 Jan 2021		5 Jan 2020
Systems revenue	$	9,879	$	14,402
Service, spares and other revenue		5,489		6,105
	$	**15,368**	**$**	**20,507**

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 25, the Group has one operating segment.

NOTE 3. EXPENSES

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

	3 Jan 2021	5 Jan 2020
Research & development		
Salary and benefits	$ 2,120	$ 1,335
Travel	23	228
Amortization of capitalized development (Note 11)	434	35
Other	1,596	2,568
	$ 4,173	**$ 4,166**
Selling & marketing		
Salary and benefits	$ 1,752	$ 1,717
Commissions and bonuses	295	425
Travel	117	225
Amortization of identified intangibles (Note 11)	-	108
Other	693	2,827
	$ 2,857	**$ 5,302**
General & administrative		
Salary and benefits	$ 1,580	$ 2,125
Other	2,436	2,493
	$ 4,016	**$ 4,618**

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 4. INCOME TAX EXPENSE

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

	3 Jan 2021	5 Jan 2020
Deferred tax expense	$ -	$ -
Current tax expense	-	6
Aggregate income tax expense	**$ -**	**$ 6**

Effective tax rate reconciliation *(in thousands):*

	3 Jan 2021	5 Jan 2020
Loss before income tax expense	$ (9,156)	$ (14,940)
Tax at the statutory tax rate of 21% (2019: 21%)	(1,922)	(3,137)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Temporary differences	(814)	(924)
Permanent differences	8	(45)
Unutilized losses carried forward	2,728	4,107
Income tax expense	**$ -**	**$ -**

NOTE 4. INCOME TAX EXPENSE *(CONTINUED)*

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 3 January 2021 and 5 January 2020.

As of 3 January 2021, the Group had federal and state net operating loss carry forwards of approximately $32.0 million and $25.0 million (2019: federal $24.3 million and state $18.0 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 3 January 2021, the Group had federal and state research credit carry forwards of $1.0 million (2019: $0.2 million) and $0.7 million (2019: $0.2 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 5. 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):*

		3 Jan 2021		5 Jan 2020
Reconciliation of earnings used in calculating earnings per share				
Loss attributable to ordinary equity holders of Revasum, Inc.	$	(9,156)	$	(14,946)

	No. of shares	No. of shares
Reconciliation of shares used in calculating earnings per share		
Opening balance	78,008,441	76,508,678
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
Shares issued on vesting of RSUs & exercise of options (29-May-2020)	790,032	-
Shares issued on exercise of options (11-Nov-2020)	100,000	-
Shares issued on exercise of options (18-Nov-2020)	100,000	-
	78,998,473	**78,008,441**
Weighted average number of ordinary shares	**78,513,680**	**76,839,800**

Basic and diluted loss per share	**$**	**(0.12)**	**$**	**(0.19)**

Preferred stock and options to acquire 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 6. CASH AND CASH EQUIVALENTS

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

		3 Jan 2021		5 Jan 2020
Cash at bank	$	652	$	2,789
Call deposits		712		4,049
	$	**1,364**	**$**	**6,838**

There are no 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 6. CASH AND CASH EQUIVALENTS *(CONTINUED)*

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

		3 Jan 2021		5 Jan 2020
Net loss for the year	**$**	**(9,155)**	**$**	**(14,946)**
Depreciation expense		498		430
Amortization expense		434		143
Impairment of intangible assets		2,976		1,886
Share-based payment expense		(207)		1,238
Right of use asset – depreciation		669		673
Right of use asset – interest		137		172
Transfer of PPE to WIP		195		-
Change in operating assets and liabilities				
(Increase)/decrease in trade and other receivables		(944)		6,368
Decrease/(increase) in inventories - net		3,370		(1,790)
Decrease/(increase) in other assets		303		(152)
Decrease in trade and other payables		(1,487)		(2,186)
(Decrease)/increase in deferred revenue		(202)		213
Decrease in customer deposits		(1,964)		(665)
(Decrease)/increase in employee benefits		(82)		6
(Decrease)/increase in warranty provision		(34)		107
Net cash outflow from operating activities	**$**	**(5,493)**	**$**	**(8,503)**

NOTE 7. TRADE AND OTHER RECEIVABLES

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

		3 Jan 2021		5 Jan 2020
Trade receivables	$	2,454	$	712
Accrued income		311		1,109
	$	**2,765**	**$**	**1,821**

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

Months overdue		**3 Jan 2021**		**5 Jan 2020**
1 to 3 months	$	780	$	228
4 to 6 months		357		-
7 to 9 months		-		16
Over 9 months		-		3
	$	**1,137**	**$**	**247**

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.

