

REVASUM

Q3 2022 Quarterly Activity Report

San Luis Obispo, California – 02 November 2022: Global semiconductor technology and equipment firm, **Revasum, Inc.** (ASX:RVS, 'Revasum' or the 'Company') is pleased to release the following update for the three-month period ending 2 October 2022 (Q3 2022). The Appendix 4C is prepared in US dollars and is unaudited.

Q3 2022 HIGHLIGHTS

- Total quarterly revenue of US\$3.3 million (Q3 2021: US\$6.1 million)
- Equipment revenue of US\$1.5 million (Q3 FY21: US\$4.2 million)
- Recurring revenues, comprising spare parts, consumables, and services, totalled US\$1.8 million (Q3 2021: US\$1.9 million)
- Total backlog of US\$8.0 million as of 24 October 2022, inclusive of US\$6.0 million in equipment orders
- Gross margins improved marginally to 26.8% (2021: 25.6%), despite ongoing global supply chain challenges
- Sourced new supplier for critical component, enabling shipping of equipment backlog to commence in Q4
- Improved 6EZ platform now installed at second key customer site
- Cash balance of US\$1.2 million as of 2 October 2022

Q3 FY22 YTD HIGHLIGHTS

- Total YTD revenue of US\$10.7 million (Q3 2021 YTD: US\$10.8 million)
- Equipment revenue of US\$5.4 million (Q3 FY21 YTD: US\$6.0 million)
- Recurring revenues, comprising spare parts, consumables and services, totalled US\$5.3 million, up 11.6% from PCP (Q3 2021 YTD: US\$4.7 million)

Revenue

Total Q3 2022 revenue decreased 47% from the PCP to US\$3.3 million (Q3 2021: US\$6.1 million), due to a 66% annual decline in equipment sales. Other revenues, encompassing spare parts, consumables, and service revenue, decreased 4% from the PCP to US\$1.8 million (Q3 2021: US\$1.9 million), accounting for 55.5% of total revenue (2021: 31%). Gross margins improved marginally in Q3 at 26.8% (2021: ~25.6%), reflecting the impact of higher-margin products and recurring revenues.

Growing demand for Revasum's SiC grinding, polishing and CMP technology combined with ongoing supply chain constraints saw order backlog grow to US\$8.0 million in Q3, inclusive of US\$6.0 million in equipment orders. The Company continued to experience extended lead times for critical components required for its 7AF HMG grinder, delaying the shipping of several equipment pieces during the quarter. Revasum has now sourced and qualified a new supplier for a critical component, which will enable the Company to start shipping backlogged orders in Q4 2022.

Given ongoing supply chain challenges, Revasum's new executive team has updated FY22 guidance to be in the range of US\$14.0 million to US\$16.0 million, representing a 2.1% to 16.7% increase on FY21. The revised guidance follows an extensive assessment of equipment order backlog and pipeline, impacted by extended lead times of critical components. Delayed adoption of 200mm wafers also translated to fewer equipment orders and placements during the year than initially forecast by the previous management team. Significant new investment in 200mm fabs by leading SiC players supports the longer-term transition to larger wafer sizes and will drive future demand for the Company's automated 200mm grinding and polishing equipment.

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Product Development

During the quarter, Revasum shipped its industry-leading 6EZ single-wafer polisher to a strategically important customer site with installation expected to be completed in November. The shipped iteration features a 20% improvement in tool throughput over prior versions. Another key customer with two 6EZs operating in a high-volume production environment has processed tens of thousands of wafers on the tools. A new process developed by Revasum, leveraging its leading edge consumables, has been validated at this customer site enabling a significant increase in material removal rates and tool capacity.

Evaluation by large customers within high-production environments is key to commercialising the 6EZ - the world's first fully automated, single wafer polisher specifically designed for SiC. Commercialisation of a new capital equipment tool in the semiconductor industry is a lengthy process involving extensive on-site customer evaluation and comparisons with other solutions.

Revasum also remains focused on improving the performance of its 7AF-HMG grinder, implementing a Remote Control Head Angle (RCHA) feature to improve wafer shaping capability and dramatically reduce maintenance down time. During the quarter, the Company also successfully demonstrated 200mm SiC wafer grinding on the 7AF-HMG to a new key customer.

During the quarter, Revasum conducted technical review meetings with key customers to redefine product specifications for its next generation SiC platform, TOLOSA. The new TOLOSA design will leverage the proven polish chain from the 6EZ and augment wafer handling to achieve industry-leading throughput in a CMP tool designed specifically to meet the needs of 200mm silicon carbide wafer fabrication. Final design specifications for the TOLOSA are expected to be completed in Q4 2022.

Leadership

In September, Revasum strengthened its leadership team with the appointment of experienced US-based executive Mr Bruce G. Ray as Chief Financial Officer. Mr Ray brings more than two decades' strategic planning, financial analysis, and operations management experience to Revasum, gained within related high-tech and manufacturing industries. He has previously held CFO and Director of Finance roles at NASDAQ-listed advanced positioning solutions company Trimble Navigation (TRMB), engineering consultancy firm Cannon Corporation, broadband provider EXCITE@HOME and digital publisher Sanluisobispo.com. Post quarter-end, Mr Ray was also appointed Company Secretary.

