

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

Revasum, Inc.

ARBN

629 268 533

Quarter ended ("current quarter")

1 October 2023

Consolidated statement of cash flows	Current quarter \$US'000	Year to date (9 months) \$US'000
1. Cash flows from operating activities		
1.1 Receipts from customers	3,638	11,188
1.2 Payments for		
(a) research and development	(585)	(1,993)
(b) product manufacturing and operating costs	(2,473)	(8,196)
(c) advertising and marketing	(241)	(574)
(d) leased assets	(46)	(61)
(e) staff costs	(17)	(55)
(f) administration and corporate costs	(553)	(1,989)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(126)	(497)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(403)	(2,177)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	-
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$US'000	Year to date (9 months) \$US'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	-	-
3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	300	2,300
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	(255)	(705)
3.10	Net cash from / (used in) financing activities	45	1,595
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	693	917
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(403)	(2,177)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-

Consolidated statement of cash flows		Current quarter \$US'000	Year to date (9 months) \$US'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	45	1,595
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	335	335

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$US'000	Previous quarter \$US'000
5.1	Bank balances	335	676
5.2	Call deposits	-	17
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	335	693

6. Payments to related parties of the entity and their associates

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

Current quarter \$US'000
-
-

Payments to Non-Executive Directors for their services as Directors.

7. Financing facilities

Note: the term "facility" includes all forms of financing arrangements available to the entity.

Add notes as necessary for an understanding of the sources of finance available to the entity.

	Total facility amount at quarter end \$US'000	Amount drawn at quarter end \$US'000
7.1 Loan facilities	8,050	8,050
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	8,050	8,050

7.5 **Unused financing facilities available at quarter end** -

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

The Company entered into a loan with SQN Venture Income Fund II, LP ("SQN") on the 18th of February 2022 for the principal amount \$US5.0 million. The loan has a term of 3.5 years with a 9.75% interest rate. As at quarter end, the Company was in default on the loan, and as such was incurring a penalty interest rate of 14.75%. Subsequent to quarter end, SQN agreed to forbear from exercising its rights and remedies under the LSA. Further details of the renegotiated terms of the loan are in the Company's ASX announcement dated 13 April 2023.

On the 14th of November 2022 the Company entered into a Note Purchase Agreement with its major shareholder, Firsthand Technology Opportunities Fund. Under the agreement, Revasum issued a US\$750,000 Promissory Note to Firsthand to provide additional working capital for the Company while it looks at longer term financing options. The promissory note is unsecured and subordinated to the Company's existing lender, SQN. The loan attracts an interest rate of 8.75% per annum. During Q1 2023, the Company issued an additional US\$500,000 in Promissory Notes to Firsthand to provide additional working capital for the Company. These were issued under the same terms as the initial note described above.

On 13 April 2023, the Company secured additional financing of US\$1,500,000 from Firsthand Technologies, being an additional facility to other prior advances of Promissory Notes already made, as agreed in a Note Purchase Agreement. The loan attracts an interest rate of 10.75% per annum. Further details of the terms of the notes are in the Company's ASX announcement dated 13 April 2023.

On 11 September 2023, the Company secured additional financing of US\$300,000 from Firsthand Technologies, being an additional facility to other prior advances of Promissory Notes already made, as agreed in a Note Purchase Agreement. The loan attracts an interest rate of 10.75% per annum. Further details of the terms of the notes are in the Company's ASX announcement dated 11 September 2023.

8.	Estimated cash available for future operating activities	\$US'000
8.1	Net cash from / (used in) operating activities (Item 1.9)	(403)
8.2	Cash and cash equivalents at quarter end (Item 4.6)	335
8.3	Unused finance facilities available at quarter end (Item 7.5)	-
8.4	Total available funding (Item 8.2 + Item 8.3)	335
8.5	Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	0.83

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer:

The Company continues to see solid demand for the 7AF HMG grinder with multiple orders scheduled to ship by year end. In addition, subsequent to the end of Q2 the company has secured a letter of intent for a 6EZ scheduled to ship in early Q4. Finally, the Company's other revenue is growing in excess of 40.9% YOY and robust growth is expected to continue in the Q4'23. Relatedly, there are currently US\$5.18 million in confirmed backlog orders being processed.

It is currently anticipated that substantially all of this backlog is scheduled to ship in Q4'23. Following shipment of the equipment, the Company anticipates a full conversion of the order backlog into realised revenue, and recovery of outstanding cash receipts from those customers.

In addition, the company continues to look for opportunities to reduce expenses. Excluding one-time costs associated with debt restructuring and severance, Q3'23 was the 5th consecutive quarter of sequential operating expense decline. Due to expense reduction actions taken in Q3'23 the company anticipates expenses to decline again in Q4'23.

The previously mentioned increases in demand and backlog conversion as well as the reduction in expenses give the Company confidence in improved net operating cash flows in subsequent quarters.

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer:

The Company has a proven track record of being able to raise both equity and other forms of capital which it will do if required to support the operational requirements of the business.

During the quarter the Company secured US\$300,000 in funding from Firstrand Technologies with deferred principal and interest payments.

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer:

Yes. The Company has adequate cash for its short-term operations. The Company continuously reviews both its operations and capital mix and has a proven track record of facilitating access to capital if required to meet and operational objectives or other obligations as and when they fall due.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 11 October 2023

Authorised by: Kevin Landis, Chairman & Non-Executive Director
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.