NOTE 7. TRADE AND OTHER RECEIVABLES *(CONTINUED)*

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 3 January 2021 has resulted in an immaterial credit loss and no impairment allowance has been recognized by the Group (5 January 2020: $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 8. INVENTORIES - NET

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

	3 Jan 2021	5 Jan 2020
Raw materials	$ 6,268	$ 8,510
Work in progress	1,985	4,196
Finished goods	1,138	-
Inventories - gross	**$ 9,391**	**$ 12,706**
Less: Provision for impairment of inventories	(2,593)	(2,538)
Inventories - net	**$ 6,798**	**$ 10,168**

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 9. OTHER CURRENT ASSETS

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

	3 Jan 2021	5 Jan 2020
Prepaid expenses	$ 352	$ 392
Advances on purchases	38	302
	$ 390	**$ 694**

NOTE 10. PROPERTY, PLANT AND EQUIPMENT - NET

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

	3 Jan 2021	5 Jan 2020
Leasehold improvements - at cost	$ 92	$ 92
Less: Accumulated depreciation	(45)	(25)
Leasehold improvements - net	**$ 47**	**$ 67**
Plant and equipment - at cost	$ 3,778	$ 4,141
Less: Accumulated depreciation	(784)	(574)
Plant and equipment - net	**$ 2,994**	**$ 3,567**
Leased equipment	$ 71	$ 71
Less: Accumulated depreciation	(33)	(17)
Leased equipment - net	**$ 38**	**$ 54**
Property, plant and equipment - net	**$ 3,079**	**$ 3,688**

Movements *(in thousands):*

	Leasehold improvements	Plant & equipment	Leased equipment	Total
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**
Additions	-	85	-	85
Transfer to inventory- work in progress	-	(196)	-	(196)
Disposals - net	-	-	-	-
Depreciation expense	(20)	(462)	(16)	(498)
Balance at 3 January 2021	**$ 47**	**$ 2,994**	**$ 38**	**$ 3,079**

Reconciliation of depreciation expense (in thousands):

	3 Jan 2021	5 Jan 2020
Depreciation allocated to research & development	$ 458	$ 335
Depreciation expensed to cost of goods sold	40	95
Total depreciation expense	**$ 498**	**$ 430**

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.

NOTE 10. PROPERTY, PLANT AND EQUIPMENT – NET *(CONTINUED)*

Accounting policy for property, plant and equipment (continued)

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 11. INTANGIBLE ASSETS - NET

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

	3 Jan 2021	5 Jan 2020
Capitalized development costs – at cost	$ 9,123	$ 8,691
Less: Accumulated amortization	(468)	(35)
Less: Impairment	(4,863)	(1,886)
Intangible assets - net	**$ 3,792**	**$ 6,770**

	Capitalized development costs
Balance at 31 December 2018	**$ 1,428**
Additions	7,263
Amortization	(35)
Impairment	(1,886)
Balance at 5 January 2020	**6,770**
Additions	432
Amortization	(434)
Impairment	(2,976)
Balance at 3 January 2021	**$ 3,792**

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.

NOTE 11. INTANGIBLE ASSETS – NET *(CONTINUED)*

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.

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.

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.

Assessment of carrying values

The recoverable amounts were determined based on value-in-use calculations using cash flow projections covering a five-year period, which are based on strategic plans and forecasts approved by the Board of Directors. Estimates beyond the five-year period are calculated using terminal growth rates that are applicable to the trading environment in which the CGU operates. As disclosed in Note 25 of the report, the Company is considered to be one CGU.

Key assumptions used in assessment

The Value in Use valuation used to support the carrying amounts of intangible assets are based on forward looking key assumptions that are, by nature, uncertain. The nature and basis of the key assumptions used to estimate future cash flows and the discount rates used in the projections, when determining the recoverable amount of the CGU, are set out below:

- Operating cash flows – Operating cash flow projections are extracted from the most recent approved strategic plans or forecasts that relate to the existing asset base. The cash flow projections for a five-year period have been determined based on expectations of future performance. Key assumptions in the cash flows include sales volume growth, cost of sales, costs of doing business and the anticipated success of capitalized development projects. The assumptions are based on expectations of market demand and operational performance.

  Cash flow projections are based on risk-adjusted forecasts allowing for estimated changes in the business, the competitive trading environment, legislation and economic growth.

- Discount rates – Discount rates are based on the weighted average cost of capital ("WACC") for the Group. The calculation of WACC is market-driven and key inputs include target capital structure, equity beta, market risk premium and risk-free rate of return and debt risk premium. The pre-tax discount rate used was 19.33% (prior year N/A).

