

REVASUM

Q3 2023 – Third Quarter Activities Report

San Luis Obispo, California – 11 October 2023: 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 1 October 2023 (Q3 FY23). The Appendix 4C is prepared in US dollars and is unaudited.

Q3 FY23 HIGHLIGHTS

- Total quarterly revenue of US\$4.69 million (Q3 FY22: US\$3.28 million), a 43.0% increase year on year (YOY);
- Equipment revenue of US\$1.53 million (Q3 FY22: US\$1.46 million), an increase of 5.1% YOY;
- Other revenue of US\$3.16 million (Q3 FY22: US\$1.82 million), an increase of 73.3% YOY;
- Gross margins increased to 34.5% (Q3 FY22: 26.8%);
- Total backlog of US\$5.18 million as of 7 October 2023;
- Operating expenses in Q3 FY23 were US\$2.39 million (Q3 FY22: US\$2.63 million), a decrease of 9.0%;
- Expense control and cashflow management are ongoing priorities. Excluding one-time expenses for legal fees associated with debt restructuring and severance:
 - Q3 FY23 was the 5th consecutive quarter of sequential operating expense decline
 - Free Cash Flow for Q3'23 was negative US\$403 thousand which was also the 5th consecutive quarter of sequential FCF improvement;
- Cash balance of US\$335 thousand as of 1 October 2023;
- Inventory levels improved again during Q3, at the end of Q3 FY23 inventory was US\$8.29 million (Q2 FY23: US\$8.68 million), a sequential decrease of 4.5% and down US\$1.47 million or 15.1% vs Q3 FY22.

Revenue growth and diversification

Total revenue growth accelerated in Q3 bringing YTD FY23 revenue to US\$14.23 million (YTD Q3'22: US\$10.69 million), an increase of 33.1% YOY. Both equipment revenue +25.3% and other revenue +40.9% grew robustly YOY.

Equipment revenue increased to US\$6.76 million YTD Q3'23 (YTD Q3'22: US\$5.39 million), an increase of 25.3% YOY, and included shipments of three tools to three different customers during the quarter. Q3 was the third consecutive quarter shipping three tools demonstrating continued improvement in operational consistency and supply chain headwinds.

Recurring other revenues ramped materially in the quarter bringing YTD Q3'23 to US\$7.47 million (YTD Q3'22: US\$5.30 million), an increase of 40.9% YOY. All three categories of other revenue demonstrated strong customer demand YTD, but consumables growth more than doubled with forecasts from customers indicating this important revenue stream will continue to grow rapidly.

Product development

During the quarter, the company established specifications for a new version of the 6EZ polisher with higher productivity and began the process of evaluating design options. The new product will utilize the existing 6EZ polish chain to produce equivalent results which will simplify qualification by customers and will add the capability to load each of the three existing polish stations independently for increased productivity.

The company also completed development of a new end effector for the 7AF-HMG wafer transfer robot that together with enhanced S/W controls increases the yield associated with handling fragile laser cut substrates.

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Industry Update and Outlook

Lead times for critical components used in the manufacture of equipment by the company continued to improve in the third quarter as growth in the broader semiconductor capital equipment industry remained muted. Channel checks conducted by the company indicate the supply of 150mm SiC substrates has improved from earlier in the year while the supply of 200mm substrates remains quite limited.

Financial commentary on cash and expense control

Operating cash outflows for the quarter decreased to US\$403 thousand (Q3 FY22: outflows of US\$913 thousand). This improvement was due primarily to reduced payments to suppliers and lower operating costs partially offset by lower receipts from customers and an increase in R&D expenses.

Management's focus on expense control continues. Excluding one-time costs associated with debt restructuring and severance, Q3 FY23 was the 5th consecutive quarter of sequential operating expense decline.

Inventory reduction efforts continued in Q3 as well. Those efforts bolstered by consistent customer shipments pushed inventory levels in Q3 down to US\$8.29 million (Q2 FY23: US\$8.68 million), a decrease of 4.5% sequentially. Since peaking in Q2 FY22 at US\$10.53 million inventory is down US\$2.24 million or 21.3% over the last 5 quarters.

Revasum's unaudited cash balance at the end of Q3 FY23 was US\$335 thousand (Q2 FY23: US\$693 thousand).

Revasum President and Chief Executive Officer, Scott Jewler said:

We are pleased with our operating results in the third quarter and particularly with the growth of our service and consumable parts business. We anticipate further growth in service and consumable parts sales as we deliver additional systems to our customers. We remain focused on controlling our operating expenses and improving efficiencies in all aspects of our business.

During the most recent quarter, the company participated in the International Conference on Silicon Carbide and Related Materials and had the opportunity to meet with existing and potential customers from around the world. Technological advancements continue in this field and expectations for continued strong growth remain high as SiC based devices are deployed increasingly in data centers, green energy generation, and other industrial applications in addition electric vehicles where demand remains robust.

THIS ANNOUNCEMENT WAS AUTHORIZED FOR RELEASE BY THE BOARD OF DIRECTORS

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Safe Harbor Statement

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

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.