Financials

Operating cash outflows reduced 57% over the prior quarter to US\$0.9 million (Q2 2022: \$2.1 million) due to disciplined cost management initiatives, and reduced inventory of key components. Quarterly customer receipts of US\$4.4 million were up 11.2% over Q2 2022/PCP.

Payments to related parties and associates in Q3 2022 totalled US\$63K, comprising CEO salary and Directors' fees. Revasum's unaudited cash balance as of 2 October 2022 was US\$1.2 million.

Revasum is eligible for funding under the US CHIPS Act and is preparing its application ahead of the submissions opening in February 2023.

Industry Outlook

Revasum operates within the fast-growing semiconductor wafer fabrication equipment market, expected to reach a record US\$117.5 billion this year. During the quarter, leading silicon carbide technology companies Wolfspeed, SK Siltron,

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On Semi and Coherent announced significant new CAPEX investments in SiC wafer manufacturing. This investment included a new multi-billion-dollar materials manufacturing facility that will increase the largest player's capacity 10-fold. This new facility will primarily produce 200mm silicon carbide wafers, enabling more chips per wafer, lowering device costs, and ultimately driving demand for Revasum's equipment.

Power silicon carbide devices are growing faster than the total market, driven by electric vehicles and the broader automotive sector. Electric vehicles have accelerated adoption of silicon carbide, improving battery range by 20% compared to silicon to deliver 840km in a single charge. Automotive is expected to represent almost 80% of the global SiC device market by 2027 with applications spanning electric vehicle inverters, on-board charging, and fast-charging stations.

During the quarter, Revasum increased its engagement with potential customers, participating at two leading industry conferences in September - the International Conference on Silicon Carbide and Related Materials (ICSCRM 2022) in Davos, Switzerland and the International Conference on Planarization/CMP in Portland, USA.

Revasum Chief Executive Officer, Scott Jewler said:

"It has been a productive quarter for Revasum as we booked new equipment sales, continued to diversify revenue streams, installed a 6EZ polisher at a strategically important customer's facility, and strengthened our leadership team. While supply chain challenges have impacted our performance this year, we have now sourced and qualified a new supplier of a critical component, enabling us to start shipping our backlogged orders in the current quarter.

"Demand for Revasum's production-proven silicon carbide grinding and polishing technology remains strong, driven by its critical role in the supply chain of high-growth applications such as electric vehicles, solar and 5G. Silicon carbide offers significant competitive advantages for electric vehicles, reducing the size of the battery required, increasing battery range, and providing faster charging on and off the vehicle.

"We are seeing significant investment in new single wafer facilities from silicon carbide substrate and device manufacturers and are well-positioned as the industry evolves to larger wafer sizes to reduce manufacturing costs. While it is taking longer for the industry to move to these larger wafers than initially forecast, channel checks suggest 200mm SiC wafers will reach high volume production in early 2024. As a leading supplier of single wafer grinding and polishing equipment, we have leveraged our extensive silicon carbide expertise to innovate our equipment solutions, ensuring it continues to meet the volume, performance, and cost requirements of our customers. Revasum's equipment is already fab-ready to address larger wafer sizes, enabling industry-leading surface finish performance at the lowest cost of ownership, supporting the transition from niche to mainstream."

Investor briefing details

CEO Scott Jewler will participate in a "Meet the CEO" interview covering the Company's quarterly update at 9:30am AEDT on Tuesday, 8 November 2022. Participants will have an opportunity to ask questions.

To attend, please pre-register at: https://us02web.zoom.us/webinar/register/WN_X3QEzKIBThqErzEQKTISow

THIS ANNOUNCEMENT WAS AUTHORISED FOR RELEASE BY THE BOARD OF DIRECTORS

-ENDS-

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About Revasum

Revasum (ARBN: 629 268 533) specializes in the design and manufacturing of equipment used for the global semiconductor industry. Revasum's equipment helps drive advanced manufacturing technology for critical growth markets, including automotive, IoT, and 5G. Our product portfolio includes state of the art equipment for the grinding, polishing, and chemical mechanical planarization processes used to manufacture devices for those key end markets. All of Revasum's equipment is designed and developed in close collaboration with our customers. Learn how we create the equipment that generates the technology of today and tomorrow, visit www.revasum.com.

Safe Harbor Statement

This announcement contains forward-looking statements, which address a variety of subjects including, for example, financial projections, our statements regarding expected events, including expected revenue and earnings, system shipments, expected product offerings, product development, market adoption and technical advances. Statements that are not historical facts, including statements about our beliefs, plans and expectations, are forward-looking statements. Such statements are based on our current expectations and information currently available to management and are subject to a number of factors and uncertainties, many of which are outside the control of the Company, which could cause actual results to differ materially from those described in the forward-looking statements. The Company's management believes that these forward-looking statements are reasonable as and when made. However, you should not place undue reliance on any such forward-looking statements because such statements speak only as of the date they are made. Revasum does not undertake any obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law or the ASX Listing Rules. In addition, forward-looking statements are subject to certain risks and uncertainties that could cause actual results, events and developments to differ materially from our historical experience and our present expectations or projections.