- Terminal growth rates – Cash flows beyond the projection period are extrapolated indefinitely using estimated long-term growth rates applicable to the trading environment in which the Company operates. A terminal growth rate of 2.00% was applied.

NOTE 11. INTANGIBLE ASSETS – NET *(CONTINUED)*

Impairment of intangible assets (continued)

Results of assessment

The impact of the COVID-19 global pandemic on market conditions, combined with the fact the Group has not yet received a purchase order for the new 6EZ Silicon Carbide Polisher, has resulted in changes to the forecasted cash flows used in the impairment assessment, including the terminal year. Management assessed that these changes at 5 July 2020 resulted in an impairment of $2.98 million, which was allocated to the capitalized development intangible. The enterprise value of the Group based on the Value in Use valuation at 5 July 2020 was assessed to be $16.78 million.

At 3 January 2021, management have prepared a value-in-use calculation to assess the recoverable amount of the CGU at year end. The valuation supported the recoverable amount at the reporting date and no additional impairment has been recognized during the financial year.

Sensitivity to changes in key assumptions

As a result of the impairment noted above, the enterprise value of the CGU is now in line with the current carrying value of the CGU. Any future events that result in adverse changes to forward assumptions would accordingly result in further impairment. As at the assessment date, no reasonably likely change in key assumptions would cause the carrying amount of the CGU to exceed the recoverable amount.

NOTE 12. TRADE AND OTHER PAYABLES

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

	3 Jan 2021	5 Jan 2020
Trade payables	$ 1,542	$ 2,112
Accrued expenses	695	941
	$ 2,237	**$ 3,053**

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 13. CUSTOMER DEPOSITS

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

	3 Jan 2021	5 Jan 2020
Customer deposits on sales	$ 113	$ 2,077
	$ 113	**$ 2,077**

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 14. EMPLOYEE BENEFITS

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

	3 Jan 2021	5 Jan 2020
Provision for annual leave	$ 214	$ 296
	$ 214	**$ 296**

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 15. WARRANTY PROVISION

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

	3 Jan 2021	5 Jan 2020
Warranty provision	$ 256	$ 290
	$ 256	**$ 290**

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 16. OTHER PROVISIONS

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

	3 Jan 2021	5 Jan 2020
Other provisions	$ -	$ 671
	$ -	**$ 671**

Accounting policy for other provisions

In the previous period the provision represents non-cancellable purchase orders that the Company had placed for legacy tools that the Company had no current demand. The inventory had not been received as at the prior fiscal year end date. In the current year the demand for the legacy tools improved and tools were placed with a customer. Further a portion of the non-cancellable purchase orders were successfully cancelled and no inventory was received by the Company. As a result of the cancellation and new demand for the legacy tools the provision has been reversed in the current fiscal year to reflect the current best estimate.

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 17. BORROWINGS

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

	3 Jan 2021	5 Jan 2020
Current		
Bridge Bank Loan (a)	$ 1,000	$ 559
Paycheck Protection Program Loan (b)	1,500	-
Non-current		
Bridge Bank Loan (a)	-	1,372
Paycheck Protection Program Loan (b)	723	-
	$ 3,223	**$ 1,931**

NOTE 17. BORROWINGS *(CONTINUED)*

(a) Bridge Bank Loan

Movements in borrowings *(in thousands):*

	3 Jan 2021	5 Jan 2020
Opening Balance	**$ 1,931**	**$ -**
Proceeds from Bridge Bank Loan	2,200	2,500
Interest accrued on facility	73	47
Interest paid on facility	(73)	(47)
Repayment of Bridge Bank Loan Principal	(3,148)	(500)
Transaction costs of Bridge Bank Loan	-	(80)
Amortization of transaction costs	17	11
Closing Balance	**$ 1,000**	**$ 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 had a balance of US$1,000,000 drawn down on the Revolving Credit Line (2020: US$Nil).

The Company's Revolving Credit Line 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. As at 3 January 2021, the Company was compliant with the ACR.

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's Term Loan 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. As at 5 July 2020, Bridge Bank had declared a default on the loan as the Company had not maintained the required Adjusted Current Ratio for the periods ending January, February and March 2020. As such US$1.86 million of the cash balance (105% of the outstanding term loan) was restricted. As such, the entire term loan was presented as a current liability as at the half-year end date.

On 27 July 2020, the Company signed a Business Financing Modification Agreement with respect to the Bridge Bank facility. The key modifications to the agreement were as follows:

- Bridge Bank waived the existing default on the loan described above.
- The Company may prepay all, but not less than all, of the Term Loan without premium or penalty.
- The Adjusted Current Ratio covenant is amended – the Company anticipates that this will enable it to be covenant compliant going forwards.
- The maturity date is extended to July 31, 2022.
- The Company must at all times maintain unencumbered cash in a Pledge Account of 105% of the outstanding Term Loan.

On 4 August 2020, the Company repaid the Term Loan in its entirety.

NOTE 17. BORROWINGS *(CONTINUED)*

(b) Paycheck Protection Program Loan

Movements in borrowings *(in thousands):*

		3 Jan 2021
Opening Balance as at 6 January 2020	**$**	**-**
Proceeds from Paycheck Protection Loan		2,213
Interest accrued on facility		10
Closing Balance as at 3 January 2021	**$**	**2,223**

On 21 April 2020, Revasum received loan proceeds of US$2.2M pursuant to the Paycheck Protection Program ("PPP"). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), provides for loans to qualifying businesses for amounts up to 2.5 times the average monthly payroll expenses of the qualifying business, calculated as provided under the PPP.

The PPP Loan is evidenced by a promissory note ("Note") given by the Company as borrower to Western Alliance Bank, an Arizona Corporation, as the lender. The PPP Loan is unsecured and is guaranteed by the U.S. Small Business Administration. The interest rate on the Note is 1.0% per annum. Any unforgiven portion of the PPP Loan is payable over a two-year term, with payments deferred for six months from the date of the Note. The Company is permitted to prepay the Note at any time without payment of any premium.

The Company has used the proceeds from the PPP Loan for qualifying expenses as defined in the PPP Loan documentation and has applied for full forgiveness of the PPP Loan in accordance with the terms of the CARES Act. However, the Company cannot assure at this time that the PPP Loan will be forgiven partially or in full.

Following the issuance of the Paycheck Protection Program Flexibility Act of 2020, signed into law in June 2020, borrowers under PPP loans are required to begin repaying any amount not forgiven at the later of (a) 10 months following the borrower's covered period, or (b) when the SBA remits any amounts forgiven to the lender. The Company's covered period ended on 4th October 2020, so repayments on any amount not forgiven would begin on 4th August 2021. Management have presented the current and non-current split on this basis.

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 18. CONTRIBUTED EQUITY

Contributed equity consisted of the following:

	3 Jan 2021			5 Jan 2020		
	Shares		US$'000	Shares		US$'000
Shares of Common Stock	78,998,473	$	43,610	78,008,441	$	43,407
	78,998,473	**$**	**43,610**	**78,008,441**	**$**	**43,407**

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.

NOTE 18. CONTRIBUTED EQUITY *(CONTINUED)*

Movements in common stock:

	Shares	US$'000
Balance as at 31 December 2018	**76,508,678**	**43,154**
Shares issued on vesting of RSUs (Note 20)	151,073	175
Shares issued on exercise of Options (Note 20)	1,348,690	78
Balance as at 5 January 2020	**78,008,441**	**43,407**
Shares issued on vesting of RSUs (Note 20)	153,217	154
Shares issued on exercise of Options (Note 20)	836,815	49
Balance as at 3 January 2021	**78,998,473**	**43,610**

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.

In connection with the Company's IPO and ASX listing in 2018, 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. All shares were released from escrow as of December 4th, 2020.

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 Stockholders are eligible to vote on all matters on which the Common Stockholder is entitled to vote.

NOTE 19. CAPITAL MANAGEMENT

Capital managed by the Board comprises contributed equity totaling $43.6 million (2019: $43.4 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 3 January 2021 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 20).

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 20. 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.

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):

	3 Jan 2021	5 Jan 2020
Options issued to directors, employee and consultants (a)	$ 448	$ 533
Restricted stock units ('RSUs') issued to employees and consultants (b)	574	874
Total share-based payment reserve:	**$ 1,022**	**$ 1,407**

Share based payment expense (in thousands):

	3 Jan 2021	5 Jan 2020
Options issued to directors, employee, and consultants (a)	$ (61)	$ 374
Restricted stock units ('RSUs') issued to employees and consultants (b)	(146)	864
Total share-based payment expense:	**$ (207)**	**$ 1,238**

(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.

NOTE 20. SHARE BASED PAYMENTS *(CONTINUED)*

(in thousands, except share and per share amounts)

	WAEP $	Share options Number	Share-Based Payment Reserve	
Opening 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**
Expense in the period		-		283
Granted	0.21	2,524,960		-
Exercised	0.03	(836,815)		(24)
Forfeited	0.54	(4,172,945)		(344)
Expired		-		-
Closing balance as at 3 January 2021	**0.19**	**11,132,805**	**$**	**448**

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 3 January 2021.

	Grant Date			
	30-Mar-20	**1-Nov-20**	**1-Nov-20**	**1-Nov-20**
Number of options issued	1,550,000	550,000	400,000	24,960
Fair value at measurement date US$	0.093	0.114	0.114	0.114
Share price at Grant date US$	0.24	0.15	0.15	0.15
Exercise price US$	0.24	0.15	0.15	0.15
Expected volatility %	55	132	132	132
Risk free interest rate %	2.24	2.24	2.24	2.24
Expected life of options in years	3	3	3	3
Vesting conditions	Type 1	Type 2	Type 3	Type 4

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	70,000 of the options vest on the date of grant, with 10,000 vesting each month anniversary for the following 48 months.
Type 3	20,000 options vest upon receipt of first ten (10) customer Purchase Orders for a 6EZ polisher at prices and terms agreed by the Board of Directors.
Type 4	Options vest straight line over 48 months from the date of grant.

NOTE 20. 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 2019	**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**
Expense in the period	-		(146)
Issued during the year	-		-
Converted during the year	(153,217)		(154)
Forfeited during the year	(651,231)		-
Closing balance as at 3 January 2021	**1,596,639**	**$**	**574**

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 to acquire or be issued 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 20. SHARE BASED PAYMENTS *(CONTINUED)*

Critical accounting judgements, estimates and assumptions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using the Black Scholes option pricing model, using the assumptions noted above.

NOTE 21. LEASE LIABILITIES

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

	3 Jan 2021	5 Jan 2020
Current	$ 668	$ 622
Non-current	1,418	2,086
	$ 2,086	**$ 2,708**

Net present value of lease liabilities (*in thousands*):

	Less than 6 months	6 to 12 months	Between 1 and 5 years	Total
Lease payments	$ 390	$ 378	$ 1,514	**$ 2,270**
Finance charges	(55)	(45)	(96)	**(184)**
	$ 335	**$ 333**	**$ 1,418**	**$ 2,086**

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 22. 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 3 Jan 2021	Beneficial interest 5 Jan 2020
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 3 Jan 2021:

Jerry Cutini	Executive Chairman, President & CEO	Resigned 29 December 2020
Ryan Benton	Executive Director, Senior Vice President & CFO	Resigned as CFO 31 October 2020, maintains position of Non-Executive Director
Kevin Landis	Non-Executive Director	
Paul Mirabelle	Independent Non-Executive Director	
Vivek Rao	Chairman & Independent Non-Executive Director	
Rebecca Shooter-Dodd	Chief Financial Officer	Appointed 1 November 2020

Compensation

The compensation paid to directors and key management personnel for the fiscal year ended 3 Jan 2021 is as follows:

	Base Salary (Gross) $	Cash Bonus $	401 (K) $	Directors' Fees $	Total 3 Jan 2021 $	Total 5 Jan 2020 $
Jerry Cutini	154,120	-	1,503	-	**155,623**	**287,016**
Ryan Benton	128,231	-	1,583	10,000	**139,814**	**259,949**
Kevin Landis	-	-	-	-	**-**	**-**
Paul Mirabelle	-	-	-	60,000	**60,000**	**60,000**
Vivek Rao	-	-	-	60,000	**60,000**	**60,000**
Rebecca Shooter-Dodd	43,461	27,000	-	-	**70,461**	**-**
	325,812	**27,000**	**3,086**	**130,000**	**485,898**	**666,965**

Share options granted to directors and other key management personnel:

	Class of underlying shares	3 Jan 2021 Number	5 Jan 2020 Number
Jerry Cutini	Common Stock	-	-
Ryan Benton	Common Stock	-	-
Kevin Landis	Common Stock	-	-
Paul Mirabelle	Common Stock	-	-
Vivek Rao	Common Stock	-	-
Rebecca Shooter-Dodd	Common Stock	1,074,960	-
		1,074,960	**-**

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.

NOTE 22. RELATED PARTY TRANSACTIONS *(CONTINUED)*

Financial instrument balances held with related parties

Related party name	Nature of related party relationship	Financial instrument type	Number of instruments held 3 Jan 2021	Number of instruments held 5 Jan 2020
Firsthand Funds	Nominee director	Common stock	53,948,136	53,948,136
Jerry Cutini	Director, CEO	Common stock	-*	220,000
Cutini Investments Pty Ltd	Common director	Common stock	-*	85,000
Cutini Family Living Trust	Trustee in common	Common stock	-*	182,625
Ryan Benton	Director	Common stock	276,795	276,795
Paul Mirabelle	Director	Common stock	30,000	30,000
Vivek Rao	Director	Common stock	22,605	22,605
			54,277,536	**54,765,161**

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 3 Jan 2021	Number of instruments held 5 Jan 2020
Jerry Cutini	Director, CEO	Stock Options	-*	2,834,075
Jerry Cutini	Director, CEO	RSUs	-*	1,271,025
Ryan Benton	Director	Stock Options	1,965,000	1,965,000
Ryan Benton	Director	RSUs	325,614	976,845
Paul Mirabelle	Director	Stock Options	75,000	75,000
Vivek Rao	Director	Stock Options	75,000	75,000
Rebecca Shooter-Dodd	CFO	Stock Options	1,074,960	-
			3,515,574	**7,196,945**

*Instruments were not disposed of but are no longer disclosed due to Mr. Cutini ceasing to be a KMP and related party following his resignation on 29 December 2020.

NOTE 23. EVENTS AFTER THE REPORTING PERIOD

On 26 January 2021, the Company received loan proceeds of US$1,165,370 (“PPP Loan”) under the Paycheck Protection Program (“PPP”). This is in addition to the US$2,213,000 received during fiscal year 2020. The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), provides for loans to qualifying businesses for amounts up to 2.5 times the average monthly payroll expenses of the qualifying business, calculated as provided under the PPP

The PPP Loan is evidenced by a promissory note (“Note”) given by the Company as borrower to Western Alliance Bank, an Arizona Corporation, as the lender. The PPP Loan is unsecured and is guaranteed by the U.S. Small Business Administration. The interest rate on the Note is 1.0% per annum. Any unforgiven portion of the PPP Loan is repayable in accordance with PPP rules. The Company is permitted to prepay the Note at any time without payment of any premium.

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

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

No other matter or circumstance has arisen since 3 January 2021 that has significantly affected, or may significantly affect the Group’s operations, the results of those operations, or the Group’s state of affairs in future fiscal years.

NOTE 24. 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)

	3 Jan 2021	5 Jan 2020
Financial assets		
Cash and cash equivalents	$ 1,364	$ 6,838
Trade and other receivables	2,765	1,821
	$ 4,129	**$ 8,659**
Financial liabilities		
Trade and other payables	2,237	3,724
Customer deposits	113	2,077
Borrowings	3,223	1,931
	$ 5,573	**$ 7,732**

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):*

3 Jan 2021	Less than 6 months	6 to 12 months	Between 1 and 2 years	Total contractual cashflow
Trade and other payables	$ 2,237	$ -	$ -	**$ 2,237**
Customer deposits	113	-	-	**113**
Borrowings	1,000	1,500	723	**3,223**
	$ 3,350	**$ 1,500**	**$ 723**	**$ 5,573**

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**

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 6 for further disclosure on this matter).

NOTE 24. 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 occurred during the first half 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 25. 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):*

	3 Jan 2021	5 Jan 2020
North America	$ 10,496	6,887
Asia	3,576	$ 9,945
Europe	1,296	3,675
	$ 15,368	**$ 20,507**

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

Customer A	38%	13%
Customer B	13%	35%
Customer C	2%	12%
	53%	**60%**

NOTE 26. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

On 29 December 2020, Mr. Jerry Cutini resigned his employment with the Company as President and Chief Executive Officer. Mr. Cutini continues to assert that he resigned for "Good Reason," as defined in his employment agreement. In line with his employment contract, upon resignation, Mr. Cutini automatically relinquished his position as a director of the Company.

Following Jerry Cutini's resignation as President and CEO, the Company received a Demand for Arbitration from Mr. Cutini. Notwithstanding that Mr. Cutini signed a release of claims against the Company, he asserts various claims against the Company with respect to his employment and is seeking certain severance benefits together with unspecified amounts of damages and associated costs.

NOTE 26. CONTINGENT LIABILITIES AND CONTINGENT ASSETS *(CONTINUED)*

Whilst the Company has disputed and continues to dispute the basis of all claims and intends to defend these in full, such proceedings could cause Revasum to incur unforeseen expenses, occupy a significant amount of Management's time and attention and could negatively affect the Company's business operations and financial position. As at the statement of financial position date, no contingent liabilities have been accrued for the settlement amount.

The Group has no other material contingent liabilities or contingent assets as at 3 January 2021 (5 January 2020: $Nil).

NOTE 27. AUDITOR'S REMUNERATION

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

	3 Jan 2021	5 Jan 2020
Audit services		
Audit or review of financial statements – BDO Audit Pty Ltd	$ 187,020	$ 178,000
	$ 187,020	**$ 178,000**

NOTE 28. PARENT ENTITY INFORMATION

(in thousands)

	Note	3 Jan 2021	5 Jan 2020
Current assets		$ 11,317	$ 19,521
Non-current assets		8,873	13,106
Total assets		**$ 20,190**	**$ 32,627**
Current liabilities		4,559	7,841
Non-Current liabilities		3,641	3,458
Total liabilities		**$ 8,200**	**$ 11,299**
Net Assets		**$ 11,990**	**$ 21,328**
Contributed equity	18	$ 43,610	$ 43,407
Share based payment reserve	20	1,022	1,407
Accumulated losses		(32,642)	(23,486)
Total shareholders' equity		**$ 11,990**	**$ 21,328**
Profit or loss of the parent entity		**$ (9,156)**	**$ (14,946)**
Total comprehensive income of the parent entity		**$ (9,156)**	**$ (14,946)**

Guarantees entered into by the parent entity

No guarantees have been entered into by the parent entity during FY2020 or FY2019.

Commitments and contingent liabilities of the parent entity

See Note 26 for details on contingent liabilities of the parent entity.

DIRECTORS' DECLARATION FOR THE FISCAL YEAR ENDED 3 JANUARY 2021

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 3 January 2021 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

Vivek. M. Rao

Vivek Rao
Chairman and Independent Non-Executive Director
1 March 2021
San Jose, 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 3 January 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, 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 3 January 2021 and of its financial performance for the year 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 (including Independence Standards)* (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.

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.

Revenue Recognition

Key audit matter	*How the matter was addressed in our audit*
As disclosed in Note 2, the Group recognised revenue of $15.4 million for the year ended 3 January 2021 (2020: $20.5 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 2; • 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 3 January 2021 to goods delivered documentation to ensure transactions are recorded in the correct financial period.

Valuation of Intangible Assets

Key audit matter	*How the matter was addressed in our audit*
As at 3 January 2021, the carrying value of the Group's intangible assets was $3.8 million (2020: $6.8 million) as disclosed in Note 11 of the financial report. The Group recognised an impairment charge on intangibles of $3.0 million during the year (2020: $1.9 million). Valuation of intangible assets 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 recoverable amount based on a value-in-use calculation model.	We evaluated valuation of intangible assets in accordance with AASB 136: Impairment of Assets. Our procedures, included, amongst others: • Obtaining the Group's value-in-use model and analysing the discounted cash flows against historical trends and future expectations for timing of systems sales; • Corroborating the assumptions for the key inputs in the value-in-use model such as forecast revenue, costs, discount rates and terminal growth rates;

	• Performing tests over the mathematical accuracy of the model and the underlying calculations; • Assessing the appropriateness of the discount rate used in managements' value-in-use model for industry comparability including discussions with our internal valuation experts; • Performing sensitivity analysis to identify the model's robustness to changes in key underlying assumptions; and • Evaluating the adequacy of the Group's disclosures in respect of intangible asset carrying values and impairment assessment assumptions as disclosed in Note 11 of the financial report.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 3 January 2021, 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 and fair presentation of the financial report 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 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:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our auditor's report.

BDO Audit Pty Ltd

BDO

Gareth Few

Gareth Few
Director

Sydney, 1 March 2021

SHAREHOLDER INFORMATION AS AT 24 FEBRUARY 2021

Shareholder Information required by the ASX Listing Rules and not disclosed elsewhere in the Report is set out below.

In accordance with the 4th edition of the ASX Corporate Governance Council's Principles and Recommendations, the 2020 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 Recommendations during the 2020 financial year.

The information in this section is current as at 24 February 2021 unless otherwise indicated.

The Company has issued a total of 102,784,586 Shares of common stock (**Shares**) which equates to 102,784,586 Chess Depository Receipts (**CDIs**). 1 CDI represents the beneficial interest in 1 Share. As at the date of this report, 84,394,578 CDIs are issued and held by 586 CDI Holders which represents 84,394,578 Shares. 18,390,008 Shares are held by 13 shareholders who have not elected to hold Company securities in the form of CDIs.

1. Substantial shareholders

The number of CDIs held by substantial shareholders and their associates as advised to the ASX are set out below, assuming all shares of common stock are held as CDIs:

Name	Number Shares	Number CDIs	%
Perennial Value Management Limited	15,186,348	15,186,348	15.19
Firsthand Venture Investors	53,948,136	53,948,136	53.95
Firsthand Technology Opportunities Fund	15,413,753	-	15.42

2. Number of security holders and securities on issue

Revasum has issued the following securities:

(a) 18,390,008 fully paid ordinary shares held by 13 shareholders;
(b) 84,394,578 CDIs held by 586 CDI holders;
(c) 9,917,930 unquoted options held by 29 option holders; and
(d) 1,596,369 unquoted restricted stock units held by 2 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.

<u>Restricted stock units</u>
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	5	336,000	1.83
100,001 and over	8	18,054,008	98.17
Total	**13**	**18,390,008**	**100.00**

Category	Chess Depositary Interests (CDIs)		
	Total CDI Holders	Number of CDIs	%
1 - 1,000	93	48,120	0.06
1,001 - 5,000	216	613,716	0.73
5,001 - 10,000	85	666,867	0.79
10,001 - 100,000	164	4,741,767	5.62
100,001 and over	28	78,324,508	92.81
Total	586	84,394,978	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	20	1,120,610	11.30
100,001 and over	9	8,797,320	88.70
Total	**29**	**9,917,930**	**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	-	-	-
100,001 and over	2	1,596,639	100.00
Total	**2**	**1,596,639**	**100.00**

5. Unmarketable parcel of shares and CDIs

The number of securityholders holding less than a marketable parcel of CDIs or Shares of Common Stock (being AU$500) is 99 based on the Company's closing CDI price of A$0.46, on 24 February 2021.

6. Twenty largest shareholders of quoted equity securities

Chess Depositary Interests

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	54,040,636	64.03
2	NATIONAL NOMINEES LIMITED	15,090,110	17.88
3	WASHINGTON H SOUL PATTINSON AND COMPANY LIMITED	2,414,333	2.86
4	WASHINGTON H SOUL PATTINSON AND COMPANY LIMITED	856,243	1.01
5	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	849,566	1.01
6	CS THIRD NOMINEES PTY LTD	530,312	0.63
7	APPWAM PTY LTD	500,000	0.59
8	BELINDA REYNA	457,800	0.54
9	BYRON BAY MEDIA PTY LTD	351,450	0.42
10	CITICORP NOMINEES PTY LTD	320,297	0.38
11	JERRY CUTINI	310,345	0.37
12	MR PAUL MASI & MRS ANNE MASI	277,830	0.33
13	J W GIJET PTY LTD	275,000	0.33
14	MS SHANE HE	216,421	0.26
15	ROBERT LEWIS RHOADES	200,000	0.24
16	DANILAW INVESTMENTS PTY LTD	150,000	0.18
16	MR PETER KELLY & MRS NURIA KELLY	150,000	0.18
16	JONROBBO PTY LTD	150,000	0.18
17	SEKFAM PTY LTD	140,000	0.17
18	CONNECTICUT INVESTMENTS PTY LTD	132,945	0.16
19	PROLL INVESTMENTS PTY LTD	128,572	0.15
20	SALON TODAY PTY LIMITED	120,000	0.14
20	MS YIXIN JIN	120,000	0.14
	Total	**77,781,950**	**92.16**
	Balance of register	**6,613,028**	**7.84**
	Grand total	**84,394,970**	**100.00**

Fully Paid Ordinary Shares of Common Stock

Details of the Shareholders by registered shareholding are as follows.

	Name	No. of Shares	%
1	Firsthand Technology Opportunities Fund	15,413,753	83.82
2	Pat O'Connor	793,890	4.32
3	Robert Lewis Rhoades	647,410	3.52
4	Dennis Riccio	368,865	2.01
5	Ryan Benton	276,795	1.51
6	Wilbur Charles Krusell 2013 Supplemental Trust	242,265	1.32
7	Kevin Crofton	184,530	1.00
8	Sarah Okada	126,500	0.69
9	Rutgers Chow	92,265	0.50
10	Bill Kalenian	76,500	0.42
11	Riya LLC	75,000	0.41
12	Bryan Allen Benton	46,125	0.25
13	Oak Ventures L P	46,110	0.25
	Total	**18,390,008**	**100.00**
	Balance of register	**-**	**-**
	Grand total	**18,390,008**	**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. Mr Danny Davies has been appointed as the Company's ASX Representative pursuant to ASX Listing Rule 12.6 who is also providing company secretarial services to the Company.

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.

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

United States Registry
American Stock Transfer & Trust Company, LLC
6201, 15th 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. Review of operations and activities
A detailed review of operations and activities is reported in the Annual Report for the period ending 3 January 2021.

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

13. Statement regarding use of cash and assets.
During the period between 5 January 2020 and 3 January 2021, 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.

14. 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).